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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)**

**CONTINUING CONNECTED TRANSACTION**  
**RENEWAL OF NEPTUNUS GROUP SALES FRAMEWORK AGREEMENT**

**RENEWAL OF 2017 NEPTUNUS GROUP SALES FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 30 June 2017 in relation to, among other things, the 2017 Neptunus Group Sales Framework Agreement entered into between the Company and Shenzhen Neptunus, the controlling shareholder of the Company.

As the 2017 Neptunus Group Sales Framework Agreement will expire on 31 December 2019, on 14 October 2019 (after trading hours), the Company entered into the New Neptunus Group Sales Framework Agreement with Shenzhen Neptunus such that the Group will continue to sell certain self-manufactured or distributed products including certain pharmaceutical products and healthcare food products to Neptunus Group for the period from 1 January 2020 to 31 December 2022.

**IMPLICATIONS OF THE GEM LISTING RULES**

As at the date of this announcement, Shenzhen Neptunus is the controlling shareholder of Neptunus Bio-engineering, which is the controlling shareholder of the Company under the GEM Listing Rules. Therefore, Shenzhen Neptunus is an associate of Neptunus Bio-engineering and thus a connected person of the Company under Rule 20.07 of the GEM Listing Rules. Accordingly, the New Neptunus Group Sales Framework Agreement constitutes continuing connected transactions for the Company as defined under Rule 20.29 of the GEM Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the New Neptunus Group Sales Framework Agreement are more than 5%, such transactions constitute non-exempt continuing connected transactions of the Company. Accordingly, the Transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

### **EGM**

An EGM will be convened and held to approve the New Neptunus Group Sales Framework Agreement and the Proposed Sales Caps. Neptunus Bio-engineering and its associates will abstain from voting at the EGM.

### **GENERAL**

A circular containing, among other things, (a) further information relating to the New Neptunus Group Sales Framework Agreement ; (b) a letter of advice from the independent financial adviser Gram Capital to the Independent Board Committee and the Independent Shareholders relating to the New Neptunus Group Sales Framework Agreement; and (c) a letter from the Independent Board Committee to the Independent Shareholders relating to the New Neptunus Group Sales Framework Agreement will be dispatched to the Shareholders as soon as possible.

## **RENEWAL OF 2017 NEPTUNUS GROUP SALES FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 30 June 2017 in relation to, among other things, the 2017 Neptunus Group Sales Framework Agreement entered into between the Company and Shenzhen Neptunus, the controlling shareholder of the Company.

As the 2017 Neptunus Group Sales Framework Agreement will expire on 31 December 2019, on 14 October 2019 (after trading hours), the Company entered into the New Neptunus Group Sales Framework Agreement with Shenzhen Neptunus such that the Group will continue to sell the Products to Neptunus Group for the period from 1 January 2020 to 31 December 2022.

The details of the New Neptunus Group Sales Framework Agreement are as follows:

### **Date**

14 October 2019 (after trading hours)

### **Parties**

- (1) the Company; and
- (2) 深圳海王 (Shenzhen Neptunus\*), the controlling shareholder and a connected person of the Company

## **Subject matter**

Pursuant to the New Neptunus Group Sales Framework Agreement, among other things, the Group agreed to sell the Products to Neptunus Group.

## **Term**

The term of the New Neptunus Group Sales Framework Agreement is from 1 January 2020 to 31 December 2022 (both days inclusive). The New Neptunus Group Sales Framework Agreement will become effective on 1 January 2020 upon the approval by the Independent Shareholders at the EGM.

## **Pricing basis and payment terms**

Pursuant to the New Neptunus Group Sales Framework Agreement, the prices of the Products shall be determined based on the prevailing market price and after arm's length negotiation between the Group and Neptunus Group, which shall be no more favourable than the prices offered by the Group to independent third parties who have similar transaction quantities and transaction nature.

The consideration of the Products shall be settled (a) within sixty (60) days after the issue date of the invoice or the receipt of the Products, whichever is earlier; or (b) within the time limits to be agreed by the Group and Neptunus Group from time to time, provided that the payment terms of the Products shall be no more favourable than those offered by the Group to independent third parties who have similar transaction quantities and transaction nature.

## **Annual Caps**

The Proposed 2020 Sales Cap, the Proposed 2021 Sales Cap and the Proposed 2022 Sales Cap (all excluding VAT) are RMB58,000,000 (approximately HK\$ 63,800,000), RMB80,000,000 (approximately HK\$88,000,000) and RMB110,000,000 (approximately HK\$ 121,000,000), respectively.

In arriving at the Proposed Sales Caps, the Directors (including the independent non-executive Directors) have considered the following factors:

- (a) the historical figures and historical annual caps under the 2017 Neptunus Group Sales Framework Agreement for the year ended 31 December 2017, for the year ended 31 December 2018 and for the 8 months ended 31 August 2019 as set out below:

<b>Historical figures and historical annual caps under the 2017 Neptunus Group Sales Framework Agreement</b> <i>(RMB in '000)</i>		
<b>For the year ended 31 December 2017 (audited)</b>	<b>For the year ended (31 December 2018 (audited)</b>	<b>For the 8 months ended 31 August 2019 (unaudited)</b>
approximately 13,342 (2017 cap: 22,000) <sup>Note</sup>	approximately 22,557 (2018 cap: 27,000)	approximately 25,108 (2019 cap: 34,000)

*Note:* The annual cap was for the period from 30 June 2017 to 31 December 2017.

As demonstrated in the table above, the sales transactions in 2018 increased by approximately 69% compared with 2017. Further, the Company anticipates that the annual cap of RMB 34,000,000 for the year ending 2019 is not sufficient to satisfy the actual demand from Neptunus Group resulting from its expansion of the business scale and high business growth, notwithstanding that the Company has been strictly monitoring its sales transactions with Neptunus Group to ensure compliance with the GEM Listing Rules and not to exceed the annual caps;

- (b) (i) Neptunus Bio-engineering has been developing rapidly in recent years and extending its business coverage to various regions in the PRC. It has become one of the most competitive large-scale pharmaceutical commercial circulation enterprise group in the PRC with a revenue of approximately RMB 38,400,000,000 (approximately HK\$42,240,000,000) in 2018, representing a growth of approximately 53.90% compared to 2017; (ii) another subsidiary of Shenzhen Neptunus, Shenzhen Quanyaowang Pharmaceutical Company Limited\* (深圳市全藥網藥業有限公司), being a government-guided group purchasing organisation for collective procurement, supply and service provider of pharmaceutical products for public healthcare organisations, has experienced accelerated growth since its establishment in 2015 and its market covers various provinces and regions in the PRC; and (iii) following the commencement of the tendering process for the supply of pharmaceutical products in various regions in the PRC, some of our products have been awarded the tender in certain expansion regions which some of our connected companies are qualified pharmaceutical distribution enterprises in such areas with competitive advantage. As such, it shall further strengthen the cooperation between the Group and its connected companies;

- (c) it is anticipated that the relevant business will remain stable in 2021 and 2022 at a growth rate of 30%; and
- (d) a buffer of 5% in response to certain unforeseen circumstances, such as the unexpected increase in the demand for the Products, the unexpected increase in the selling price of the Products and other relevant factors.

The Directors (including the independent non-executive Directors) are of the view that the Proposed Sales Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole. If the Proposed Sales Cap is exceeded in the relevant period, the Company will re-comply with the requirements under Chapter 20 of the GEM Listing Rules.

## **INTERNAL CONTROL MEASURES**

In order to ensure that the prices and terms offered to Neptunus Group by the Group are no more favourable than the terms available to independent third parties and to protect the interests of the Company and its Shareholders as a whole, the Group has adopted the following internal control measures regarding the Transactions:

- (i) The Group will monitor the prices of the Products and the relevant payment terms offered to Neptunus Group by evaluating the average price of the Products and relevant payment terms offered to the independent third parties of the Group and the market prices of similar products under similar sales terms and conditions on a quarterly basis.
- (ii) If at any time the relevant departments of the Group discover that in respect of a transaction, the price of a Product offered to the Neptunus Group is lower than that offered by the Group to independent customers and/or the terms of a Product offered to the Neptunus Group are more favourable than those offered by the Group to independent customers, such findings shall be reported to the general manager of the Company or the relevant subsidiary of the Group for review. The relevant general manager shall then discuss with one of the Directors to evaluate whether the Group should adjust the price of such Product sold to Neptunus Group or amend the relevant terms, with reference to factors such as the corporate background of such customer; its reputation and reliability; and its ability to conduct the transaction in accordance with the terms of the agreement provided by it.

- (iii) The relevant departments of the Group will review the sales prices and payment terms offered in the transactions with Neptunus Group to ensure that all transactions with the Neptunus Group will comply with the terms of the New Neptunus Group Sales Framework Agreement.
- (iv) The Group's finance department would collect the data of the Transactions to ensure that each of the Proposed Sales Caps is not exceeded on a monthly basis.
- (v) The Group will engage the auditors to conduct an annual review of the Transactions to opine whether the Proposed Sales Caps have been exceeded.
- (vi) The Company's audit committee would review the implementation of all the continuing connected transactions and review the report in relation to all the continuing connected transactions prepared by the management of the Group, in order to evaluate comprehensiveness and effectiveness of the Group's internal control measures on all continuing connected transactions.
- (vii) The independent non-executive Directors would review the implementation of all the continuing connected transactions annually.

#### **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE NEW NEPTUNUS GROUP SALES FRAMEWORK AGREEMENT**

Neptunus Group is a large enterprise group with its competitive edge in the pharmaceutical industry in the PRC. It has already formed a comprehensive industry chain including research and development, manufacturing of pharmaceutical products and pharmaceutical commercial circulation. In order to lower the price of drugs, the PRC government has put forward a series of reforms on drug policies, such as implementing the "two-invoice system" in public hospitals in the relevant provinces, which would facilitate merger and acquisition and business expansion of the pharmaceutical enterprise groups.

The Board considers that by entering into the New Neptunus Group Sales Framework Agreement, (1) the Group can better respond to the series of reforms put forward by the PRC government on drug policies; (2) the Group can expand the sale of its products and increase its revenue with the help of the competitive scale of the pharmaceutical commercial circulation business of Neptunus Bio-engineering, Neptunus Group's platform advantage of innovative business model, and the brand advantage of "Neptunus"; and (3) the market share of the Group in the pharmaceutical industry can be increased.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the transactions contemplated under the New Neptunus Group Sales Framework Agreement, save and except that the chairman of the Board and executive Director Mr. Zhang Feng is also a director of Shenzhen Neptunus and deputy chairman of the board of directors and president of Neptunus Bio-engineering, and the non-executive Director Mr. Liu Zhan Jun is the deputy chairman of the board of directors of Neptunus Bio-engineering, and the non-executive Director Mr. Zhao Wen Liang is also a director of Neptunus Bio-engineering. In this connection, Mr. Zhang Feng, Mr. Liu Zhan Jun and Mr. Zhao Wen Liang had abstained from voting on the written resolutions of the Board for approving the New Neptunus Group Sales Framework Agreement in

accordance with article 5 of the articles of association of the Company. Having considered the above, the remaining Directors (including the independent non-executive Directors) take the view that the New Neptunus Group Sales Framework 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.

## **INFORMATION ON THE GROUP AND NEPTUNUS GROUP**

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 Group is a large enterprise group with its competitive edge in the pharmaceutical industry in the PRC. It has already formed a comprehensive industry chain including research and development, manufacturing of pharmaceutical products and pharmaceutical commercial circulation.

## **IMPLICATIONS OF THE GEM LISTING RULES**

As at the date of this announcement, Shenzhen Neptunus is the controlling shareholder of Neptunus Bio-engineering, which is the controlling shareholder of the Company under the GEM Listing Rules. Therefore, Shenzhen Neptunus is an associate of Neptunus Bio-engineering and thus a connected person of the Company under Rule 20.07 of the GEM Listing Rules. Accordingly, the New Neptunus Group Sales Framework Agreement constitutes continuing connected transactions for the Company as defined under Rule 20.29 of the GEM Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the Transactions are more than 5%, such transactions constitute non-exempt continuing connected transactions of the Company. Accordingly, the Transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

## **EGM**

An EGM will be convened and held to approve the New Neptunus Group Sales Framework Agreement and the Proposed Sales Caps. Neptunus Bio-engineering and its associates will abstain from voting at the EGM.



## GENERAL

The Company has established an Independent Board Committee comprising of the three independent non-executive Directors, namely Mr. Yick Wing Fat, Simon, Mr. Poon Ka Yeung and Mr. Zhang Jian Zhou, to advise the Independent Shareholders in respect of the New Neptunus Group Sales Framework Agreement and the Proposed Sales Caps. In this respect, Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders.

A circular containing, among other things, (a) further information relating to the New Neptunus Group Sales Framework Agreement ; (b) a letter of advice from the independent financial adviser Gram Capital to the Independent Board Committee and the Independent Shareholders relating to the New Neptunus Group Sales Framework Agreement; and (c) a letter from the Independent Board Committee to the Independent Shareholders relating to the New Neptunus Group Sales Framework Agreement will be dispatched to the Shareholders as soon as possible.

## DEFINITIONS

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

“2017 Neptunus Group Sales Framework Agreement”	the sales framework agreement dated 30 June 2017 entered into between the Company and Shenzhen Neptunus pursuant to which the Group agreed to sell certain self-manufactured or distributed products including certain pharmaceutical products and healthcare food products to Neptunus Group;
“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;
“controlling shareholder”	has the meaning ascribed thereto under the GEM Listing Rules;
“Director(s)”	the director(s) of the Company;
“GEM”	the GEM operated by the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;



“Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the New Neptunus Group Sales Framework Agreement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the New Neptunus Group Sales Framework Agreement and the Proposed Sales Caps;
“Independent Shareholders”	Shareholder(s) other than Neptunus Bio-engineering and any of its associates;
“Neptunus Bio-engineering”	深圳市海王生物工程股份有限公司 (Shenzhen Neptunus Bioengineering 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 Group”	Shenzhen Neptunus and its subsidiaries, but excluding the Group;
“New Neptunus Group Sales Framework Agreement”	the sales framework agreement dated 14 October 2019 entered into between the Company and Shenzhen Neptunus pursuant to which the Group agreed to sell certain self-manufactured or distributed products including certain pharmaceutical products and healthcare food products to Neptunus Group;
“percentage ratio(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“PRC”	the People’s Republic of China;
“Products”	certain self-manufactured or distributed products including certain pharmaceutical products and healthcare food products contemplated under the New Neptunus Group Sales Framework Agreement
“Proposed Sales Cap(s)”	each of, or collectively, the Proposed 2020 Sales Cap, the Proposed 2021 Sales Cap and the Proposed 2022 Sales Cap;

“Proposed 2020 Sales Cap”	the estimated maximum aggregate sales amount under the New Neptunus Group Sales Framework Agreement for the period from 1 January 2020 to 31 December 2020, as set out under the sub-section headed “Annual Caps” of this announcement;
“Proposed 2021 Sales Cap”	the estimated maximum aggregate sales amount under the New Neptunus Group Sales Framework Agreement for the period from 1 January 2021 to 31 December 2021, as set out under the sub-section headed “Annual caps” of this announcement;
“Proposed 2022 Sales Cap”	the estimated maximum aggregate sales amount under the New Neptunus Group Sales Framework Agreement for the period from 1 January 2022 to 31 December 2022, as set out under the sub-section headed “Annual caps” of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	the holders of the ordinary shares of RMB0.1 each of the Company;
“Shenzhen Neptunus”	深圳海王集團股份有限公司 (Shenzhen Neptunus Group Company Limited*), a joint stock limited company incorporated in the PRC and the controlling shareholder of Neptunus Bio-engineering;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the transactions contemplated under the New Neptunus Group Sales Framework Agreement;
“VAT”	value added tax; and
“%”	per cent.

By Order of the Board  
**Shenzhen Neptunus Interlong Bio-technique Company Limited\***  
**Zhang Feng**  
*Chairman*

Shenzhen, the PRC, 14 October 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 GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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

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