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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  
IN RELATION TO A SALES FRAMEWORK AGREEMENT**

**SALES FRAMEWORK AGREEMENT**

The Board is pleased to announce that Neptunus Fuyao, an 80%-owned subsidiary of the Company, entered into the Sales Framework Agreement with Neptunus Bio-engineering, a controlling shareholder and a connected person of the Company on 10 January 2020 (after trading hours), pursuant to which Neptunus Fuyao agreed to sell and Neptunus Bio-engineering Group agreed to purchase prefilled catheter flushers for the period from the Effective Date to 31 December 2020 (both days inclusive).

**IMPLICATIONS OF THE GEM LISTING RULES**

As at the date of this announcement, Neptunus Bio-engineering is the controlling shareholder of the Company under the GEM Listing Rules. Therefore, Neptunus Bio-engineering is a connected person of the Company under Rule 20.07 of the GEM Listing Rules. Accordingly, the transactions under the Sales Framework Agreement constitute continuing connected transactions for the Company as defined under Rule 20.29 of the GEM Listing Rules.

As all of the applicable percentage ratios calculated with reference to the Proposed 2020 Sales Cap are more than 0.1% but less than 5%, the Sales Framework Agreement will be subject to reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

## **SALES FRAMEWORK AGREEMENT**

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The details of the Sales Framework Agreement are as follows:

### **Date**

10 January 2020 (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) 深圳市海王生物工程股份有限公司 (Shenzhen Neptunus Bio-engineering Company Limited\*), a controlling shareholder and a connected person of the Company.

### **Subject matter**

Pursuant to the Sales Framework Agreement, among other things, Neptunus Fuyao agreed to sell and Neptunus Bio-engineering Group agreed to purchase prefilled catheter flushers.

### **Term**

The term of the Sales Framework Agreement is from the Effective Date to 31 December 2020 (both days inclusive).

The Sales Framework Agreement will become effective on the date (the “**Effective Date**”) upon:

- (i) the approval of the Sales Framework Agreement by the Board; and
- (ii) all applicable law, regulation and obligation imposed by the relevant statutory or governmental bodies having been complied with, and all necessary consents from the relevant statutory or governmental bodies having been obtained or waived.

The Sales Framework Agreement is expected to become effective on 10 January 2020.

## **Pricing basis and payment terms**

The unit price of the prefilled catheter flushers is determined with reference to the cost of products and the profit margin and market condition, provided that the price offered by Neptunus Fuyao to Neptunus Bio-engineering Group shall not be lower than the price offered to independent third parties.

Payment shall be made via wire transfer before delivery of the goods.

## **Annual cap**

The Proposed 2020 Sales Cap (all excluding VAT) is RMB17,000,000 (approximately HK\$18,888,889).

The prefilled catheter flusher is a new product of Neptunus Fuyao and was launched into the market for sale in October 2019. From 1 October 2019 to 31 December 2019, Neptunus Fuyao sold prefilled catheter flushers to Neptunus Bio-engineering Group with an unaudited aggregate transaction amount of RMB581,568.87 (approximately HK\$646,187.63). The Company confirms that the transaction amount for the period from 1 October 2019 to 31 December 2019 is below the de minimis threshold under Chapter 20 of the GEM Listing Rules.

In arriving at the Proposed 2020 Sales Cap, the Directors (including the independent non-executive Directors) have also considered the following factors:

- (i) The estimated demand of prefilled catheter flushers from Neptunus Bio-engineering Group in year 2020;
- (ii) The limitation of the production capacity of Neptunus Fuyao. Currently, Neptunus Fuyao possesses only one production line for prefilled catheter flushers which temporarily limits its production capacity; and
- (iii) A buffer of 5% to cover unforeseen circumstances, for instances, an unexpected increase in the demand from Neptunus Bio-engineering Group, the increase in cost of sales of Neptunus Fuyao and other relevant factors, etc.

The Directors (including the independent non-executive Directors) are of the view that the Proposed 2020 Sales Cap is fair and reasonable and in the interests of the Company and the Shareholders as a whole. If the Proposed 2020 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 (i) ensure that the terms of the Sales Framework Agreement are no more favourable than the terms offered by Neptunus Fuyao to independent third parties; and (ii) protect the interests of the Company and its Shareholders as a whole, the Company will adopt the following internal control measures regarding the Proposed CCTs:

- (a) Neptunus Fuyao will monitor the prices of the prefilled catheter flushers and the relevant payment terms offered to Neptunus Bio-engineering Group by evaluating the average price of the prefilled catheter flushers and relevant payment terms offered to independent third parties of the Group and the market prices of similar products under similar sales terms and conditions on a quarterly basis. For the evaluation mentioned above, the marketing department of Neptunus Fuyao will first collect market price information available in the public domain and during the course of business negotiations. An interdepartmental work team of Neptunus Fuyao involving the marketing department, sales department, production department, finance department, technical department and the general manager will then discuss and review the prices of the prefilled catheter flushers and the relevant payment terms offered to Neptunus Bio-engineering Group with consideration of various factors mainly including, on a case-by-case basis, the costs, transaction volume, sales channel and market competition. In the event of market fluctuations, the interdepartmental work team will also convene meetings on an urgent basis;
- (b) If at any time the relevant departments of Neptunus Fuyao discover that in respect of a transaction, the price of the prefilled catheter flushers offered to Neptunus Bio-engineering Group is lower than that offered by Neptunus Fuyao to independent third parties and/or the terms of the prefilled catheter flushers offered to the Neptunus Bio-engineering Group are more favourable than those offered by Neptunus Fuyao to independent third parties, such findings shall be reported to the general manager of Neptunus Fuyao for review, with reference to factors such as the corporate backgrounds of such independent third parties; their reputation and reliability; and their ability to conduct the transactions in accordance with the terms of the agreements the provided by them. The general manager shall then discuss with one of the Directors to evaluate whether Neptunus Fuyao should adjust the price of the prefilled catheter flushers to be sold to Neptunus Bio-engineering Group or amend the relevant terms;

The relevant departments of the Neptunus Fuyao will review the sales prices and payment terms offered in the Proposed CCTs with Neptunus Bio-engineering Group to ensure that all transactions with Neptunus Bio-engineering Group will comply with the terms of the Sales Framework Agreement;

- (c) The Group's finance department would collect the data of the Proposed CCTs to ensure that the Proposed 2020 Sales Cap is not exceeded on a quarterly basis;
- (d) The Group will engage the auditors to conduct an annual review of the Proposed CCTs to opine whether the Proposed 2020 Sales Cap has been exceeded;
- (e) the Company's audit committee would review the implementation of the Proposed CCTs and review the report in relation to the Proposed CCTs prepared by the management of the Group, in order to evaluate comprehensiveness and effectiveness of the Group's internal control measures on the Proposed CCTs; and
- (f) the independent non-executive Directors would review the implementation of the Proposed CCTs annually.

The Directors consider that the above methods and procedures can ensure that the Proposed CCTs will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

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

Following the increase of control of cross-infection and nosocomial infection in hospitals, and the increasing demand in lowering the risk and time required in admixture by medical practitioners, the replacement of manually prepared admixture by prefilled catheter flushers has become a general trend. Currently, the prefilled catheter flusher market in the PRC is still in development. Hence, the Company is of the view that the entering into of the Sales Framework Agreement shall enable Neptunus Fuyao to leverage on the sales network of Neptunus Bio-engineering to capture the market share, and further enhance the competitiveness and performance of Neptunus Fuyao.

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 Sales Framework Agreement, save and except that the chairman of the Board and executive Director Mr. Zhang Feng is also a deputy chairman and non-independent director of the board of directors and president of Neptunus Bio-engineering, and the non-executive Director Mr. Liu Zhan Jun is the deputy chairman and non-independent director of the board of directors of Neptunus Bio-engineering, and the non-executive Director Mr. Zhao Wen Liang is also a non-independent 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 Sales Framework Agreement. Having considered the above, the remaining Directors (including the independent non-executive Directors) take the view that the 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, NEPTUNUS FUYAO AND NEPTUNUS BIO-ENGINEERING**

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 Bio-engineering is a limited liability company established under the laws of the PRC and the controlling shareholder of the Company. Neptunus Bio-engineering is principally engaged in pharmaceutical and food manufacturing and pharmaceutical commercial distribution businesses.

## IMPLICATIONS OF THE GEM LISTING RULES

As at the date of this announcement, Neptunus Bio-engineering is the controlling shareholder of the Company under the GEM Listing Rules. Therefore, Neptunus Bio-engineering is a connected person of the Company under Rule 20.07 of the GEM Listing Rules. Accordingly, the transactions under the Sales Framework Agreement constitute continuing connected transactions for the Company as defined under Rule 20.29 of the GEM Listing Rules.

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## DEFINITIONS

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

“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;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), 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 Bio-engineering Group”	collectively Neptunus Bio-engineering and its subsidiaries (excluding the Group), or any one of them;
“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
“percentage ratio(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Sales Framework Agreement”	the Sales framework agreement dated 10 January 2020 entered into between Neptunus Fuyao and Neptunus Bio-engineering pursuant to which Neptunus Fuyao agreed to sell and Neptunus Bio-engineering Group agreed to purchase prefilled catheter flushers for the period from the Effective Date to 31 December 2020 (both days inclusive);
“PRC”	the People’s Republic of China, which for the purposes of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan;
“Proposed 2020 Sales Cap”	the estimated maximum aggregate products amount under the Sales Framework Agreement for the period from the Effective Date to 31 December 2020;
“Proposed CCTs”	the transactions under the Sales Framework Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	the holders of the ordinary shares of RMB0.1 each of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“VAT”	value added tax; and
“%”	per cent.

*Translation of RMB into HK\$ in this announcement is based on the exchange rate of HK\$1 = RMB0.9. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at such or any other rates or at all.*

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

Shenzhen, PRC, 10 January 2020

*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.*

*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 aspects 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).*

\* For identification purpose only