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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
IN RELATION TO TECHNOLOGY TRANSFER AGREEMENT**

TECHNOLOGY TRANSFER AGREEMENT

The Board is pleased to announce that Neptunus Fuyao, an 80%-owned subsidiary of the Company, entered into the Technology Transfer Agreement with Neptunus Research, a connected person of the Company on 29 April 2020 (after trading hours), pursuant to which the parties have agreed to transfer the Neptinib Pharmaceutical Technology from Neptunus Research to Neptunus Fuyao, while Neptunus Research will assist in the commencement work of the clinical research and production reporting work.

IMPLICATIONS OF THE GEM LISTING RULES

As at the date of this announcement, Neptunus Research is a subsidiary of Neptunus Bio-engineering, being directly held as to 80% and indirectly held as to 20% by 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 Technology Transfer Agreement and the transactions contemplated thereunder constitute a connected transaction for the Company as defined under Chapter 20 of the GEM Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) calculated with reference to the Consideration are more than 0.1% but less than 5%, the Technology Transfer Agreement will be subject to reporting and announcement but are exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

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The details of the Technology Transfer Agreement are as follows:

Date

29 April 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 Technology Transfer Agreement, among other things, Neptunus Research has agreed to transfer the Neptinib Pharmaceutical Technology to Neptunus Fuyao, while Neptunus Research will assist in the commencement work of the clinical research and production reporting work. Upon completion of the transfer of the Neptinib Pharmaceutical Technology, Neptunus Fuyao will be entitled to develop, manufacture, register, commercialize and promote the end product of the Neptinib Pharmaceutical Technology in the PRC.

The acceptance criteria under the Technology Transfer Agreement are the manufacturing technology of Neptinib is proved feasible and its quality is stable, the transfer is completed and the renewal approval of the PRC clinical trial approval documents for Neptinib are obtained.

Payment terms

Under the Technology Transfer Agreement, the Consideration of RMB17,000,000 (approximately HK\$18,681,000) (excluding VAT) shall be paid by Neptunus Fuyao to Neptunus Research by way of bank transfer by three instalments in the following manner:

- (1) Phase one: Neptunus Fuyao shall pay RMB6,800,000 (approximately HK\$7,473,000), being 40% of the Consideration, to Neptunus Research within 10 working days upon the entering into of the Technology Transfer Agreement;
- (2) Phase two: After the completion of the handover of entire set of the Neptinib clinical reporting documents (both written and electronic versions) and its PRC clinical approval documents by Neptunus Research to Neptunus Fuyao, Neptunus Fuyao shall pay RMB5,950,000 (approximately HK\$6,538,000), being 35% of the Consideration, to Neptunus Research within 10 working days; and
- (3) Phase three: Neptunus Research shall assist Neptunus Fuyao with the renewal of the clinical trial approval and obtain the relevant approval. Neptunus Fuyao shall pay RMB4,250,000 (approximately HK\$4,670,000), being 25% of the Consideration, to Neptunus Research within 10 working days once the approval has been obtained.

Neptunus Research shall issue technology transfer costs invoice of equal amounts to Neptunus Fuyao upon the receipt of each instalment.

The Consideration under the Technology Transfer Agreement was determined after arm's length negotiations between Neptunus Research and Neptunus Fuyao after taking into consideration (1) the valuation of the Neptinib Pharmaceutical Technology by a qualified independent valuation institute in Hong Kong, which is approximately RMB24,000,000 (approximately HK\$26,374,000) as at 29 February 2020; (2) the development cost of the Neptinib during preclinical study, which is approximately RMB16,630,000 (approximately HK\$18,275,000); and (3) the uncertainties in the launch phase of the Neptinib Pharmaceutical Technology related products to the market.

Conditions Precedent

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

- (i) the approval of the Technology Transfer Agreement by the Board and Shareholders (if required); 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.

Termination

If Neptunus Fuyao is unable to utilise the research results and the manufacturing permit due to the untruthfulness and illegality of the materials provided by Neptunus Research, Neptunus Research shall refund all the monies previously paid by Neptunus Fuyao within ten business days of the written termination notice issued by Neptunus Fuyao.

If Neptunus Fuyao could not eventually obtain manufacturing permit due to its own reason, Neptunus Research shall not be liable to refund any monies previously paid by Neptunus Fuyao.

In case of force majeure or the project under the Technical Transfer Agreement can no longer be carried out due to government policy, each party is entitled to notify the counterparty to terminate the Technical Transfer Agreement. The R&D costs paid by Neptunus Fuyao shall be non-refundable upon such termination of the Technical Transfer Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE TECHNOLOGY TRANSFER AGREEMENT

Research and development of new medicines is the foundation and guarantee for the core competitiveness and future development prospects of pharmaceutical companies. To actively expand new directions for the development of the Group, since 2012, the Group has continued to invest in drug research and development, and cooperated with R&D institutions to carry out new product research and development projects for new products.

Neptunus Research is a National High and New Technology Enterprise, Academician (Expert) Workstation and a New Type Research and Development Institution in Guangdong Province. It has a professional and high-level research and development system as well as complete infrastructure. It has several completely independent innovative Class 1 new drugs. The Neptinib independently developed by Neptunus Research is a small molecule targeted tyrosine kinase inhibitor. Non-clinical studies have shown that Neptinib has extremely high target selection activity, good tissue distribution targeting, and is highly effective in suppressing tumour activity, especially for the rare L861Q mutant tumour in lung cancer. In terms of distribution of drug in animal body tissues, compared with Gilotrif (Afatinib), a counterpart drug in foreign countries, Neptinib has a significant distribution in the lungs. The same dose of Neptinib has a stronger tumour suppressing capacity and lower risk of potential adverse cardiac reactions than Afatinib. Compared with the first-generation drugs, Neptinib has a stronger ability to inhibit related targets and is less likely to develop drug resistance. It has a very good market development value. In June 2017, Neptinib has been approved by the State Food and Drug Administration for drug clinical trials. The acquisition of Neptinib for clinical research, industrialisation and commercial development will help to enhance the competitiveness of the Group and have a positive impact on the future development of the Group.

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% and indirectly held as to 20% by 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, who is also the chairman of the board of directors of Neptunus Research; (ii) Mr. Liu Zhan Jun, the non-executive Director, who is also a director of Neptunus Research; (iii) Mr. Zhang Feng, the chairman of the Board and executive Director, who is also the president and non-independent director of the board of directors of Neptunus Bio-engineering; and (iv) Mr. Zhao Wen Liang, the non-executive Director, who is a non-independent director of the board of directors of Neptunus Bio-engineering, no Director has a material interest in the transactions contemplated under the Technology Transfer Agreement. In this connection, Ms. Yu Lin, Mr. Liu Zhan Jun, Mr. Zhang Feng and Mr. Zhao Wen Liang had abstained from voting on the Board resolutions in accordance with articles of association of the Company. Having considered the above, the Directors (including the independent non-executive Directors) take the view that the Technology Transfer 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

As at the date of this announcement, Neptunus Research is a subsidiary of Neptunus Bio-engineering, being directly held as to 80% and indirectly held as to 20% by 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 Technology Transfer Agreement constitute a connected transaction for the Company as defined under Chapter 20 of the GEM Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) calculated with reference to the Consideration are more than 0.1% but less than 5%, the Technology Transfer Agreement will be subject to reporting and announcement but are exempt 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:

“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 RMB17,000,000 (approximately HK\$18,681,000) payable by Neptunus Fuyao to Neptunus Research pursuant to the Technology Transfer Agreement;
“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;
“Neptinib”	active pharmaceutical ingredient and tablets of Neptinib di-p-methylbenzenesulfonate (二甲苯磺酸奈普替尼);
“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 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;
“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% and indirectly held as to 20% by Neptunus Bio-engineering;
“percentage ratio(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Neptinib Pharmaceutical Technology”	the PRC clinical approval documents of Neptinib, manufacturing and quality control technology (including but not limited to the relevant patents)
“PRC”	the People’s Republic of China;
“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;
“Technology Transfer Agreement”	the technology transfer agreement dated 29 April 2020 entered into between Neptunus Fuyao and Neptunus Research in respect to the transfer of Neptinib Pharmaceutical Technology from Neptunus Research to Neptunus Fuyao, while Neptunus Research will assist in the commencement work of the clinical research and production reporting work;
“VAT”	value added tax; and
“%”	per cent.

Translation of RMB into HK\$ in this announcement is based on the exchange rate of HK\$1 = RMB0.91. 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, 29 April 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 for at least 7 days from its date of publication and on the Company’s website at www.interlong.com.

** For identification purpose only*