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

2011
THIRD QUARTERLY RESULTS REPORT

* For identification purpose only

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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 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 report 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 report misleading.

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, Ascendent Bio-Technology Company Limited ("Ascendent"), Fuzhou Neptunus Fuyao Pharmaceutical Company Limited ("Neptunus Fuyao") and Taizhou Neptunus Bio-technique Company Limited ("Taizhou Neptunus") (collectively the "Group") and its former jointly controlled entity, Shenzhen GSK-Neptunus Biologicals Co., Ltd. ("GSK-Neptunus") for the nine months ended 30 September 2011 (the "Relevant Period"), together with the unaudited comparative figures for the corresponding period of 2010.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the three months and nine months ended 30 September 2011

	Note	For the three months ended 30 September **2011** (Unaudited) RMB'000	2010 (Unaudited and Restated) RMB'000	For the nine months ended 30 September **2011** (Unaudited) RMB'000	2010 (Unaudited and Restated) RMB'000
CONTINUING OPERATIONS					
TURNOVER	4	**123,606**	300	**364,321**	1,388
Cost of sales		**(81,217)**	(250)	**(238,382)**	(1,109)
Gross profit		**42,389**	50	**125,939**	279
Other revenue	4	**23,132**	24,333	**28,817**	29,034
Selling and distribution expenses		**(15,986)**	—	**(43,760)**	—
Administrative expenses		**(11,654)**	(4,391)	**(34,138)**	(8,867)
Other operating expenses		**(8,965)**	(149)	**(16,555)**	(2,601)
PROFIT FROM OPERATIONS		**28,916**	19,843	**60,303**	17,845
Finance costs	6	**(3,431)**	(3,962)	**(10,933)**	(11,682)
PROFIT BEFORE TAXATION	5	**25,485**	15,881	**49,370**	6,163
Income tax	7	**(1,879)**	—	**(10,396)**	—
PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD		**23,606**	15,881	**38,974**	6,163
DISCONTINUED OPERATIONS					
Loss from discontinued operations	9	**(1,755)**	(14,140)	**(8,469)**	(22,453)
PROFIT/(LOSS) FOR THE PERIOD		**21,851**	1,741	**30,505**	(16,290)
Attributable to:					
Owners of the Company		**20,539**	1,741	**24,295**	(16,290)
Non-controlling interests		**1,312**	—	**6,210**	—
		21,851	1,741	**30,505**	(16,290)
EARNINGS/(LOSS) PER SHARE					
From continuing and discontinued operations					
Basic and diluted	10	**RMB1.22 cents**	RMB0.18 cents	**RMB1.45 cents**	RMB(1.72) cents
From continuing operations					
Basic and diluted	10	**RMB1.33 cents**	RMB1.68 cents	**RMB1.95 cents**	RMB0.65 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months and nine months ended 30 September 2011

	For the three months ended 30 September		For the nine months ended 30 September	
	2011	2010	**2011**	2010
	(Unaudited)	(Unaudited and Restated)	**(Unaudited)**	(Unaudited and Restated)
	RMB'000	RMB'000	**RMB'000**	RMB'000
Profit/(Loss) for the period	**21,851**	1,741	**30,505**	(16,290)
Other comprehensive income for the period				
Exchange difference on translation of financial statements of a jointly controlled entity	**—**	—	**—**	(30)
Total other comprehensive income for the period, net of tax	**—**	—	**—**	(30)
Total comprehensive income/(loss) for the period	**21,851**	1,741	**30,505**	(16,320)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	**20,539**	1,741	**24,295**	(16,320)
Non-controlling interests	**1,312**	—	**6,210**	—
	21,851	1,741	**30,505**	(16,320)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2011

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Captial reserve RMB'000	Statutory reserve fund RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2010	94,667	41,923	—	3,330	(35)	(106,534)	33,351	—	33,351
Comprehensive income									
Loss for the period	—	—	—	—	—	(16,290)	(16,290)	—	(16,290)
Other comprehensive income									
Exchange difference on translation of financial statements of a jointly controlled entity	—	—	—	—	(30)	—	(30)	—	(30)
Total comprehensive loss for the period	—	—	—	—	(30)	(16,290)	(16,320)	—	(16,320)
At 30 September 2010	94,667	41,923	—	3,330	(65)	(122,824)	17,031	—	17,031
At 1 January 2011	167,800	554,844	(194,339)	8,302	(4,155)	(141,610)	390,842	65,026	455,868
Comprehensive income									
Profit for the period	—	—	—	—	—	24,295	24,295	6,210	30,505
Dividend distributed	—	—	—	—	—	—	—	(3,000)	(3,000)
Other comprehensive income									
Exchange difference on translation of financial statements of a jointly controlled entity	—	—	—	—	4,155	—	4,155	—	4,155
Total comprehensive income for the period	—	—	—	—	4,155	24,295	28,450	3,210	31,660
Acquisition of non-controlling interests in subsidiary	—	—	(10)	—	—	—	(10)	(190)	(200)
At 30 September 2011	167,800	554,844	(194,349)	8,302	—	(117,315)	419,282	68,046	487,328

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED 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 preparation and accounting policies

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2011 have been prepared in accordance with the applicable disclosure provision of the GEM Listing Rules of 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 have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2010, except for the adoption of the new Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs"). The condensed consolidated financial statements do not include all the information and disclosures required for an annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2010.

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the curret accounting period of the Company. There have been no significant changes to the accounting policies applied in these financial statements for the periods as a result of these developments.

This unaudited condensed consolidated interim financial information for the period ended 30 September 2011 comprise the Company, its subsidiaries and the Company's interest in its former jointly contolled entity.

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

The condensed consolidated financial statements of quarterly financial information is unaudited.

3. Segment Reporting

Operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by the chief operating decision-makers ("CODM") who is the executive director of the Company for the purpose of resources allocation and performance assessment.

The Group has presented the following two reportable segments. These segments are managed separately. The medical products segment and R&D services segment offers very different products and services.

i) Manufacturing and selling of medicine products

ii) Provision of R&D services of modern biological technology

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

The medical products segment derives its revenue from manufacture and sale of medical products.

The R&D services segment derives its revenue from the provision of R&D services income.

a) *Segment results, assets and liabilities*

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned by/loss from each segment without allocation of central administration costs such as directors' salaries, investment income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Taxation charge / (credit) is not allocated to a reportable segment.

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

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the income statement.

All assets are allocated to reportable segments other than tax recoverable and corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

All liabilities are allocated to reportable segments other than current and deferred tax liabilities and corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Information regarding the Group's reportable segments as provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment performance for the period is set out below:

For the nine months ended 30 September	Continuing operations: Manufacturing and selling medicine products		Continuing operations: R&D service		Continuing operations: Sub-total		Discontinued operations: R&D service		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	Unaudited	Unaudited and Restated	**Unaudited**	Unaudited and Restated	**Unaudited**	Unaudited and Restated	**Unaudited**	Unaudited and Restated	**Unaudited**	Unaudited and Restated
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue from external customers	**362,321**	–	**2,000**	2,178	**364,321**	2,178	**–**	–	**364,321**	2,178
Inter-segment revenue	**–**	–	**–**	(790)	**–**	(790)	**–**	–	**–**	(790)
Reportable segment revenue	**362,321**	–	**2,000**	1,388	**364,321**	1,388	**–**	–	**364,321**	1,388
Reportable segment profit/(loss) before taxation	**56,515**	(11)	**(7,683)**	(6,882)	**48,832**	(6,893)	**(6,191)**	(16,986)	**42,640**	(23,879)
Interest income from bank deposit	**560**	–	**168**	23	**728**	23	**8**	63	**736**	86
Interest expenses	**4,137**	–	**6,797**	11,682	**10,934**	11,682	**208**	–	**11,142**	11,682
Depreciation and amortisation										
– Property, plant and equipment	**8,552**	–	**2,349**	2,486	**10,901**	2,486	**2,427**	2,914	**13,328**	5,400
– Prepaid lease payment	**1,178**	–	**–**	–	**1,178**	–	**247**	358	**1,425**	358
– Intangible assets	**3,928**	–	**16**	31	**3,944**	31	**–**	–	**3,944**	31
Reversal/(impairment) of trade and other receivables	**(587)**	–	**(423)**	142	**(1,010)**	142	**–**	–	**(1,010)**	142
Written down of inventory	**410**	–	**–**	–	**410**	–	**–**	–	**410**	–
Income tax expense	**10,638**	–	**(242)**	–	**10,396**	–	**–**	–	**10,396**	–

	Continuing operations: Manufacturing and selling medicine products		Continuing operations: R&D service		Continuing operations: Sub-total		Discontinued operations: R&D service		Total	
	30 September 2011	31 December 2010	**30 September 2011**	31 December 2010	**30 September 2011**	31 December 2010	**30 September 2011**	31 December 2010	**30 September 2011**	31 December 2010
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Reportable segment assets	**605,356**	564,240	**321,662**	182,409	**927,018**	746,649	**–**	237,417	**927,018**	984,066
Additions to fixed assets (other than financial instruments and deferred tax assets)	**9,951**	1,595	**1,510**	764	**11,461**	2,359	**–**	73,267	**11,461**	75,626
Reportable segment liabilities	**232,774**	206,281	**160,710**	269,439	**393,484**	475,720	**–**	6,294	**393,484**	482,014

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

	Nine months ended 30 September 2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Revenue		
Reportable segment revenue	**364,321**	2,178
Elimination of inter-segment revenue	**—**	(790)
Consolidated turnover	**364,321**	1,388
Profit/(Loss)		
Reportable segment profit/(loss)	**48,832**	(6,893)
Elimination of inter-segment profit	**—**	—
Reportable segment profit/(loss) derived from the Group's external customers	**48,832**	(6,893)
Other revenue	**28,817**	29,035
Depreciation and amortisaton	**(16,023)**	(2,516)
Finance costs	**(10,933)**	(11,682)
Unallocated head office and corporate expense	**(1,323)**	(1,781)
Profit/(loss) before taxation (continuing operations)	**49,370**	6,163

	At 30 September 2011 (Unaudited) RMB'000	At 31 December 2010 (Audited) RMB'00
Assets		
Reportable segment assets	**927,018**	984,066
Elimination of inter-segment receivables	**(12,359)**	(324)
	914,659	983,742
Unallocated head office and corporate assets	**60**	60
Deferred tax assets	**2,140**	1,898
Consolidated total assets	**916,859**	985,700
Liabilities		
Reportable segment liabilities	**393,484**	482,014
Elimination of inter-segment payables	**(12,359)**	(324)
	381,125	481,690
Current tax liabilities	**8,111**	7,846
Deferred tax liabilities	**40,296**	40,296
Unallocated head office and corporate liabilities	**—**	—
Consolidated total liabilities	**429,532**	529,832

4. Turnover and other revenue

The Group's turnover represents the net invoiced value of the goods sold net of value-added tax ("VAT") after allowances for returns and trade discounts and net invoiced value of R&D services provided net of sale tax. An analysis of turnover and other revenue is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2011	2010	**2011**	2010
	(Unaudited)		**(Unaudited)**	
	RMB'000	RMB'000	**RMB'000**	RMB'000
Turnover				
Sale of medicines	**123,606**	—	**362,321**	—
R&D service income	**—**	300	**2,000**	1,388
	123,606	300	**364,321**	1,388

	Continuing operations For the three months ended 30 September		Discontinued operations For the three months ended 30 September		Consolidated For the three months ended 30 September		Continuing operations For the nine months ended 30 September		Discontinued operations For the nine months ended 30 September		Consolidated For the nine months ended 30 September	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	(Unaudited)	(Unaudited and Restated)	**(Unaudited)**	(Unaudited and Restated)	**(Unaudited)**	(Unaudited and Restated)	**(Unaudited)**	(Unaudited and Restated)	**(Unaudited)**	(Unaudited and Restated)	**(Unaudited)**	(Unaudited and Restated)
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Other revenue												
Interest income on bank deposits	**194**	17	**–**	7	**194**	24	**728**	23	**8**	63	**736**	86
Subsidy income released from deferred revenue	**1,477**	1,610	**–**	–	**1,477**	–	**5,685**	6,176	**–**	–	**5,685**	6,176
Reversal of impairment allowance on trade receivable	**423**	–	**–**	–	**423**	1,610	**1,010**	–	**–**	–	**1,010**	–
Reversal of written down on inventories	**–**	–	**–**	–	**–**	–	**–**	111	**–**	–	**–**	111
Disposal of jointly controlled entity revenue	**21,031**	22,706	**–**	–	**21,031**	22,706	**21,031**	22,706	**–**	–	**21,031**	22,706
Others	**7**	–	**–**	–	**7**	–	**363**	18	**–**	–	**363**	18
	23,132	24,333	**–**	7	**23,132**	24,340	**28,817**	29,034	**8**	63	**28,825**	29,097

5. Profit/(loss) before taxation

Profit/(loss) before taxation of the Group is arrived at after charging:

	Continuing operations For the three months ended 30 September		Discontinued operations For the three months ended 30 September		Consolidated For the three months ended 30 September		Continuing operations For the nine months ended 30 September		Discontinued operations For the nine months ended 30 September		Consolidated For the nine months ended 30 September	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	(Unaudited)	(Unaudited and Restated)	**(Unaudited)**	(Unaudited and Restated)	**(Unaudited)**	(Unaudited and Restated)	**(Unaudited)**	(Unaudited and Restated)	**(Unaudited)**	(Unaudited and Restated)	**(Unaudited)**	(Unaudited and Restated)
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
(a) Staff costs												
Salaries, wages and other benefits (including directors' emoluments)	**17,513**	957	**351**	1,138	**17,864**	2,095	**33,572**	3,407	**2,588**	3,694	**36,160**	7,101
Contributions to defined contribution retirement plan (including directors)	**3,082**	106	**64**	96	**3,146**	202	**6,946**	253	**283**	233	**7,229**	486
	20,595	1,063	**415**	1,234	**21,010**	2,297	**40,518**	3,660	**2,871**	3,927	**43,389**	7,587
(b) Other Items												
Cost of inventories	**84,003**	–	**–**	–	**84,003**	–	**233,065**	–	**–**	–	**233,065**	–
Amortisation of interest in leasehold land held for own use under operating lease	**393**	–	**35**	112	**428**	112	**1,178**	–	**247**	358	**1,425**	358
Depreciation	**2,893**	894	**388**	931	**3,281**	1,825	**10,854**	2,486	**2,427**	2,914	**13,281**	5,400
Amortisation of intangible assets*	**1,955**	10	**–**	–	**1,955**	10	**3,944**	31	**–**	–	**3,944**	31
R&D costs*	**4,088**	929	**–**	–	**4,088**	929	**8,998**	3,217	**19**	–	**9,017**	3,217
Loss on disposal of fixed assets	**295**	–	**81**	52	**376**	52	**926**	–	**81**	52	**1,007**	52
Write-down of inventory	**408**	–	**–**	–	**408**	–	**410**	–	**–**	–	**410**	–
Impairment on fixed assets	**–**	–	**–**	9,872	**–**	9,872	**–**	–	**–**	9,872	**–**	9,872
Auditor's remuneration – other services	**174**	944	**–**	–	**174**	944	**584**	1,164	**–**	–	**584**	1,164

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

6. Finance costs

	For the three months ended 30 September		For the nine months ended 30 September	
	2011	2010	**2011**	2010
	(Unaudited)		**(Unaudited)**	
	RMB'000	RMB'000	**RMB'000**	RMB'000
Interest on bank loans wholly repayable within five years (discontinued operation inclusive)	**2,089**	1,457	**6,043**	5,145
Interest on entrusted loans from the immediate parent company	**491**	1,057	**1,458**	3,135
Interest on financial assistance from the immediate parent company	**1,060**	1,448	**3,641**	3,402
Total interest expense on financial liabilities not at fair value through profit or loss	**3,640**	3,962	**11,142**	11,682

7. Income tax

Income tax in the condensed consolidated income statement represents:

	For the three months ended 30 September		For the nine months ended 30 September	
	2011	2010	**2011**	2010
	(Unaudited)		**(Unaudited)**	
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current tax				
Provision for PRC Enterprise income tax	**1,879**	—	**10,639**	—
Deferred tax				
Origination and reversal of temporary differences	**—**	—	**(243)**	—
	1,879	—	**10,396**	—

Hong Kong profits tax has not been provided for as the Group had no income assessable to Hong Kong profit tax during the Relevant Period.

The PRC enterprise income tax ("EIT") for the Relevant Period is 25%.

8. Dividends

The Board does not recommend the payment of any dividend for the Relevant Period (2010: Nil).

9. Discontinued operation

On 13 June 2011, the Company and GlaxoSmithKline Pte Limited ("GSK") entered into the agreement pursuant to which the Company agreed to sell the 51% equity interest of GSK-Neptunus to GSK at the consideration of USD39,000,000, subject to the terms and conditions of the agreement. As at the date of this report, all necessary internal approvals and procedures of the Company and GSK respectively for the disposal, including without limitation the approval by the board of directors and the shareholders meeting of the Company and the approval by the board of directors of the Company's holding company, Shenzhen Neptunus Bio-engineering Co., Ltd. ("Neptunus Bio-engineering"), having been duly obtained and completed. On 2 August 2011, the transaction was approved by the shareholders of the Company in the extraordinary general meeting. On 20 September 2011, the Company completed the legal procedure for aforesaid disposal, and currently the Company is in the process of collecting the consideration of USD39,000,000 in accordance with the relevant PRC foreign exchange regulations. Upon completion of the disposal, GSK-Neptunus ceased to be a jointly controlled entity of the Company.

The results of the discontinued operations included in the condensed consolidated income statement and condensed consolidated statement of comprehensive income are set out below. The comparative loss from discontinued operations has been re-presented to include those operations classified as discontinued in the current year.

	Note	For the three months ended 30 September 2011 (Unaudited) RMB'000	2010 RMB'000	For the nine months ended 30 September 2011 (Unaudited) RMB'000	2010 RMB'000
TURNOVER		**—**	—	**—**	—
Cost of sales		**—**	—	**—**	—
Gross profit		**—**	—	**—**	—
Other revenue	4	**—**	7	**8**	63
Selling and distribution expenses		**—**	—	**—**	—
Administrative expenses		**(1,466)**	(3,433)	**(8,188)**	(11,802)
Other operating expenses		**(81)**	(10,714)	**(81)**	(10,714)
LOSS FROM OPERATIONS		**(1,547)**	(14,140)	**(8,261)**	(22,453)
Finance costs		**(208)**	—	**(208)**	—
LOSS BEFORE TAXATION		**(1,755)**	(14,140)	**(8,469)**	(22,453)
Income tax		**—**	—	**—**	—
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATION		**(1,755)**	(14,140)	**(8,469)**	(22,453)
Attributable to:					
Owners of the Company		**(1,755)**	(14,140)	**(8,469)**	(22,453)

10. Earnings/(Loss) per share

Basic earnings/(loss) per share from continuing and discontinued operation

For the three-month and nine-month periods ended 30 September 2011, the calculation of basic earnings per share was based on the profit attributable to owners of the Company of approximately RMB20,539,000 and RMB24,295,000 respectively (three-month and nine-month periods ended 30 September 2010: profit of approximately RMB1,741,000 and loss of approximately RMB16,290,000 respectively) and 1,678,000,000 ordinary shares in issue for the three-month and nine-month periods ended 30 September 2011 (2010: 946,670,000 ordinary shares).

From continuing operation

For the three-month and nine-month periods ended 30 September 2011, the calculation of basic earnings per share from continuing operation was based on the profit attributable to owners of the Company of approximately RMB22,294,000 and RMB32,764,000 respectively (three-month and nine-month periods ended 30 September 2010: profit of approximately RMB15,881,000 and approximately RMB6,163,000 respectively) and 1,678,000,000 ordinary shares in issue for the three-month and nine-month periods ended 30 September 2011 (2010: 946,670,000 ordinary shares).

From discontinued operations

For the three-month and nine-month periods ended 30 September 2011, the calculation of basic loss per share from discontinued operations was based on the loss attributable to owners of the Company of approximately RMB1,755,000 and RMB8,469,000 respectively (three-month and nine-month periods ended 30 September 2010, loss of approximately RMB14,140,000 and approximately RMB22,453,000 respectively) and 1,678,000,000 ordinary shares in issue for the three-month and nine-month periods ended 30 September 2011 (2010: 946,670,000 ordinary shares).

The basic loss per share from discontinued operations is approximately RMB0.10 cents and 0.50 cents for the three-month and nine-month periods ended 30 September 2011 respectively (three-month and nine-month periods ended 30 September 2010: basic loss per share of approximately RMB1.49 cents and RMB2.37 cents respectively).

From continuing and discontinued operations

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share for the three-month and nine-month periods ended 30 September 2011 and 2010 equals to basic earnings/(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 various medicine businesses such as herbal medicine, generic drugs, transfusion and anti-tumor drugs and the research and development of modern biological technology (the "R&D Business"). On 13 June 2011, the Company and GSK entered into an agreement (the "Equity Transfer Agreement") in relation to the disposal (the "Disposal") of 51% equity interests (the "Equity Interests") in GSK-Neptunus, which was completed on 20 September 2011.

Neptunus Fuyao Business

Neptunus Fuyao is a subsidiary of the Company. Neptunus Fuyao and its subsidiaries together own more than 40 production lines for 17 types of medications in dose form, all of which have passed the GMP qualifications and obtained the relevant national GMP certificates. In addition, Neptunus Fuyao and its subsidiaries together own 450 approvals in relation to the production of drugs. China's generic drugs market is currently growing rapidly. During the Relevant Period, Neptunus Fuyao operated normally and recorded an income from principal business totaling approximately RMB362,321,000 while continuing on a steady growth trend.

Recently, prices of raw materials used in domestic pharmaceutical production and labour costs increased dramatically, and at the same time open tender caused the decrease in the prices of tender products. Neptunus Fuyao is implementing following procedures to eliminate the negative impact resulted from aforesaid reasons: (i) control related production costs; (ii) optimize product mix and improve the sales proportion for products with higher gross profit margin; and (iii) increase the sales price for market scare products and exclusive products.

As the existing production capacities of Neptunus Fuyao and its subsidiaries are almost fully utilised, the Group intends to construct a new production base at Lianjiang County, Fuzhou City. The Company also intends to grant proceeds from the Disposal of approximately RMB 40,000,000 as a loan to Neptunus Fuyao for its construction of that new production base. In addition, the Company intends to use the proceeds from the Disposal of approximately RMB130,000,000 to repay the interest-bearing financial assistance and entrusted loans due to Neptunus Bio-engineering. It is expected that Neptunus Bio-engineering will use approximately RMB80,000,000 upon receipt of such repayment to grant a loan to Neptunus Fuyao for its construction of that new production base.

As the preliminary preparation work for the construction of the new production base, during the Relevant Period, the Group established three subsidiaries at Lianjiang County, Fuzhou City, namely(i) Neptunus Fuyao Pharmaceutical (Lianjiang) Co., Ltd. ("Neptunus Fuyao Lianjiang")* 海王福藥製藥（連江）有限公司. Its business scope is production of chemical medicine (籌建化學藥品製藥製劑製造) with a registered capital of RMB 50,000,000, among which RMB 9,500,000 and RMB 500,000 was contributed by Neptunus Fuyao and Fuzhou Neptunus Jinxiang Chinese Pharmaceutical Company Limited ("Neptunus Jinxiang")* 福州海王金象中藥製藥有限公司 in cash as at 30 September 2011, respectively, who holds 95% and 5% interests in Neptunus Fuyao Lianjiang , respectively; (ii) Neptunus Jinxiang Chinese Pharmaceutical (Lianjiang) Co., Ltd. ("Neptunus Jinxiang Lianjiang") 海王金象中藥製藥（連江）有限公司. Its business scope is production of chemical medicine (籌建化學藥品製藥製劑製造) with a registered capital of RMB 50,000,000, among which RMB 500,000 and RMB 9,500,000 was contributed by Neptunus Fuyao and Neptunus Jinxiang in cash as at 30 September 2011, respectively, who holds 5% and 95% interests in Neptunus Jinxiang Lianjiang , respectively; (iii)Lianjing Neptunus Fuyao Foods Trading Co., Ltd. ("Lianjing Neptunus Foods") 連江縣海王福藥食品貿易有限公司. Its business scope is wholesale and retail of pre-packaged foods (批發兼零售預包裝食品) with a registered capital of RMB 500,000, among which RMB 475,000 and RMB 25,000 was contributed by Neptunus Fuyao and Neptunus Jinxiang in cash as at 30 September 2011, respectively, who holds 95% and 5% interests in Lianjing Neptunus Foods, respectively.

On 15 August 2011, the Board of the Company resolved to increase the registered capital of Neptunus Fuyao Lianjiang to RMB112,000,000 from RMB50,000,000, among which RMB106,400,000 and RMB5,600,000 were contributed by Neptunus Fuyao and Neptunus Jinxiang respectively, to fund the construction of the new production base at Lianjiang County, Fuzhou City. At present, the Company is applying to the relevant local authorities in relation to the land used for the new production base, so this capital increase will be implemented upon the determination of new production base's site.

Influenza Vaccine Business

On 9 June 2009, the Company and GSK entered into the joint venture contract (the "JV Contract"), pursuant to which GSK-Neptunus, the jointly controlled entity, was subsequently established on 6 August 2009.

On 13 June 2011, the Company and GSK entered into the Equity Transfer Agreement, pursuant to the terms and conditions of the Equity Transfer Agreement, the Company agreed to sell the Equity Interests to GSK at a consideration of USD39,000,000, which was arrived at after arm's length negotiations between the Company and GSK with reference to the unaudited net asset value of GSK-Neptunus as at 31 May 2011and the fair value of the Equity Interests as at 31 May 2011.

The Disposal was approved at the extraordinary general meeting of the Company on 2 August 2011 and completed on 20 September 2011. Upon completion of the Disposal, GSK-Neptunus ceased to be a jointly controlled entity of the Company and the Company does not hold any equity interest in GSK-Neptunus. The Company is currently in the process of collecting the consideration of USD39,000,000 for the Disposal.

Recombinant Proteins and Polypeptide Drugs Business

In 2010, the Company and Shenzhen Neptunus Pharmaceutical Company Limited ("Neptunus Pharmaceutical") established a subsidiary Taizhou Neptunus with a registered capital of RMB 1,000,000, among which RMB800,000 and RMB200,000 were contributed by the Company and Neptunus Pharmaceutical, respectively, who holds 80% and 20% interests in Taizhou Neptunus, respectively. The business scope of Taizhou Neptunus as set out in its business license is the research and development of Biopharmaceutical products.

On 8 June 2011, the Company acquired 20% equity interests in Taizhou Neptunus held by Neptunus Pharmaceutical at a consideration of RMB200,000. Following completion of the equity transaction, Taizhou Neptunus became a wholly-owned subsidiary of the Company. The registered capital of Taizhou Neptunus was increased to RMB10,000,000 through additional capital contribution of RMB 9,000,000 by the Company on the same date.

Taizhou Neptunus is conducting the research and development on recombinant proteins and polypeptide drugs (including but no limited to recombinant human thymosin α1 for injection) .In October 2011, Taizhou Neptunus conducted the first stage clinical research on recombinant human thymosin α1 for injection, utilizing the "approval for recombinant human thymosin α1clinical research", an intangible asset then owned by Neptunus Pharmaceutical. In consideration that the previous stage clinical work proceeded smoothly, the Company planned to contribute further RMB80,000,000 into Taizhou Neptunus to increase its registered capital to RMB90,000,000, and construct the recombinant proteins and polypeptide drugs production base and planned to purchase the related intangible assets, so as to realize the industrialization of these products.

Subsequent to the Relevant Period, the Board of the Company passed a resolution in respect of the "additional capital contribution of RMB80,000,000 to Taizhou Neptunus, its wholly owned subsidiary" on 4 November 2011. The Company will use the proceeds from the Disposal to finance additional capital contribution, and the capital contribution will be carried out after the collecting procedure for the consideration from the Disposal has been completed.

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. The R&D Business generated a revenue of approximately RMB2,000,000 for the Company during the Relevant Period. The Company was principally engaged in the R&D of recombinant proteins and ploypeptide drugs during the 3rd quarter of 2011, and therefore there is no income generated from R&D services in the 3rd quarter of 2011. The Company also endeavored to seek R&D projects for new products externally, thereby exploring a new direction for its future development.

Financial Review

The Group's turnover for the Relevant Period was approximately RMB 364,321,000, representing an increase of 26,148% from that of approximately RMB1,388,000 in the corresponding period last year. Turnover for the Relevant Period was mainly derived from sales income of medicine products of a subsidiary, Neptunus Fuyao, and revenue of the Company's R&D Business. Sales income and revenue of R&D services accounted for approximately 99% and 1% of the total revenue respectively. The increase in turnover was because that Neptunus Fuyao became a subsidiary of the Company in December 2010 and its sales income of medicine for the Relevant Period was approximately RMB 362,321,000.

The Group's gross profit and gross profit margin for the Relevant Period were approximately RMB 125,939,000 and 35% respectively, increasing by RMB 125,660,000 and 14% respectively compared with that of the corresponding period last year. The increase in gross profit was because of that Neptunus Fuyao had become a subsidiary of the Company.

The Group's selling and distribution expenses for the Relevant Period amounted to approximately RMB 43,760,000, while no related expenses were incurred in the corresponding period last year as the Group recorded no sales of medicine.

The Group's administrative expenses for the Relevant Period amounted to approximately RMB 42,326,000, increasing significantly by approximately RMB21,657,000 from approximately RMB 20,669,000 in the corresponding period last year, representing an increase of approximately 105%. The increase in administrative expenses was primarily because of two reasons: (i) Neptunus Fuyao, which became a subsidiary of the Company in December 2010, had administrative expenses of approximately RMB 24,013,000 in the Relevant Period; (ii) the Group completed the issue and allotment of 189,330,000 new H shares and received net proceeds of approximately HK$164,252,000 in 2010. Due to the foreign exchange control by Chinese government and the appreciation of Renminbi, an exchange loss of approximately RMB 2,881,000 was incurred in the Relevant Period. ;and (iii) the extraordinary general meeting of the Company held on 2 August 2011 approved the disposal of entire shareholding in GSK-Neptunus held by the Company, GSK-Neptunus's operation conditions no longer consolidated into the Group, and therefore administrative expenses decreased by approximately RMB 3,614,000.

The Group's other operating expenses for the Relevant Period amounted to approximately RMB 16,636,000, increasing by approximately RMB 3,321,000 from approximately RMB 13,315,000 in the corresponding period last year. After becoming a subsidiary of the Company in December 2010, Neptunus Fuyao recorded R&D costs of approximately RMB 6,871,000 for the Relevant Period.

The Group's finance costs for the Relevant Period was approximately RMB 11,142,000, a slight decrease of approximately RMB 540,000 from approximately RMB11,682,000 in the corresponding period last year. The decrease was primarily because of that the Company repaid the long-term loan from China Development Bank, and it no longer had obligation to pay interests accrued on such long-term loan.

The Group's profit/ (loss) before income tax for the Relevant Period changed to profit of approximately RMB 40,901,000 from loss of approximately RMB 16,290,000 for the corresponding period last year. Such change was mainly because of that the Company acquired 80% equity interests in Neptunus Fuyao, a company who has a steady profit.

As such, profit attributable to the owners of the Company amounted to approximately RMB 24,295,000 for the Relevant Period, compared with loss of approximately RMB 16,290,000 for the corresponding period last year.

LIQUIDITY AND FINANCIAL RESOURCES

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

Banking Facilities

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 subunit vaccine of influenza virus (the "Loan Project"). Pursuant to the CDB Loan Agreement, CDB requires the Company, the Company's controlling shareholder Neptunus Bio-engineering, and Mr. Chai Xiang Dong, management shareholder of the Company, to provide guarantee and securities (including but not limited to the pledge of the domestic shares of the Company then held by them to CDB) to secure the CDB Loan. The Company would apply the revenue obtained from the Loan Project to repay the CDB Loan with CDB by instalments. In April 2011, the Company repaid all the principal and interests under the CDB Loan Agreement to CDB, and subsequently several guarantee and securities under the CDB Loan Agreement were released.

As at 30 September 2011, the Group's short-term bank borrowings were RMB 56,000,000, all of which were short-term bank borrowings of Neptunus Fuyao.

On 29 July 2010, Neptunus Fuyao was granted a short-term loan of RMB27,000,000 from the Gushan (Fuzhou) Sub-branch of Agricultural Bank of China (the "ABC") by pledging its land use rights and buildings. This loan is bearing an annual interest rate of 6.232% and will be repaid on 28 July 2012.

On 8 August 2011, Neptunus Fuyao was granted a short-term loan of RMB 29,000,000 from ABC, by pledging its land use rights and buildings. This loan is bearing an annual interest rate of 6.232% and will be repaid on 7 August 2012.

Shareholder's interest-bearing financial assistance

As at 30 September 2011, the shareholder's interest-bearing financial assistance obtained by the Company from Neptunus Bio-engineering amounted to approximately RMB 72,345,000. The Company had not pledged its assets as security for such financial assistance. The financial assistance from Neptunus Bio-engineering were interest-bearing at one-year loan interest rate stipulated by the People's Bank of China for the corresponding period.

Shareholder's entrusted loans

Shareholder's entrusted loans obtained by the Company from Neptunus Bio-engineering as at 30 September 2011 amounted to RMB48,000,000.

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 rate of 5% and is repayable on 5 April 2009. Neptunus Bio-engineering undertook that the repayment date of this entrusted loan be postponed to 5 April 2011. 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"); (2) each of the independent nonexecutive 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 rate of 5% and is repayable on 5 April 2009. However, Neptunus Bio-engineering undertook that the repayment date of this entrusted loan be postponed to 5 April 2011. The Company planned to repay with the proceeds from the Disposal and as a result, Neptunus Bio-engineering did not require the Company to return the entrusted loan immediately.

Gearing ratio

As at 30 September 2011, the gearing ratio of the Group was approximately 9% (end of 2010: 12%) 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, shareholder entrusted bank loans and interest-bearing borrowings) 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 2011, the Group had net current assets of approximately RMB 196,740,000. Current assets comprised cash and cash equivalents of approximately RMB 108,921,000, charged bank deposits of approximately RMB 15,734,000, inventories of approximately RMB 93,725,000, trade receivables and bill receivables of approximately RMB 82,170,000, prepayments, deposits and other receivables of approximately RMB 273,589,000. Current liabilities comprised trade payables and bills payables of approximately RMB 92,298,000, interest-bearing bank borrowings to be repaid within one year of approximately RMB 56,000,000, tax payable of approximately RMB8,111,000, amounts due to related companies of approximately RMB 180,376,000, other payables of approximately RMB 40,560,000. There was an increase in the net current assets compared with 31 December 2010's net current assets position of approximately RMB 15,645,000, due to the facts that during the Relevant Period, the assets corresponding to the shareholding held by the Company in GSK-Neptunus were sold, the consideration receivables have bee included in other receivables.

Foreign Currency Risk

During the Relevant Period, the Group's operating revenue, major selling costs and capital expenditure were denominated in RMB. Proceeds from the issue of 189,330,000 new H shares of approximately HK$164,252,000 were not fully translated into RMB in accordance with national foreign exchange regulations. As at 30 June 2011, approximately HK$35,015,000 was still not translated into RMB, and the consideration for the Disposal was also denominated in USD. As such, the exchange rate fluctuation of Hong Kong dollars against RMB and USD against RMB may affect the Group's profit. Currently, the Group has not adopted any financial instrument for hedging purposes.

Contingent Liability

As at 30 September 2011, the Group had no significant contingent liability.

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

As far as the Directors or supervisors of the Company are aware, as at 30 September 2011, 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 (the "SFO") (including interests 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 entered in the register referred to therein, or were required, pursuant to the "required standard of dealings" for directors as set out in Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange or had otherwise notified to the Company were as follows:

Long positions in the shares of the Company:

Director/supervisor	Capacity	Type of Interests	Number of domestic shares held	Approximate percentage of all the domestic shares	Approximate percentage of the Company's issued share capital
Mr. Chai Xiang Dong *(Note 1)*	Beneficial owner	Personal	47,671,000	3.80%	2.84%
Mr. Yu Jun *(Note 2)*	Beneficial owner	Personal	1,014,000	0.08%	0.06%

Notes:

1 Executive director and general manager of the Company

2 Supervisor and employee 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 the associated corporation's issued share capital
Mr. Zhang Feng *(Note (a))*	Beneficial owner	Personal	Neptunus Bio-engineering	532,437	0.08%
Mr. Liu Zhan Jun *(Note (b))*	Beneficial owner	Personal	Neptunus Bio-engineering	266,217	0.04%
Ms. Yu Lin *(Note (c))*	Beneficial owner	Personal	Neptunus Bio-engineering	79,864	0.01%

Notes:

(a) Mr. Zhang Feng, who is the deputy chairman of the board of directors of Neptunus Bio-engineering, was beneficially interested in approximately 0.08% of the entire issued share capital of Neptunus Bio-engineering, the Company's controlling shareholder, which in turn was beneficially interested in approximately 70.38% of the entire issued share capital of the Company as at 30 September 2011.

(b) Mr. Liu Zhan Jun, who is a director and president of Neptunus Bio-engineering, was beneficially interested in approximately 0.04% of the entire issued share capital of Neptunus Bio-engineering, the Company's controlling shareholder, which in turn was beneficially interested in approximately 70.38% of the entire issued share capital of the Company as at 30 September 2011.

(c) Ms. Yu Lin, who is a director and vice-president of Neptunus Bio-engineering, was beneficially interested in approximately 0.01% of the entire issued share capital of Neptunus Bio-engineering, which in turn was beneficially interested in approximately 70.38% of the entire issued share capital of the Company as at 30 September 2011.

Save as disclosed above, as at 30 September 2011, 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" for directors as set out in Rule 5.46 of the GEM Listing Rules.

SHARE OPTION SCHEME, CONVERTIBLE SECURITIES AND WARRANTS

Up to 30 September 2011, the Company and its subsidiaries and its former jointly controlled entity 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, its former jointly controlled entity or associated corporation.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND ASSOCIATED SHARES

So far as the Directors and supervisors of the Company are aware, as at 30 September 2011, 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 or had otherwise notified to the Company were as follows:

Long positions in the shares of the Company:

Name of substantial shareholders	**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	Beneficial owner	1,181,000,000	94.33%	70.38%
Shenzhen Neptunus Group Company Limited ("Neptunus Group") *(Note (a))*	Interest in controlled corporation	1,181,000,000	94.33%	70.38%
Ankeen Enterprises Limited ("Ankeen Enterprises") *(Note (b))*	Interest in controlled corporation	1,181,000,000	94.33%	70.38%
Ms. Wang Jin Song *(Note (c))*	Interest in controlled corporation	1,181,000,000	94.33%	70.38%

Notes:

(a) Neptunus Group was deemed to be interested in the 1,181,000,000 domestic shares of the Company held by Neptunus Bio-engineering as Neptunus Group was beneficially interested in approximately 27.66% of the entire issued share capital of Neptunus Bio-engineering.

(b) Ankeen Enterprises was deemed to be interested in 1,181,000,000 domestic shares of the Company held by Neptunus Bio-engineering as Ankeen Enterprises was beneficially interested in approximately 41.90% of the entire issued share capital of Neptunus Group, which in turn was beneficially interested in approximately 27.66% of the entire issued share capital of Neptunus Bio-engineering.

(c) Ms. Wang Jin Song ("Ms. Wang") was deemed to be interested in 1,181,000,000 domestic shares of the Company held by Neptunus Bio-engineering as Ms. Wang was beneficially interested in 85% of the entire issued share capital of Ankeen Enterprises, which in turn was beneficially interested in approximately 41.9% of the entire issued share capital of Neptunus Group, which in turn was beneficially interested in approximately 27.66% of the entire issued share capital of Neptunus Bio-engineering.

Save as disclosed above, the Directors and supervisors of the Company are not aware of any other persons (except the Directors, supervisors or chief executives of the Company) who held any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as at 30 September 2011.

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

The Company and its subsidiaries and its former jointly controlled entity did not purchase, sell or redeem any of the Company's listed securities during the Relevant Period. The Company and its subsidiaries and its former jointly controlled entity 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 on terms no less exacting than the "required standard of dealings" as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors, all the Directors confirmed that they have not conducted any transaction in respect of the Company's securities during the Relevant Period. The Company is not aware of any violation by the Directors on the "required standard of dealings" and the Company's code of conduct regarding securities transactions by the Directors.

AUDIT COMMITTEE

The Company established an Audit Committee (the "Audit Committee") on 21 August 2005. The primary duties of the Audit Committee are to review the Company's annual report and financial statements, half-yearly reports and quarterly reports, and to provide suggestions and opinions thereon to the Board. In addition, the Audit Committee members will also meet with the management to review the accounting principles and practices adopted by the Company and to discuss matters relating to the auditing, internal control system and financial reporting process of the Company. The Audit Committee comprises one non-executive Director, 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 Feng
Chairman

Shenzhen, the PRC, 4 November 2011

As at the date of this report, the executive Directors of the Company are Mr. Zhang Feng, Mr. Chai Xiang Dong and Mr. Xu Yan He; the non-executive Directors are Mr. Liu Zhan Jun, Ms. Yu Lin and Mr. Ren De Quan; and the independent non-executive Directors are Mr. Yick Wing Fat, Simon, Mr. Poon Ka Yeung and Mr. Huang Yao Wen.