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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)

**CONNECTED TRANSACTION
DEVELOPMENT AGREEMENT**

DEVELOPMENT AGREEMENT

The Board is pleased to announce that Neptunus Fuyao, an 80%-owned subsidiary of the Company, entered into the Development Agreement with Neptunus Research, a connected person of the Company on 12 September 2019 (after trading hours), pursuant to which the parties have agreed to participate in the Project.

IMPLICATIONS OF THE GEM LISTING RULES

As at the date of this announcement, Neptunus Research is an 80%-owned subsidiary of Neptunus Bio-engineering and therefore an associate of Neptunus Bio-engineering by virtue of Rule 20.11 of the GEM Listing Rules. Neptunus Bio-engineering is the controlling shareholder of the Company under the GEM Listing Rules, being directly and indirectly interested in approximately 73.51% of the entire share capital of the Company. Therefore, Neptunus Research is a connected person of the Company under the Rule 20.07(4) of the GEM Listing Rules. Accordingly, the Project or the arrangements contemplated under the Development Agreement constitute a connected transaction for the Company as defined under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios calculated with reference to the Consideration are more than 0.1% but less than 5%, the Development Agreement will be subject to reporting, announcement and annual review requirements but are exempted from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

DEVLEOPMENT AGREEMENT

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The details of the Development Agreement are as follows:

Date

12 September 2019 (after trading hours)

Parties

- (1) 福州海王福藥製藥有限公司 (Fuzhou Neptunus Fuyao Pharmaceutical Company Limited*), an 80%-owned subsidiary of the Company; and
- (2) 深圳海王醫藥科技研究院有限公司 (Shenzhen Neptunus Pharmaceutical Research Institute Company Limited*), a connected person of the Company.

Subject matter

Pursuant to the Development Agreement, among other things, Neptunus Research has agreed to conduct pharmaceutical research and prepare a complete set of materials for consistency evaluation application in accordance with the national standard for Neptunus Fuyao in relation to the Product within 30 calendar months after receipt of the first instalment payment and the relevant reference documents from Neptunus Fuyao. The Project shall cover, among which, the research of the prescription process, packaging materials and quality standards, the optimization of the prescription process, determination of the prescription and manufacturing process of the Product, formulation of the examination procedure of the manufacturing process and preparation of the materials for consistency evaluation application.

Payment terms

Under the Development Agreement, the Consideration of RMB4,400,000 (approximately HK\$4,840,000) shall be paid by Neptunus Fuyao to Neptunus Research in cash at different stages of the Project in the following manner:

- (1) Phase one: Neptunus Fuyao shall pay 20% of the total cost, being RMB880,000 (approximately HK\$968,000) to Neptunus Research within 5 working days upon the entering into of the Development Agreement as start-up costs.

- (2) Phase two: After the completion of reference preparation and product research, Neptunus Research would facilitate Neptunus Fuyao to submit the filing materials of reference preparation and import declaration materials. Neptunus Fuyao shall pay 20% of the pharmaceutical cost, being RMB880,000 (approximately HK\$968,000) to Neptunus Research within 5 working days after the completion of import clearance which follows the completion of the filing of reference preparation and obtained import approval of reference preparation.
- (3) Phase three: After the completion of the reference preparation research and quality comparison and the completion of laboratory scale research and test of prescription technology, Neptunus Research would submit the pilot magnification scheme and relevant research conclusion for the review by Neptunus Fuyao. Neptunus Fuyao shall pay 20% of the pharmaceutical cost, being RMB880,000 (approximately HK\$968,000) to Neptunus Research within 5 working days if requirements were fulfilled.
- (4) Phase four: Neptunus Research would submit new quality standards and assist standards transition. Neptunus Fuyao would complete the magnification production with product quality being tested by new standards and meeting expectations. Neptunus Fuyao shall pay 20% of the pharmaceutical cost, being RMB880,000 (approximately HK\$968,000) to Neptunus Research within 5 working days after the product having met the requirements of the consistency evaluation after the 2-months accelerated stability studies.
- (5) Phase five: Neptunus Fuyao would assist in providing all production and verification materials while Neptunus Research would complete the preparation of the application materials. Neptunus Fuyao would then submit such materials to the China Food and Drug Administration for obtaining an acceptance number. Neptunus Fuyao shall pay 10% of the pharmaceutical cost, being RMB440,000 (approximately HK\$484,000) to Neptunus Research within 5 working days after the acceptance number being obtained.
- (6) Phase six: After the Project having passed the consistency evaluation and obtained the approval, Neptunus Research would transfer all research materials (original data copies inclusive) to Neptunus Fuyao in accordance to the Development Agreement. Neptunus Fuyao shall pay 10% of the pharmaceutical cost, being RMB440,000 (approximately HK\$484,000) to Neptunus Research within 5 working days upon the transfer.

Neptunus Research shall issue technical development costs invoice to Neptunus Fuyao within 10 working days upon the receipt of each installment.

The Consideration under the Development Agreement was determined after arm's length negotiations between Neptunus Research and Neptunus Fuyao after taking into consideration the prevailing market terms and on terms no less favourable to the Group than those made available to independent third parties for similar service.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE DEVELOPMENT AGREEMENT

The consistency evaluation is a national policy direction, and generic drugs that have passed the consistency evaluation will gain better advantage in market development. Currently, many pharmaceutical companies are carrying out consistency evaluation for injections, and according to the relevant reports, several types of injections have already passed such evaluation. The Product is a perennial type of the Group's small-volume injections, having high yields, a large domestic market and a broad prospect. The consistency evaluation may fail or succeed, but if the Product manages to pass the consistency evaluation, this will help enhance the market share and competitiveness of the Group, leading to a positive impact on the Group's performance and future development.

Neptunus Research is a recognized national high technology enterprise, academicians' (experts') workstation, and new-type research and development institution of Guangdong Province. It has a professional and comprehensive research and development system which produces high-level medical researches. It has developed several new drugs independently and possesses sufficient expertise and experience in consistency evaluation. As such, entering into the Development Agreement with Neptunus Research will be beneficial to the Group's research on the Product and its passing of the relevant consistency evaluation.

INFORMATION ON THE GROUP, NEPTUNUS FUYAO, AND NEPTUNUS RESEARCH

The Group is principally engaged in the research and development, manufacturing and selling of medicines, and the purchase and sales of medicines and healthcare food products in the PRC. The medicines being sold by the Group mainly cover four therapeutic areas which are oncology, cardiovascular system, respiratory system and digestive system.

Neptunus Fuyao is a limited liability company established under the laws of the PRC, and is directly held as to 80% by the Company. Neptunus Fuyao is principally engaged in the production and manufacturing of pharmaceutical products.

Neptunus Research is a limited liability company established under the laws of the PRC, and is directly held as to 80% by the Neptunus Bio-engineering. Neptunus Research is principally engaged in the research and development of pharmaceutical products.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save and except that (i) Ms. Yu Lin, the non-executive Director of the Company, who is also the chairman of the board of directors of Neptunus Research and (ii) Mr. Liu Zhan Jun, the non-executive Director of the Company, who is also a director of Neptunus Research, no Director has a material interest in the transactions contemplated under the Development Agreement. In this connection, Ms. Yu Lin and Mr. Liu Zhan Jun had abstained from voting on the Board resolutions in accordance with the articles

of association of the Company. Having considered the above, the Directors (including the independent non-executive Directors) take the view that the Development Agreement has been: (i) entered into in the Group's ordinary and usual course of business; and (ii) on normal commercial terms determined on an arm's length basis and on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS OF THE GEM LISTING RULES

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As all of the applicable percentage ratios calculated with reference to the Consideration are more than 0.1% but less than 5%, the Development Agreement will be subject to reporting, announcement and annual review requirements but are exempted from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following terms have the same meanings as set out below:

“associate”	has the meaning ascribed thereto under the GEM Listing Rules;
“Board”	the board of Directors;
“Company”	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 company incorporated in the PRC, whose H shares are listed on the GEM;
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Consideration”	the total consideration of RMB4,400,000 (approximately HK\$4,840,000) payable by Neptunus Fuyao to Neptunus Research pursuant to the Development Agreement;
“consistency evaluation”	the consistency of quality and efficacy evaluation for generic drugs, pursuant to the relevant PRC regulations;
“controlling shareholder”	has the meaning ascribed thereto under the GEM Listing Rules;

“Development Agreement”	the technology development agreement dated 12 September 2019 entered into between Neptunus Fuyao and Neptunus Research pursuant to which the parties agreed to participate in the Project;
“Director(s)”	the director(s) of the Company;
“Neptunus Fuyao”	福州海王福藥製藥有限公司 (Fuzhou Neptunus Fuyao Pharmaceutical Company Limited*), a limited liability company established under the laws of the PRC, and is directly held as to 80% by the Company;
“GEM”	the GEM operated by the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Neptunus Bio-engineering”	深圳市海王生物工程股份有限公司 (Shenzhen Neptunus Bio-engineering Company Limited*), a joint stock limited company established under the laws of the PRC whose shares are listed on the Shenzhen Stock Exchange and the controlling shareholder of the Company;
“Neptunus Research”	深圳海王醫藥科技研究院有限公司 (Shenzhen Neptunus Pharmaceutical Research Institute Company Limited*), a limited liability company established under the laws of the PRC, and is directly held as to 80% by the Neptunus Bio-engineering;
“percentage ratio(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“PRC”	the People’s Republic of China;
“Product”	the 2ml:0.5g vitamin C injection (original drug approval number: Guoyaozhunzi (國藥准字) H35020469);
“Project”	the medical research and development project in relation to the Product pursuant to the Development Agreement;
“Shareholders”	the holders the ordinary shares of RMB0.1 each of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“RMB”

Renminbi, the lawful currency of the PRC; and

“%”

per cent

By Order of the Board

Shenzhen Neptunus Interlong Bio-technique Company Limited*

Zhang Feng

Chairman

PRC, 12 September 2019

As at the date of this announcement, the executive Directors are Mr. Zhang Feng and Mr. Xu Yan He; the non-executive Directors are Mr. Liu Zhan Jun, Ms. Yu Lin, Mr. Song Ting Jiu and Mr. Zhao Wen Liang; and the independent non-executive Directors are Mr. Yick Wing Fat, Simon, Mr. Poon Ka Yeung and Mr. Zhang Jian Zhou.

For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of RMB1 = HK\$1.10. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

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

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from its date of publication and on the Company’s website at www.interlong.com.

* *The English translation in this announcement is for reference only. The official names are in Chinese.*