



# 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)

(於中華人民共和國註冊成立之股份有限公司)

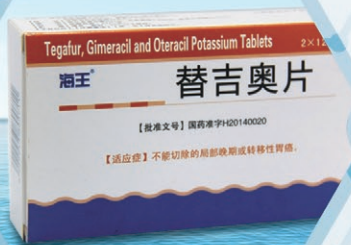
Stock Code : 8329

\* For identification purpose only



# 2015

## First Quarterly Report



## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This 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 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 (collectively the "Group") for the three months ended 31 March 2015 (the "Quarter"), together with the unaudited comparative figures for the corresponding period of 2014.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three months ended 31 March 2015

	Note	For the three months ended 31 March (Unaudited)	
		2015 RMB'000	2014 RMB'000
<b>TURNOVER</b>	3	<b>150,879</b>	149,067
Cost of sales		<b>(83,725)</b>	(83,200)
<b>Gross profit</b>		<b>67,154</b>	65,867
Other revenue	3	<b>2,551</b>	1,485
Other net income	3	<b>976</b>	3
Selling and distribution expenses		<b>(22,888)</b>	(18,331)
Administrative expenses		<b>(14,346)</b>	(15,533)
Other operating expenses		<b>(12,411)</b>	(10,113)
<b>PROFIT FROM OPERATIONS</b>		<b>21,036</b>	23,378
Finance costs	5	<b>(2,709)</b>	(2,048)
<b>PROFIT BEFORE TAXATION</b>	4	<b>18,327</b>	21,330
Income tax	6	<b>(4,859)</b>	(4,772)
<b>PROFIT FOR THE PERIOD</b>		<b>13,468</b>	16,558
<b>Attributable to:</b>			
Owners of the Company		<b>10,961</b>	12,986
Non-controlling interests		<b>2,507</b>	3,572
<b>Earnings per share</b>			
Basic and diluted	8	<b>RMB0.65 cents</b>	RMB0.77 cents

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

For the three months ended 31 March 2015

	For the three months ended 31 March (Unaudited)	
	2015 RMB'000	2014 RMB'000
Profit for the period	13,468	16,558
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	–	–
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>13,468</b>	<b>16,558</b>
<b>Attributable to:</b>		
Owners of the Company	10,961	12,986
Non-controlling interests	2,507	3,572
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>13,468</b>	<b>16,558</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2015

	Attributable to owners of the Company					Sub-total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve fund RMB'000	Accumulated losses RMB'000			
At 1 January 2014	167,800	554,844	(194,487)	22,716	(74,195)	476,678	83,926	560,604
<b>Change in equity for 2014</b>								
Profit for the period	-	-	-	-	12,986	12,986	3,572	16,558
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period, net of tax</b>	-	-	-	-	12,986	12,986	3,572	16,558
At 31 March 2014	<u>167,800</u>	<u>554,844</u>	<u>(194,487)</u>	<u>22,716</u>	<u>(61,209)</u>	<u>489,664</u>	<u>87,498</u>	<u>577,162</u>
At 1 January 2015	167,800	554,844	(194,487)	30,244	(48,549)	509,852	90,199	600,051
<b>Change in equity for 2015</b>								
Profit for the period	-	-	-	-	10,961	10,961	2,507	13,468
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period, net of tax</b>	-	-	-	-	10,961	10,961	2,507	13,468
At 31 March 2015	<u>167,800</u>	<u>554,844</u>	<u>(194,487)</u>	<u>30,244</u>	<u>(37,588)</u>	<u>520,813</u>	<u>92,706</u>	<u>613,519</u>

## 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

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and applicable disclosure requirements of the GEM Listing Rules.

The accounting policies adopted in the preparation of these condensed consolidated financial statements are consistent with those set out in the Group's 2014 annual financial statements except for changes in accounting policies, if required, in adopting new or revised HKFRSs and interpretations that are first effective for accounting periods beginning on or after 1 January 2015. These condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the Group's 2014 annual financial statements.

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

This condensed consolidated financial information for the 3 months ended 31 March 2015 comprise the Company and its subsidiaries. The measurement basis used in the preparation of these condensed consolidated financial statements is the historical cost basis. These condensed consolidated financial statements are presented in Renminbi ("RMB"), and it is also the functional currency of the Company. All amounts are rounded to the nearest thousand except where otherwise indicated.

These condensed consolidated financial statements of quarterly results have not been audited.

### 3. 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 VAT. An analysis of turnover and other revenue is as follows:

	<b>For the three months ended 31 March (Unaudited)</b>	
	<b>2015 RMB'000</b>	2014 RMB'000
<b>Turnover</b>		
Sales of medicines	<b>112,887</b>	124,108
Sales and distribution of medicines and healthcare products	<b>37,987</b>	24,959
R&D services income	<b>5</b>	–
	<b>150,879</b>	149,067
<b>Other revenue</b>		
Interest income on bank deposits	<b>1,183</b>	496
Government subsidy income	<b>1,339</b>	987
Others	<b>29</b>	2
	<b>2,551</b>	1,485
<b>Other net income</b>		
Recovery of impairment on trade receivables	–	3
Recovery of impairment on other trade receivables	<b>754</b>	–
Reversal of write down of inventories	<b>222</b>	–
	<b>976</b>	3

### 4. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	<b>For the three months ended 31 March (Unaudited)</b>	
	<b>2015 RMB'000</b>	2014 RMB'000
Salaries, wages and other benefits (including directors' emoluments)	<b>19,587</b>	16,430
Contributions to defined contribution retirement plan**	<b>3,869</b>	3,278
Cost of inventories**	<b>83,383</b>	82,196
Amortisation of interest in leasehold land held for own use	<b>393</b>	393
Depreciation	<b>4,556</b>	4,403
Amortisation of intangible assets*	<b>1,039</b>	1,039
R&D costs*	<b>9,169</b>	8,557

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

\*\* The figures in 2014 have been reclassified to conform with the presentation of 2015.

## 5. Finance costs

	For the three months ended 31 March (Unaudited)	
	2015 RMB'000	2014 RMB'000
Interest on bank loans wholly repayable within five years	1,688	1,227
Interest on financial assistance from the immediate parent company	1,021	821
Total interest expense on financial liabilities not at fair value through profit or loss	<u>2,709</u>	<u>2,048</u>

## 6. Income tax

Hong Kong profits tax has not been provided for as the Group had no income assessable to Hong Kong profit tax during the Quarter (2014: Nil).

During the Quarter, two subsidiaries of the Group were qualified as high technology enterprises, and such subsidiaries are subject to the PRC enterprise income tax (the "EIT") at a preferential rate of 15%. The Company and other subsidiaries for the Quarter are subject to the PRC EIT at a rate of 25%. The PRC EIT of approximately RMB4,859,000 in the condensed consolidated statement of profit or loss includes the provision for PRC EIT and the origination and reversal of temporary differences during the Quarter.

## 7. Dividends

The Board does not recommend the payment of any dividend for the Quarter (2014: Nil).

## 8. Earnings per share

During the Quarter, the calculation of basic earnings per share was based on the unaudited profit attributable to owners of the Company of approximately RMB10,961,000 (2014: profit of RMB12,986,000) and 1,678,000,000 ordinary shares in issue for the Quarter (2014: 1,678,000,000 shares).

Diluted earnings per share for the three-month ended 31 March 2015 and 2014 equals to basic earnings per share because there were no potential dilutive ordinary shares outstanding during these periods.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the Quarter, the Group was principally engaged in the manufacture and sales of chemical medicines and herbal medicines, the research and development (“R&D”) of modern biological technology, the purchase and sales of medicines and healthcare food products, and the R&D and industrialization of in-vitro diagnostic reagents (the “IVD Reagents”).

During the Quarter, due to the expiry of the last round of tender and the delay in the new round of tender in Fujian, competitors' products that did not win the bidding in last round of tender could be sold in the idle period between two rounds of tender, which affected the Group's manufacture and sales of medicines segment and resulted in a slight decrease in sales of this segment. It is expected that such effect shall be eliminated when the tender commences. During the Quarter, work relating to marketing, tender and bidding of Tegafur, Gimeracil and Oteracil Potassium Tablets (替吉奥片) (the “TGOP Tablets”), an anti-tumor new drug, were performed. As most of the bidding of some provinces still have not been completed, the sales of TGOP Tablets during the Quarter did not have significant growth. At the same time, the market pays close attention to the TGOP Tablets, as such the Group will strive for the marketing of the TGOP Tablets, so that the TGOP Tablets would bring a positive effect to the Group's turnover and profitability as soon as possible. The land use rights of two pieces of lands which are situated on the Lianjiang, Fuzhou, the PRC, have been delivered to the Group's subsidiaries during the Quarter. Works such as environment assessment and engineering design work are now undergoing by the Group, and related construction of new production base in Lianjiang (the “Lianjiang Production Base”) shall be promoted.

During the Quarter, the purchase and sales of medicines and healthcare food business continued to maintain its growth, with its sale focus on large and medium-sized pharmacy chains. At present, the total domestic retail sale of medicines maintained its growth, and at the same time, the number and type of drugs distributed by the Group were increased, combining a flexible sale policy and maximizing the sale team in-depth, therefore the development trend of the purchase and sales of medicines and healthcare food business was good.

With regard to the R&D of bio-pharmaceuticals, the current focus of the Group is on the trial production, registration and application of IVD Reagents, the clinical trial on recombinant human thymosin  $\alpha$  1 for injection and the application for technology transfer of recombinant human interleukin-2 (125Ser) for injection. During the Quarter, the Group has completed the process confirmation and verification work for the technology transfer of recombinant human interleukin-2 (125Ser) for injection, and application has been made to the drugs supervision department for technology transfer registration, which is now under review.

As for the R&D and industrialization of IVD Reagents business, the Group has received registration inspection report and clinical trial report for two products, and has also submitted the registration application to the drug supervision department for these two products. Also, supporting inspection instrument for IVD Reagents completed the registration inspection and the preparation work for the registration materials, and the related registration application for such instrument has been submitted during the Quarter. At present, the applications are under review. Due to the promotion of the R&D work, the Group continued to increase its input into the R&D field, the R&D costs shall have certain negative effect on the Group's turnover.

## FINANCIAL REVIEW

During the Quarter, the Group recorded a total revenue of approximately RMB154,406,000 (2014: RMB150,555,000), representing a slight increase of approximately 2.6% as compared with that of the corresponding period last year. Profit attributable to the owners of the Company amounted to approximately RMB10,961,000 (2014: RMB12,986,000), representing a slight decrease of approximately 15.6% as compared with that of the corresponding period last year.

The Group's turnover for the Quarter was approximately RMB150,879,000 (2014: RMB149,067,000), representing a slight increase of approximately 1.2% as compared with the corresponding period last year. Included in the turnover, there was approximately RMB112,887,000 or 74.82% derived from the manufacture and sales of medicines, while there was approximately RMB37,987,000 or 25.18% derived from the purchase and sales of medicines and healthcare food business. Due to the increase in the number and type of drugs distributed by the Group, turnover of the Group increased correspondingly. Gross profit margin of the Group increased from approximately 44% for the last quarter to approximately 45% for the Quarter, which was mainly due to the new drugs distributed by the Group having higher gross profit margin.

During the Quarter, other revenue of the Group increased significantly as compared with the corresponding period last year, which was mainly due to the increase in interest income on bank deposits and government subsidy income.

The Group's selling and distribution expenses for the Quarter increased along with the increase in turnover. Administrative expenses were basically flat as compared with the corresponding period last year. Other operating expenses increased approximately 22.7% as compared with the corresponding period of last year, which was due to the increase in R&D input and write down of inventories.

During the Quarter, the finance costs increased by approximately 32% as compared with the corresponding period of last year, which was mainly due to the increase in the average loan's principal as compared with 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

As at 31 March 2015, the Group's short-term bank borrowings amounted to RMB115,000,000.

On 21 January 2015 and 23 January 2015, Fuzhou Neptunus Fuyao Pharmaceutical Company Limited (the "Neptunus Fuyao"), a subsidiary of the Company, was granted two short-term loans of RMB50,000,000 and RMB50,000,000 from the Sanshan Subbranch (Fuzhou) of Fujian Haixia Bank, by pledging its land use rights and buildings. These two loans will be repaid on 21 July 2015 and 23 July 2015 respectively and are bearing an annual interest rate of 5.60%.

On 27 March 2014, Jiangsu Neptunus was granted a small business liquidity loan of RMB 15,000,000 from Taizhou branch of Bank of Communications Co., Ltd. This loan was scheduled for repayment on 1 October 2014 and the annual interest rate was 7.20%. The guarantee for this loan was provided by an independent third party guarantee company and the Company provided counter-guarantee to the independent third party guarantee company. This loan had been extended to 10 June 2015 after it was matured.

### Shareholder's interest-bearing financial assistance

As at 31 March 2015, the shareholder's interest-bearing financial assistance obtained by the Company from Neptunus Bio-engineering amounted to approximately RMB23,000,000, which was unsecured and bearing an annual interest rate of 6.72%. The Company had provided such fund to Neptunus Fuyao by way of shareholder's interest-bearing financial assistance for the construction plan of Lianjiang Production Base.

As at 31 March 2015, the shareholder's interest-bearing financial assistance obtained by Neptunus Fuyao from Neptunus Bio-engineering amounted to approximately RMB40,000,000, which was unsecured and bearing an annual interest rate of 6.72%. Such fund was used in the upgrade and enhancement work of Neptunus Fuyao's certain production lines.

### Shareholder's entrusted loans

The Company obtained a shareholder's entrusted loan of RMB9,000,000 from Neptunus Bio-engineering through an entrusted arrangement with a bank. Neptunus Bio-engineering had undertaken to the Company that it would not demand repayment of the above-mentioned shareholder's entrusted loan unless and until: (1) the repayment of such shareholder's entrusted loan would not adversely affect the operations of the Company and/or its business objectives as set out in the prospectus published by the Company on 29 August 2005 (the "Prospectus"); (2) each of the independent non-executive Directors was of the opinion that the repayment of such shareholder's entrusted loan would not adversely affect the operations of the Company and/or the implementation of its business objectives as set out in the Prospectus, and the Company would make an announcement in respect of the decision of the independent non-executive Directors made under (2); and (3) the Company had a positive cash flow and had retained profits in the relevant financial year.

## 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 31 March 2015, the interests and short positions of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be and were recorded in the register to be kept by the Company, or were required, pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange were as follows:

*Long positions in 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	30,561,000	2.44%	1.82%
Mr. Yu Jun (Note 2)	Beneficial owner	Personal	1,014,000	0.08%	0.06%
Mr. Song Ting Jiu (Note 3)	Beneficial owner	Personal	1,521,500	0.12%	0.09%

Notes:

- 1 Executive Director and general manager of the Company
- 2 Supervisor and employee of the Company
- 3 Non-executive Director of the Company

*Long positions in shares of associated corporations of the Company:*

<b>Director</b>	<b>Capacity</b>	<b>Type of Interests</b>	<b>Name of associated corporation</b>	<b>Number of shares held in associated corporation</b>	<b>Approximate percentage of the associated corporation's issued share capital</b>
Mr. Zhang Feng <i>(Note (a))</i>	Beneficial owner	Personal	Neptunus Bio-engineering	532,437	0.07%
Mr. Liu Zhan Jun <i>(Note (b))</i>	Beneficial owner	Personal	Neptunus Bio-engineering	266,217	0.04%
Ms. Yu Lin <i>(Note (c))</i>	Beneficial owner	Personal	Neptunus Bio-engineering	79,864	0.01%

Notes:

- (a) Mr. Zhang Feng, deputy chairman of the board of directors of Shenzhen Neptunus Bio-engineering Co., Ltd. ("Neptunus Bio-engineering"), was beneficially interested in approximately 0.07% of the entire issued share capital of Neptunus Bio-engineering, the Company's controlling shareholder, which in turn held directly and indirectly the beneficial interest in approximately 71.67% of the entire issued share capital of the Company, of which 70.38% was directly held and 1.29% was indirectly held through Shenzhen Neptunus Oriental Investment Company Limited ("Neptunus Oriental").
- (b) Mr. Liu Zhan Jun, 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 held directly and indirectly the beneficial interest in approximately 71.67% of the entire issued share capital of the Company, of which 70.38% was directly held and 1.29% was indirectly held through Neptunus Oriental.
- (c) Ms. Yu Lin, 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, the Company's controlling shareholder, which in turn held directly and indirectly the beneficial interest in approximately 71.67% of the entire issued share capital of the Company, of which 70.38% was directly held and 1.29% was indirectly held through Neptunus Oriental.

Save as disclosed above, as at 31 March 2015, none of the Directors, supervisors or chief executives of the Company nor their respective associates held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of SFO, or were required, pursuant to section 352 of the SFO to be and were recorded in the register to be kept by the Company, or were required, pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## SHARE OPTION SCHEME, CONVERTIBLE SECURITIES AND WARRANTS

Up to 31 March 2015, 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 Quarter, none of the Directors or supervisors of the Company or their respective spouse or minor children were granted any share options, warrants or convertible bonds of the Company, its subsidiaries or associated corporation.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as the Directors and supervisors of the Company are aware, as at 31 March 2015, the interests and/or short positions held by shareholders (not being a Director, a supervisor or a chief executive of the Company) in shares or underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company were as follows:

*Long positions in the shares of the Company:*

<b>Name of Substantial Shareholder</b>	<b>Capacity</b>	<b>Number of domestic shares held</b>	<b>Approximate percentage of all the domestic shares</b>	<b>Approximate percentage of the Company's issued share capital</b>
Neptunus Bio-engineering ( <i>Note (a)</i> )	Beneficial owner	1,181,000,000	94.33%	70.38%
	Interest in controlled corporation	21,650,000	1.73%	1.29%
Shenzhen Neptunus Group Company Limited ("Neptunus Group") ( <i>Note (b)</i> )	Interest in controlled corporation	1,202,650,000	96.06%	71.67%
Shenzhen Yinhetong Investment Company Limited ("Yinhetong") ( <i>Note (c)</i> )	Interest in controlled corporation	1,202,650,000	96.06%	71.67%
Mr. Zhang Si Min ( <i>Note (d)</i> )	Interest in controlled corporation	1,202,650,000	96.06%	71.67%
Ms. Wang Jin Song ( <i>Note (e)</i> )	Interest of spouse	1,202,650,000	96.06%	71.67%
Bank of Hangzhou Co., Ltd., Shenzhen Branch ("Bank of Hangzhou") ( <i>Note (f)</i> )	Security interest in shares	1,181,000,000	94.33%	70.38%

*Notes:*

- (a) Neptunus Bio-engineering was deemed to be interested in the 21,650,000 domestic shares of the Company held by Neptunus Oriental as the entire issued share capital of Neptunus Oriental was beneficially owned by Neptunus Bio-engineering. Neptunus Bio-engineering was also directly interested in 1,181,000,000 domestic shares of the Company. Therefore, Neptunus Bio-engineering was directly and indirectly interested in 1,202,650,000 domestic shares of the Company.
- (b) Neptunus Group was deemed to be interested in the 1,202,650,000 domestic shares of the Company, which relate to the same parcel of shares referred to in note (a) above, held by Neptunus Bio-engineering as Neptunus Group was beneficially interested in approximately 24.66% of the entire issued share capital of Neptunus Bio-engineering.
- (c) Yinhetong was deemed to be interested in 1,202,650,000 domestic shares of the Company, which relate to the same parcel of shares referred to in note (a) above, held by Neptunus Bio-engineering as Yinhetong was beneficially interested in approximately 58.96% of the entire issued share capital of Neptunus Group, which in turn was beneficially interested in approximately 24.66% of the entire issued share capital of Neptunus Bio-engineering.
- (d) Mr. Zhang Si Min ("Mr. Zhang") was deemed to be interested in 1,202,650,000 domestic shares of the Company, which relate to the same parcel of shares referred to in note (a) above, held by Neptunus Bio-engineering as Mr. Zhang was beneficially interested in 70% of the entire issued share capital of Yinhetong, which in turn was beneficially interested in approximately 58.96% of the entire issued share capital of Neptunus Group, which in turn was beneficially interested in approximately 24.66% of the entire issued share capital of Neptunus Bio-engineering.
- (e) Ms. Wang Jin Song ("Ms. Wang") was deemed to be interested in 1,202,650,000 domestic shares of the Company, which relate to the same parcel of shares referred to in note (a) above, held by Neptunus Bio-engineering as Ms. Wang is the spouse of Mr. Zhang and was taken to be beneficially interested in any shares held by Mr. Zhang.
- (f) Bank of Hangzhou was deemed to be interested in 1,181,000,000 domestic shares of the Company held by Neptunus Bio-engineering, as such domestic shares have been pledged to Bank of Hangzhou.

Save as disclosed above, the Directors and supervisors of the Company are not aware of any other persons (except the Directors, supervisors or chief executives of the Company) who held any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 31 March 2015.

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

The Company and its subsidiaries did not purchase, redeem or sell any of the Company's listed securities during the Quarter. 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 Quarter, 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 Quarter. The Company is not aware of any violation by the Directors on the "required standard of dealings" and the Company's code of conduct regarding securities transactions by the Directors.

## AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited condensed results of the Group for the Quarter.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

On behalf of the Board

**Shenzhen Neptunus Interlong Bio-technique Company Limited\***

**Zhang Feng**

*Chairman*

Shenzhen, the PRC, 8 May 2015

*As at the date of this report, the executive Directors are Mr. Zhang Feng, Mr. Chai Xiang Dong and Mr. Xu Yan He; the non-executive Directors are Ms. Yu Lin, Mr. Liu Zhan Jun and Mr. Song Ting Jiu; and the independent non-executive Directors are Mr. Yick Wing Fat, Simon, Mr. Poon Ka Yeung and Mr. Yu Bo.*

\* *For identification purpose only*