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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

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.

This announcement, 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 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.

* *For identification purpose only*

AUDITED ANNUAL RESULTS

The board of Directors of the Company (the "Board") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 (the "Year") together with the comparative audited figures for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Note	**2014**	2013
		RMB'000	*RMB'000*
TURNOVER	*3, 9*	**648,268**	611,666
COST OF SALES		**(371,534)**	(360,504)
GROSS PROFIT		**276,734**	251,162
OTHER REVENUE	*4*	**10,345**	6,051
OTHER NET INCOME	*4*	**77**	1,196
Selling and distribution expenses		**(116,682)**	(101,640)
Administrative expenses		**(53,152)**	(59,039)
Other operating expenses		**(45,863)**	(46,478)
PROFIT FROM OPERATIONS		**71,459**	51,252
Finance costs	*5(a)*	**(11,078)**	(7,684)
PROFIT BEFORE TAXATION	*5*	**60,381**	43,568
Income tax	*6(a)*	**(15,934)**	3,430
PROFIT FOR THE YEAR		**44,447**	46,998
Attributable to:			
Owners of the Company		**33,174**	35,855
Non-controlling interests		**11,273**	11,143
		44,447	46,998
Earnings per share			
Basic and diluted	*8*	**1.98 cents**	2.14 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	RMB'000	*RMB'000*
Profit for the year	**44,447**	46,998
Other comprehensive income for the year	**–**	–
Total comprehensive income for the year	**44,447**	46,998
Attributable to:		
Owners of the Company	**33,174**	35,855
Non-controlling interests	**11,273**	11,143
Total comprehensive income for the year	**44,447**	46,998

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**183,351**	184,790
Prepaid lease payments		**65,589**	67,159
Intangible assets		**144,538**	140,247
Deposit for acquisition of property, plant and equipment		**12,507**	11,570
Deposit for acquisition of land		**38,238**	17,330
Available-for-sale investments		**300**	300
Deferred tax assets		**1,465**	1,491
Value-added tax recoverable	*10*	**7,944**	–
		453,932	422,887
CURRENT ASSETS			
Inventories		**140,543**	120,743
Trade and other receivables	*10*	**146,233**	114,940
Tax recoverable		–	28
Principal protected deposit		**20,000**	–
Fixed deposit		**15,372**	2,000
Cash and cash equivalents		**235,584**	253,511
		557,732	491,222
CURRENT LIABILITIES			
Trade and other payables	*11*	**240,535**	187,954
Interest-bearing bank borrowings		**115,000**	86,000
Entrusted loans from the immediate parent company		**9,000**	9,000
Deferred revenue		**1,641**	2,282
Current taxation		**10,381**	7,446
		(376,557)	(292,682)
NET CURRENT ASSETS		**181,175**	198,540
TOTAL ASSETS LESS CURRENT LIABILITIES		**635,107**	621,427

	2014	2013
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Financial assistance from the immediate parent company	–	27,000
Deferred revenue	**14,889**	12,608
Deferred tax liabilities	**20,167**	21,215
	(35,056)	(60,823)
NET ASSETS	**600,051**	560,604
EQUITY		
Equity attributable to owners of the Company		
Share capital	**167,800**	167,800
Reserves	**342,052**	308,878
	509,852	476,678
NON-CONTROLLING INTERESTS	**90,199**	83,926
TOTAL EQUITY	**600,051**	560,604

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2014

	Attributable to owners of the Company							
	Share capital *RMB'000*	Share premium *RMB'000*	Statutory reserve fund *RMB'000*	Capital reserve *RMB'000*	Accumulated losses *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2013	167,800	554,844	17,909	(194,339)	(105,243)	440,971	77,383	518,354
Change in equity for 2013								
Profit for the year	–	–	–	–	35,855	35,855	11,143	46,998
Total comprehensive income for the year, net of tax	–	–	–	–	35,855	35,855	11,143	46,998
Dividend paid from subsidiary to non-controlling interests	–	–	–	–	–	–	(4,600)	(4,600)
Deemed distribution arising on the acquisition of Neptunus Changjian	–	–	–	(148)	–	(148)	–	(148)
Transfer to other reserves	–	–	4,807	–	(4,807)	–	–	–
At 31 December 2013	167,800	554,844	22,716	(194,487)	(74,195)	476,678	83,926	560,604
At 1 January 2014	**167,800**	**554,844**	**22,716**	**(194,487)**	**(74,195)**	**476,678**	**83,926**	**560,604**
Change in equity for 2014								
Profit for the year	**–**	**–**	**–**	**–**	**33,174**	**33,174**	**11,273**	**44,447**
Total comprehensive income for the year, net of tax	**–**	**–**	**–**	**–**	**33,174**	**33,174**	**11,273**	**44,447**
Dividend paid from subsidiary to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(5,000)**	**(5,000)**
Transfer to other reserves	**–**	**–**	**7,528**	**–**	**(7,528)**	**–**	**–**	**–**
At 31 December 2014	**167,800**	**554,844**	**30,244**	**(194,487)**	**(48,549)**	**509,852**	**90,199**	**600,051**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. Basis of Preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those set out in the Group's 2013 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 2014. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

The consolidated financial statements are presented in Renminbi ("RMB"), and it is also the functional currency of the Company and the Group's presentation currency. All amounts are rounded to the nearest thousand except where otherwise indicated

2. Application of new and revised HKFRSs

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA which are relevant to the Group's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The application of the amendments and interpretation to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

3. Turnover

The principal activities of the Group are the research and development ("R&D") of modern biological technology and the provision of R&D services, production and sales of medicines, sales and distribution of medicines and healthcare products and commission income derived from the distribution of food products and healthcare food products in the People's Republic of China (the "PRC").

Turnover represents the net invoiced value of goods sold net of value-added tax, after allowances for returns and trade discounts, net invoiced value of R&D services provided net of value-added tax and commission income.

	2014	2013
	RMB'000	*RMB'000*
Sales of medicines	**509,989**	496,578
Sales and distribution of medicines and healthcare products	**137,177**	113,557
Commission income	**–**	1,531
R&D service income	**1,102**	–
	648,268	611,666

4. Other Revenue and Other Net Income

	2014	2013
	RMB'000	*RMB'000*
Other revenue		
Interest income from bank deposits	**3,866**	2,186
Total interest income on financial assets not at fair value through profit or loss	**3,866**	2,186
Subsidy income released from deferred revenue	**6,417**	3,340
Others	**62**	525
	10,345	6,051
Other net income		
Recovery of impairment on trade receivables	**19**	1,154
Recovery of impairment on other receivables	**36**	32
Write off of other payables	**11**	10
Reversal of write down of inventories	**11**	–
	77	1,196

5. Profit Before Taxation

Profit before taxation is arrived at after charging the following:

	2014	2013
	RMB'000	*RMB'000*
a) Finance costs		
Interest on bank loans wholly repayable within five years	**6,669**	5,191
Interest on financial assistance from the immediate parent company	**4,409**	2,493
Total interest expense on financial liabilities not at fair value through profit or loss	**11,078**	7,684
b) Staff costs (including directors' remuneration)		
Contributions to defined contribution retirement plan	**15,299**	14,379
Salaries, wages and other benefits	**69,400**	61,587
	84,699	75,966
c) Other items		
Amortisation		
– prepaid lease payments	**1,570**	1,570
– intangible assets *	**4,160**	4,160
Depreciation		
– assets held for own use under operating leases	**4,206**	3,165
– other assets	**14,836**	14,877
Impairment of		
– trade receivables *	**376**	379
– other receivables *	**170**	331
Bad debt written off *	**7**	–
Write down of inventories *	**4,754**	6,957
Net foreign exchange loss	**–**	1,574
Loss on disposal of property, plant and equipment *	**417**	442
Auditor's remuneration		
– audit services	**1,300**	1,280
– other services	**699**	658
Operating lease charges: minimum lease payment	**6,593**	6,038
Cost of inventories	**370,228**	358,756
R&D costs *	**35,461**	33,809

* These amounts are included in "Other operating expenses" on the face of the consolidated statement of profit or loss.

6. Income Tax in the Consolidated Statement of Profit or Loss

a) Income tax in the consolidated statement of profit or loss represents:

	2014	2013
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax	**16,828**	12,647
Under/(over) provision for PRC Enterprise income tax	**128**	(1,440)
Deferred tax		
Origination and reversal of temporary differences	**(1,022)**	(671)
Attributable to a change in tax rate	**–**	(13,966)
	15,934	(3,430)

Hong Kong Profits Tax has not been provided for as the Group had no income assessable to Hong Kong Profits Tax for the year (2013: Nil).

On 9 April 2013, a subsidiary of the Group established in the PRC was recognised by the Fujian Province Bureau of Science and Technology as a high technology enterprise. As at 31 December 2014, two subsidiaries of the Group established in the PRC are qualified as high technology enterprise. In accordance with the applicable enterprise income tax of the PRC, these subsidiaries are subject to the PRC enterprise income tax ("EIT") at a preferential rate of 15%.

The other PRC subsidiaries are subject to the PRC EIT at a rate of 25% for the year ended 31 December 2014 (2013: 25%).

b) Reconciliation between tax expense and accounting profit at the applicable tax rates:

	2014	2013
	RMB'000	*RMB'000*
Profit before taxation	**60,381**	43,568
Notional profit on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**9,464**	6,880
Tax effect of non-deductible expenses	**947**	1,712
Tax effect of non-taxable income	**(1,187)**	(1,398)
Tax effect of unused tax losses not recognised	**6,582**	4,782
Under/(over) provision in prior year	**128**	(1,440)
Decrease in opening deferred tax liability resulting from a change in tax rate	**–**	(13,966)
Actual tax expense/(credit)	**15,934**	(3,430)

7. Dividends

The Directors do not propose the payment of any dividend for the year ended 31 December 2014 (2013: Nil).

8. Earnings Per Share

a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB33,174,000 (2013: approximately RMB35,855,000) and the weighted average number of 1,678,000,000 ordinary shares (2013: 1,678,000,000 ordinary shares) in issue during the year.

b) Diluted earnings per share

Diluted earnings per share equals to basic earnings per share as there were no potential dilutive ordinary shares outstanding for both years presented.

9. Segment Reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's executive directors for the purpose of resources allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

i) Manufacturing and selling of medicines

ii) Sales and distribution of medicines and healthcare products

iii) Provision of R&D services of modern biological technology

Currently all the Group's activities above are carried out in the PRC. No reportable operating segment has been aggregated.

The first segment derives its revenue from the manufacture and sale of medicines.

The second segment derives its revenue from sales and distribution of medicines and healthcare products.

The third segment derives its revenue from the provision of R&D services.

The other segment derives commission income from the distribution of food products and healthcare food products.

a) **Segment results, assets and liabilities**

For the purposes of assessing segment performance and allocating resources between segments, the Group's executive directors monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of available-for-sale investment, deferred tax assets, tax recoverable and other corporate assets. Segment liabilities include provisions and trade and other payables attributable to the activities of the individual segments and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segments profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisaton", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, the executive directors are provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's executive directors for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below.

For the year ended 31 December	Manufacturing and selling of medicines 2014 RMB'000	2013 RMB'000	Sales and distribution of medicines and healthcare products 2014 RMB'000	2013 RMB'000	R&D services 2014 RMB'000	2013 RMB'000	Others 2014 RMB'000	2013 RMB'000	Total 2014 RMB'000	2013 RMB'000
Segment revenue										
Revenue from external customers	**509,989**	496,578	**137,177**	113,557	**1,102**	–	**–**	1,531	**648,268**	611,666
Inter-segment revenue	**17,393**	8,035	**357**	404	**–**	–	**–**	–	**17,750**	8,439
Reportable segment revenue	**527,382**	504,613	**137,534**	113,961	**1,102**	–	**–**	1,531	**666,018**	620,105
Reportable segment profit/ (loss) (adjusted EBITDA)	**75,780**	54,390	**21,145**	15,099	**(1,955)**	–	**–**	1,515	**94,970**	71,004
Interest income from bank deposits	**3,775**	2,169	**87**	17	**4**	–	**–**	–	**3,866**	2,186
Interest expenses	**(11,078)**	(7,684)	**–**	–	**–**	–	**–**	–	**(11,078)**	(7,684)
Depreciation and amortisation										
– Property, plant and equipment	**(22,811)**	(17,831)	**(226)**	(211)	**(154)**	–	**–**	–	**(23,191)**	(18,042)
– Prepaid lease payment	**(1,570)**	(1,570)	**–**	–	**–**	–	**–**	–	**(1,570)**	(1,570)
– Intangible assets	**(3,958)**	(3,958)	**(202)**	(202)	**–**	–	**–**	–	**(4,160)**	(4,160)
Write down of inventories	**(2,393)**	(3,943)	**(2,361)**	(3,014)	**–**	–	**–**	–	**(4,754)**	(6,957)
Reversal of write down of inventories	**–**	–	**11**	–	**–**	–	**–**	–	**11**	–
Impairment of										
– trade receivables	**(315)**	(360)	**(61)**	(19)	**–**	–	**–**	–	**(376)**	(379)
– other receivables	**(146)**	(331)	**(24)**	–	**–**	–	**–**	–	**(170)**	(331)
Bad debts written off	**–**	–	**(7)**	–	**–**	–	**–**	–	**(7)**	–
Recovery of impairment on										
– trade receivables	**16**	1,154	**3**	–	**–**	–	**–**	–	**19**	1,154
– other receivables	**12**	32	**24**	–	**–**	–	**–**	–	**36**	32
Write off of other payables	**–**	–	**11**	10	**–**	–	**–**	–	**11**	10
Income tax expense	**(10,721)**	7,923	**(5,213)**	(4,493)	**–**	–	**–**	–	**(15,934)**	3,430
Reportable segment assets	**940,070**	859,692	**77,590**	56,485	**2,273**	–	**–**	–	**1,019,933**	916,177
Additions to non-current assets (other than financial instrument and deferred tax assets)	**53,145**	60,365	**202**	2,035	**1,782**	–	**–**	–	**55,129**	62,400
Reportable segment liabilities	**350,871**	297,521	**38,054**	31,210	**2,174**	–	**–**	–	**391,099**	328,731

The Group's customer base is diversified and no customer with whom transactions have exceeded 10% of the Group's revenue.

b) **Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**666,018**	620,105
Elimination of inter-segment revenue	**(17,750)**	(8,439)
Consolidated turnover	**648,268**	611,666
Profit		
Reportable segment profit	**94,970**	71,004
Elimination of inter-segment profit	**(1,977)**	(102)
Reportable segment profit derived from the Group's external customers	**92,993**	70,902
Other revenue and other net income	**10,422**	7,247
Depreciation and amortisation	**(28,921)**	(23,772)
Finance costs	**(11,078)**	(7,684)
Unallocated head office and corporate expense	**(3,035)**	(3,125)
Consolidated profit before taxation	**60,381**	43,568
Assets		
Reportable segment assets	**1,019,933**	916,177
Elimination of inter-segment receivables	**(10,034)**	(3,887)
	1,009,899	912,290
Unallocated head office and corporate assets	**300**	300
Deferred tax assets	**1,465**	1,491
Tax recoverable	**–**	28
Consolidated total assets	**1,011,664**	914,109
Liabilities		
Reportable segment liabilities	**391,099**	328,731
Elimination of inter-segment payables	**(10,034)**	(3,887)
	381,065	324,844
Tax payable	**10,381**	7,446
Deferred tax liabilities	**20,167**	21,215
Consolidated total liabilities	**411,613**	353,505

c) **Revenue from major products and services**

The following is an analysis of the Group's revenue from its major products and services:

	2014	2013
	RMB'000	*RMB'000*
Medicines and healthcare products	**647,166**	610,135
Commission	**–**	1,531
R&D service	**1,102**	–
	648,268	611,666

d) **Geographic Information**

The Group's turnover and results from operations mainly derived from activities in the PRC. The principal assets of the Group were located in the PRC during the year. Accordingly, no analysis by geographical segment is provided.

10. Trade and Other Receivables

		2014	2013
	Note	***RMB'000***	*RMB'000*
Trade and bill receivables		**122,631**	87,795
Less: allowance for doubtful debts		**(2,353)**	(2,140)
		120,278	85,655
Amounts due from fellow subsidiaries	*(i)*	**200**	108
Amounts due from related companies	*(i)*	**6,252**	12,502
Amount due from the immediate parent company	*(i)*	**2,070**	2,070
Other receivables		**2,073**	2,110
Value-added tax recoverable	*(ii)*	**8,332**	6,904
Loans and receivables		**139,205**	109,349
Prepayments and deposits		**14,972**	5,591
		154,177	114,940
Less: Non-current asset			
Value-added tax recoverable	*(ii)*	**(7,944)**	–
		146,233	114,940

All of the trade and other receivables are expected to be recovered within one year.

Note:

i) The amounts are unsecured, interest-free and repayable within one year.

ii) In accordance with the Provisional Regulations of the People's Repulic of China on Value-Added Tax promulgated on 10 November 2008, starting from 1 January 2009, the value-added tax payable on the Group's revenue can be set off by the value-added tax paid by the Group on acquisition of property, plant and equipment. Accordingly, the value-added tax paid by the Group on acquisition of the property, plant and equipment is recognised as value-added tax recoverable and will be set off against the Group's value-added tax payable to be arisen on future revenue. Value-added tax recoverable will be classified as current if it would probably be set off by value-added tax payable related to the revenue incurred in the next twelve months. For value-added tax recoverable classified as non-current, it related to value-added tax paid by a PRC subsidiary of the Group on acquisition of property, plant and equipment. The directors of the PRC subsidiary expect to derive revenue to utilise the value-added tax recoverable in the near future but not in the next twelve months.

a) Ageing analysis

The following is an analysis of trade and bills receivables by age, presented based on the invoice date, which approximates the respective revenue recognition dates:

	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**105,398**	72,042
More than 3 months but less than 12 months	**13,929**	12,893
Over 12 months	**951**	720
	120,278	85,655

Trade and bills receivables are due within 90 days from the date of billing.

b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

Movements in the allowance for impairment loss

		2014	2013
	Note	***RMB'000***	*RMB'000*
At 1 January		**2,140**	1,204
Acquisition of a subsidiary	*(iv)*	**–**	3,174
Impairment loss recognised	*(i)*	**376**	379
Recovery of impairment loss	*(ii)*	**(19)**	(1,154)
Uncollectible amount written off	*(iii)*	**(144)**	(1,463)
At 31 December		**2,353**	2,140

Notes:

i) As at 31 December 2014, trade receivables of the Group amounting to RMB376,000 (2013: RMB379,000) were individually determined to be impaired and allowance had been made. These individually impaired receivables were outstanding for over 1 year as at the end of the reporting period or were due from companies with financial difficulties.

ii) RMB19,000 (2013: RMB1,154,000) of the trade receivables previously impaired was recovered during the year. Therefore, the impairment loss was reversed.

iii) As at 31 December 2014, bad debt of RMB144,000 (2013: RMB1,463,000) was written off against trade receivables directly as the Group assessed recovery of the amount is remote.

iv) As at 31 December 2013, trade receivables arising from acquisition of a subsidiary amounting to RMB3,174,000 were individually determined to be impaired and allowance had been made. These individually impaired receivables were outstanding for over 1 year as at the date of acquisition and were due from companies with financial difficulties.

v) The Group does not hold any collateral over these balances.

c) Trade and bills receivables that are not impaired

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**111,607**	74,651
Past due but not impaired		
1 to 3 months past due	**5,947**	7,517
Over 3 months past due	**2,724**	3,487
	120,278	85,655

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

11. Trade and Other Payables

	Note	**2014** *RMB'000*	2013 *RMB'000*
Trade payables		**92,329**	76,915
Receipts in advances		**5,754**	6,568
Other payables and accruals		**58,844**	50,380
Amount due to fellow subsidiaries	*(i)*	**19,449**	17,379
Amount due to the immediate parent company	*(ii)*	**1,159**	13,712
Financial assistance from the immediate parent company	*(ii)*	**63,000**	23,000
Financial liabilities measured at amortised cost		**240,535**	187,954

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

An ageing analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2014 *RMB'000*	2013 *RMB'000*
Within 3 months	**62,502**	55,114
4 to 6 months	**19,464**	14,415
7 to 12 months	**6,782**	4,336
Over 1 year	**3,581**	3,050
	92,329	76,915

Note:

i) As at 31 December 2014, the balances are unsecured, interest-free and repayable on demand.

ii) The amounts compose of financial assistance of RMB23,000,000, RMB27,000,000 and RMB13,000,000 obtained from the immediate parent company, Shenzhen Neptunus Bio-engineering Co., Ltd. ("Neptunus Bio-engineering"). The amounts were unsecured, bearing interest at 7.2% per annum and repayable on 31 December 2014.

On 5 September 2012, the Group obtained RMB30,000,000 interest-bearing financial assistance. The financial assistance was unsecured, bearing interest at 6% per annum and repayable on 31 December 2014. In May 2013, the interest rate was increased to 6.6% per annum. In December 2012, the Company repaid part of the financial assistance in the amount of RMB7,000,000.

On 5 June 2013, the Group obtained interest-bearing financial assistance of RMB27,000,000 from Neptunus Bio-engineering. The financial assistance was unsecured, bearing interest at 6.6% per annum and repayable on 4 June 2015. As at 31 December 2013, the amount was classified as non-current liabilities.

Included in amount due to the immediate parent company in last year, there was an advance of RMB13,329,000 from Neptunus Bio-engineering turned into financial assistance since 1 January 2014 which was unsecured, bearing interest at 6.6% per annum and repayable on 31 December 2014. An amount of RMB329,000 was repaid during the year.

In January 2014, an agreement was signed to revise the terms of the foresaid financial assistance. The interest rate was adjusted upwards to 7.2% per annum from 1 April 2014 which is 20% above 1-year benchmark lending rate issued by the People's Bank of China and the financial assistance was repayable on 31 December 2014. In January 2015, agreements were signed that all the financial assistance will be repayable on 31 December 2015 and bears interest at 6.72% per annum which is 20% above 1-year benchmark leading rate issued by the People's Bank of China.

BUSINESS REVIEW

During the Year, the Group was principally engaged in various medicine businesses such as herbal medicine, generic drugs, transfusion and antitumor drugs, the R&D of modern biological pharmaceuticals and the purchase and sales of medicines, healthcare food products and food products business ("Purchase and Sales of Medicines and Healthcare Food Business"), with the addition of R&D and industrialization of in-vitro diagnostic reagents (the "IVD Reagents"). Among which, businesses such as herbal medicine, generic drugs, transfusion and anti-tumor drugs were operated through Fuzhou Neptunus Fuyao Pharmaceutical Company Limited ("Neptunus Fuyao") and its subsidiaries while the R&D of bio-pharmaceutical technology and industrialization of IVD Reagents products were operated by our subsidiary, Jiangsu Neptunus Bio-pharmaceutical Company Limited ("Jiangsu Neptunus"). The R&D Business of IVD Reagents was operated by our subsidiary, Taizhou Neptunus Nano Bio-medical Technology Company Limited ("Neptunus Nano"). The Purchase and Sales of Medicines and Healthcare Food Business was mainly operated by our subsidiary, Shenzhen Neptunus Changjian Pharmaceutical Company Limited ("Neptunus Changjian"). Meanwhile, the Company has dedicated its efforts in the R&D and application of biological technology in the field of pharmaceuticals and agriculture, and expanded the scale of R&D in the field of chemosynthetic anti-tumor drugs.

NEPTUNUS FUYAO BUSINESS

Neptunus Fuyao and its subsidiaries together own more than 40 production lines for 17 types of medications in dose form, as well as over 470 approvals in relation to the production of drugs. In order to encourage the enthusiasm of pharmaceutical manufacture enterprises to produce low price drugs, according to the List of Low Price Drugs Within the Pricing Range Fixed by the National Development and Reform Commission (the "NDRC") ("Low Price List") issued by the NDRC in May 2014, the highest selling prices for 280 types of low cost Western drugs and 250 types of low cost Chinese traditional medicines were eliminated, and pharmaceutical manufacture enterprises are allowed to fix prices for the drugs in the Low Price List on their own within the prescribed scope. Neptunus Fuyao and its subsidiaries totally own more than 100 types of products in the Low Price List, which can obtain reasonable profit margin according to the national policy. Therefore, Neptunus Fuyao and its subsidiaries is striving for expanding the sales of those types of products through the enhancement of promotion and the resumption of production in order to bring positive impact on their annual results.

During the Year, Neptunus Fuyao and its subsidiaries recorded a turnover of approximately RMB527,382,000. As of 31 December 2014, the GMP enhancement for all production lines of drugs in production of Neptunus Fuyao and its subsidiaries has been completed and the respective new GMP certificates have also been obtained. Fuzhou Fuyao Medical Company Limited, a subsidiary of Neptunus Fuyao, also completed the new GSP certification and the new GSP certificate was obtained in July 2014. The GMP enhancement and new GMP and GSP certification did not have significant adverse impact on the Year's results of Neptunus Fuyao and its subsidiaries.

In order to ensure sustainable development, Neptunus Fuyao also emphasized the R&D of new drugs. In the first quarter of this year, Neptunus Fuyao obtained the approval for the registration application for the drug named Tegafur, Gimeracil and Oteracil Potassium Tablets (替吉奧片) (the "TGOP Tablets") from the China Food and Drug Administration (國家食品藥品監督管理總局), and obtained the production approval of TGOP Tablets on 7 March 2014. Tegafur, Gimeracil and Oteracil Potassium (替吉奧) is a combination drug mainly for the treatment of advanced gastric cancer. According to market statistics, the PRC market sales for such kind of drug maintained a rapid growth in 2011 to 2013. Besides Neptunus Fuyao, currently four other pharmaceutical companies (1 Japanese pharmaceutical company and 3 Chinese pharmaceutical companies) have the production approval for such kind of drug in China. The TGOP Tablets produced by the other pharmaceutical companies are in capsule form while Neptunus Fuyao's TGOP Tablets are in exclusive dosage form, which belongs to Class 3.2 new drugs of chemical drugs. During the Year, Neptunus Fuyao has completed production preparation and active pharmaceutical ingredients procurement. The first batch of TGOP Tablets were launched into the market in the fourth quarter of the Year. After launching TGOP Tablets, as effort has to be made in its marketing and promotion and in drug bidding, it is hard for TGOP Tablets to provide significant support to the profitability of Neptunus Fuyao for the Year. Neptunus Fuyao is dedicating its effort in the marketing, promoting and bidding work for TGOP Tablets, which have attracted market attention. Currently, Neptunus Fuyao has signed the letters of intent or 2015 annual purchase and sales agreement with several customers for TGOP Tablets. It is expected that TGOP Tablets will bring positive contribution to the turnover and profitability of Neptunus Fuyao in 2015.

Neptunus Fuyao is also committed to expanding its medical device business, and through cooperative R&D, it has obtained the registration certificates of one class III medical device and three class II medical devices during the Year. The class III medical device is the myocardial protection cardioplegia solution (心肌保護停跳液) that can be adapted to the cardioplegia and protection of orthotopic heart due to ischemia in surgery, and currently is an exclusive domestic product. Neptunus Fuyao has completed the preparation work prior to the launch of this product. The effect on the profitability of Neptunus Fuyao of this product will be subject to further feedback from the market. Meanwhile, Neptunus Fuyao is implementing the R&D of various products, which will lay the foundation of the sustainable development of the Group and Neptunus Fuyao.

On 15 July 2014, Neptunus Fuyao Pharmaceutical (Lianjiang) Co., Ltd. and Neptunus Jinxiang Chinese Pharmaceutical (Lianjiang) Co., Ltd., both being indirect non-wholly owned subsidiaries of the Company, entered into land use rights transfer contracts (the "Land Contracts") with the Bureau of Land Resources of Lianjiang (連江縣國土資源局) respectively. The subject matters of the Land Contracts were "the land use rights of two pieces of land in Lianjiang County, Fuzhou City, the PRC which have been succeeded in the bid through the listing-for-sale process organised by the Bureau of Land Resources of Lianjiang on 19 April 2012", and the total area of these two pieces of land was 191,607 sq.m. with total consideration of RMB36,220,000. These two pieces of lands will be used for the construction of the Lianjiang Production Base, a new production base of Neptunus Fuyao. Upon signing of the Land Contracts, the Company and Neptunus Fuyao are actively keeping communication with the local government departments in order to facilitate completion of the delivery of the lands. However, the relocation work for the land was delayed, therefore, the construction of the Lianjiang Production Base will be delayed accordingly. After the end of the Year, the Bureau of Land Resources of Lianjiang has delivered above-mentioned two pieces of lands to the Group. The Group is currently conducting the environmental assessment and engineering design work, and will promote related construction in the near future.

PURCHASE AND SALES OF MEDICINES AND HEALTHCARE FOOD BUSINESS

The Purchase and Sales of Medicines and Healthcare Food Business was mainly operated by Neptunus Changjian. During the Year, Neptunus Changjian recorded a turnover totaling approximately RMB137,534,000, representing an increase when compared with that of the corresponding period last year. During the Year, Neptunus Changjian has adopted the following measures to improve its revenue: (i) continued to optimize its sales team structure, provided better attention to the construction of the sales talent team so as to gradually build up a sustainable sales team; (ii) formulated different sales strategies according to different regional characteristics and marketing resources, thereby establishing the sales model that meets the requirement of market development; (iii) refined sales management, and implemented special management through division of big regions and key categories; and (iv) streamlined workflow processes and improved the efficiency for serving the market. Neptunus Changjian has entered into strategic cooperation agreements with more than 10 key chain pharmacies across the country to further promote comprehensive cooperation and some of the products were included in the nationwide centralized procurement catalogue of many key chain pharmacies. During the Year, Neptunus Changjian commenced new GSP certification and the new GSP certificate was obtained in September 2014. The new GSP certification did not have adverse impact on the business of Neptunus Changjian for the Year. Given the increase in China‘s population, the aging of the average population, as well as the on-going increase in the government input in medical protection, the pharmaceutical and healthcare food products market is expected to remain in an upward trend. Neptunus Changjian will strive to ensure sustainable growth of future sales revenue.

RECOMBINANT PROTEINS AND POLYPEPTIDE DRUGS BUSINESS

At present, the focus of Jiangsu Neptunus, a wholly-owned subsidiary of the Company, is the trial production and registration and application of IVD Reagents, the clinical trial on recombinant human thymosin α1 for injection and the application for technology transfer of recombinant human interleukin-2 (125Ser) for injection. Jiangsu Neptunus' clinical trial on recombinant human thymosin α1 for injection is underway according to the plan. Phase II clinical trial started in the first quarter of 2013. At present, the enrollment of patients and detection and statistics of blood serums of subjects have been completed for many times, the results of which preliminarily demonstrated that the safety of using recombinant human thymosin α1 for injection is considered satisfactory, whereas its long-term curative effects will be subject to subsequent test results.

According to the requirement of relevant laws and rules, Jiangsu Neptunus has completed the process confirmation and verification work for the technology transfer of recombinant human interleukin-2 (125Ser) for injection. It has also completed the relevant work on data integration and analysis and is now applying for technology transfer registration, which is now being processed by the drugs supervision department. Along with the promotion of the R&D progress, Jiangsu Neptunus is required to continue to increase input in the R&D, which is estimated to cause adverse impact on the Group's profitability this year.

IVD REAGENTS BUSINESS

On 8 January 2014, Jiangsu Neptunus and an independent third party (the "Partner") entered into a cooperation agreement (the "Cooperation Agreement") to establish Neptunus Nano. Currently, Neptunus Nano mainly utilizes the established preparation technique of fluorescent quantum dots labeled biological probes using metal cadmium sulfide and selenide as core, which is developed by the Partner, to carry out the R&D of IVD Reagents and achieve industrialization. Meanwhile, Neptunus Nano also strives to commence the preparation and sales of fluorescent quantum dots IVD Reagents and biological research reagent. Salient terms of the Cooperation Agreement include: (1) Jiangsu Neptunus will first establish a wholly-owned company by a cash contribution of RMB3,000,000 to carry out the preparation work of the industrialization of IVD Reagents based on fluorescent quantum dots labeled biological probes using metal cadmium sulfide and selenide as core; (2) upon the IVD Reagents developed by the wholly-owned company meeting the conditions of industrialization, the wholly-owned company will be transformed into a joint venture company (the "JV Company") by increasing its registered capital to RMB10,000,000, of which Jiangsu Neptunus will make additional cash contribution of RMB2,100,000 and its accumulated contribution will represent 51% equity interest in the JV Company, while the Partner will hold 49% equity interest by a capital contribution of RMB4,900,000 in the form of patents or proprietary technology in respect of the abovementioned IVD Reagents which met the conditions of industrialization; (3) under the same conditions, Jiangsu Neptunus and its related parties will have pre-emptive right in the industrialization of the IVD Reagents, Jiangsu Neptunus will pay the corresponding product license fees and technical fees to the JV Company after acquiring such rights; and (4) when the accumulated net profit (including dividends paid) of the JV Company exceeds RMB10,000,000, the Partner has the right to sell not more than 15% equity interest in the JV Company to Jiangsu Neptunus and Jiangsu Neptunus is obliged to acquire such equity interest. The consideration of the equity transfer will be equal to 15% of the value of the JV Company which will be calculated as eight times of its average net profit of the two years prior to the transfer, by then the Company will perform the compliance requirements and the corresponding approval processes in accordance with the GEM Listing Rules.

During the Year, Neptunus Nano was conducting the R&D and preliminary work of the industrialization of IVD Reagents. Currently such work has been conducted smoothly, among which the R&D of two-type diagnostic test strips of C-reactive protein ("CRP") for medical use has entered into the latter stages. The clinical trial for the two-type diagnostic test strips of CRP has been smoothly completed. Neptunus Nano and Jiangsu Neptunus were jointly implementing the scale-up production technique adjustment and product registration application; refinement on the medical diagnostic quantitative devices and the debugging and optimization in respect of test strips matching are underway. Meanwhile, with a view to expanding new source of income, Neptunus Nano is further promoting the marketing of its core labelling material-quantum dots, the cooperation and transfer for the high-sensitivity fast detection reagents projects which is using the established technique of labeled probe, and developing downstream long-term key customers in a controlled way. In order to take advantage of its technology platform, and comply with the development hotspot in the medical diagnosis field, Neptunus Nano has explored the R&D of products for mobile health inspection. During the Year, Neptunus Nano was also actively contacting various renowned international companies such as GE and Merck, hoping that it can gradually strengthen the influence of its own technology platform in the form of cooperation to carry out technical training.

In line with the Group's development in IVD Reagents, the establishment work for the relevant production line of IVD Reagents of Jiangsu Neptunus was launched in January 2014, the construction work has been completed and the on-site acceptance examination in respect of Medical Device Production Corporate License (醫療器械生產企業許可證) was passed. In July 2014, Jiangsu Neptunus obtained the Medical Device Production Corporate License. At present, Jiangsu Neptunus is introducing the R&D results of Neptunus Nano. It has obtained the clinical trial report and the registration inspection report for both all-in-one CRP and high sensitivity CRP and has also submitted the registration application to Jiangsu Food and Drug Administration for such products. Furthermore, the supporting inspection instruments immune fluorescence analyzer for IVD Reagents completed the registration inspection and the preparation work for the registration materials and the registration application has been submitted for such instrument in February 2015.

R&D BUSINESS

Since January 2009, the Company has been focusing on the R&D business of modern biological technology. During the Year, the Company focused on the R&D of its own products. The Company entered into a technical cooperation agreement with the School of Life Sciences, Jilin University on 1 March 2012 to cooperate in R&D of polypeptide and chemicals primarily by microsphere technology and to explore and establish a more advanced platform for long term drug delivery technology. The bench-scale testing has almost been completed at present. Whether the pilot scale-up research will be launched is yet to be decided pending the assessment of results of animal testing. The Group entered into academic subsidy and entrusted R&D agreements with Harbin Institute of Technology ("Harbin Institute") in 2012, 2013 and 2014 respectively for cooperative R&D of the Project ET-743 (a chemosynthetic antitumor drug). The bench-scale synthetic testing was fully completed in 2013 and further optimization of the synthetic process took place in 2014. Sample preparation for the pilot scale-up pre-clinical study was completed.

With the State policy of supporting application of bio-technology in the field of agriculture, since 2012 the Company has utilised its strengths and resources in biotechnology and cooperated with top-class research institutions in relevant fields in China to explore the field of bio-agriculture. At present, it is developing biological products aiming to prevent common piglet intestine diarrhea and to protect intestine function of piglet. During the Year, the Company was granted the production license for mixed feed additives and the production approval for the relevant products. The first product has been launched to the market in the fourth quarter of the Year. The Company is striving to promote these products, lower its production costs and expand product sales.

FINANCIAL REVIEW

The Group's turnover for the Year was approximately RMB648,268,000, representing an increase of approximately 6% from approximately RMB611,666,000 in the corresponding period last year. Turnover for the Year was mainly derived from sales income of medicines of Neptunus Fuyao and sales income of medicines and healthcare food products of Neptunus Changjian. The increase in turnover was mainly due to two reasons: (i) Neptunus Fuyao and its subsidiaries completed the new GMP certification and new GSP certification, so the effects of such factors on the turnover have been eliminated; and (ii) turnover of Neptunus Changjian for the Year increased compared with that of the corresponding period last year.

The Group's gross profit and gross profit margin for the Year were approximately RMB276,734,000 and 43% respectively, increasing by approximately RMB25,572,000 and 2% respectively compared with that of the same period last year. The increase in gross profit was mainly due to two reasons: (i) for the Year, Neptunus Changjian's products had higher gross profit margin, and also the Group's share of turnover of Neptunus Changjian increased; and (ii) the Group's overall turnover for the Year increased compared with that of the corresponding period last year.

The Group's selling and distribution expenses for the Year amounted to approximately RMB116,682,000, representing a significant increase of approximately RMB15,042,000 over approximately RMB101,640,000 for the same period last year. The increase in selling and distribution expenses was mainly due to heightened sales efforts and improved incentive mechanism of sales staffs of Neptunus Changjian in order to expand the market and maintain a higher level of sales volume.

The Group's administrative expenses for the Year amounted to approximately RMB53,152,000, representing a decrease of approximately RMB5,887,000, as compared to approximately RMB59,039,000 in the corresponding period last year. The decrease in administrative expenses was because that some expenses were classified to production costs according to the actual situation of the Year.

The Group's other operating expenses for the Year amounted to approximately RMB45,863,000, representing a decrease of approximately RMB615,000 from approximately RMB46,478,000 in the corresponding period last year. The other operating expenses remained basically flat compared with that of the corresponding period last year.

The Group's finance costs for the Year was approximately RMB11,078,000, representing an increase of approximately RMB3,394,000 from approximately RMB7,684,000 in the corresponding period last year, which was mainly due to (i) an increase in the total bank loans of Neptunus Fuyao and Jiangsu Neptunus; (ii) the shareholder's interest-bearing financial assistance obtained by Neptunus Fuyao from Shenzhen Neptunus Bio-engineering Co., Ltd. ("Neptunus Bio-engineering") on 5 June 2013 amounting to RMB27,000,000 were still outstanding; and (iii) an advance obtained by Neptunus Fuyao from Neptunus Bio-engineering in the amount of approximately RMB13,329,000 was converted into shareholder's interest-bearing financial assistance since 1 January 2014.

The Group's profit before taxation increased from approximately RMB43,568,000 for the corresponding period last year to approximately RMB60,381,000 for the Year.

Profit attributable to the owners of the Company amounted to approximately RMB33,174,000 for the Year, compared with profit of approximately RMB35,855,000 for the corresponding period last year. Profit attributable to the owners of the Company decreased mainly because Neptunus Fuyao was affected by the adjustment of the PRC enterprise income tax rate during last year, which resulted in a decrease in deferred tax liabilities of approximately RMB13,966,000. This in turn significantly reduced the PRC enterprise income tax of the Group last year. The income tax effects brought from such factors have been eliminated during the Year, therefore, the Group's profit after taxation decreased and resulted in lower profit attributable to the owners of the Company.

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.

As at 31 December 2014, total bank borrowings of the Group were RMB115,000,000, all of which were short-term bank borrowings.

Banking Facilities

As at 31 December 2014, the Group's short-term bank borrowings amounted to RMB115,000,000.

On 8 February 2014, Neptunus Fuyao was granted a short-term loan of RMB86,000,000 from Sanshan Subbranch (Fuzhou) of Fujian Haixia Bank("Haixia Bank"), by pledging its land use rights and buildings. This loan will be repaid on 7 February 2015 and is bearing an annual interest rate of 6.00%.

On 28 February 2014, Neptunus Fuyao was granted a short-term loan of RMB14,000,000 from Haixia Bank, by pledging its land use rights and buildings. This loan will be repaid on 27 February 2015 and is bearing an annual interest rate of 6.00%.

On 27 March 2014, Jiangsu Neptunus was granted a small business liquidity loan of RMB15,000,000 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 a counter-guarantee to the independent third party guarantee company. This loan has been extended to 10 June 2015.

Shareholder's Interest-bearing Financial Assistance

As at 31 December 2014, the shareholder's interest-bearing financial assistance obtained by the Company from Neptunus Bio-engineering amounted to approximately RMB23,000,000. Such shareholder's interest-bearing financial assistance is unsecured and bearing an annual interest rate of 7.20%. The Company has 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 December 2014, the shareholder's interest-bearing financial assistance obtained by Neptunus Fuyao from Neptunus Bio-engineering amounted to approximately RMB40,000,000. Such shareholder's interest-bearing financial assistance is unsecured and bearing an annual interest rate of 7.20%, and was used in the upgrading and improvement 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.

NET CURRENT ASSETS

As at 31 December 2014, the Group had net current assets of approximately RMB181,175,000. Current assets comprised cash and cash equivalents of approximately RMB235,584,000, inventories of approximately RMB140,543,000, fixed deposit of approximately RMB15,372,000, principal protected deposit of approximately RMB20,000,000, trade and other receivables of approximately RMB146,233,000. Current liabilities comprised trade and other payables of approximately RMB240,535,000, interest-bearing bank borrowings to be repaid within one year of approximately RMB115,000,000, current tax of approximately RMB10,381,000, entrusted loans of approximately RMB9,000,000, and deferred revenue of approximately RMB1,641,000. The net current assets decreased approximately by RMB17,365,000 as compared with that of approximately RMB198,540,000 as at 31 December 2013. The decrease in net current assets was because that short-term bank borrowings increased and the controlling shareholder's interest-bearing financial assistance of RMB27,000,000 was transferred to current liability during the Year.

PLEDGE OF ASSETS

Pursuant to the loan agreements entered into between Neptunus Fuyao, the Company's subsidiary, and Haixia Bank on 8 February 2014 and 28 February 2014, respectively, Neptunus Fuyao has pledged part of the land use rights and building it owned to Haixia Bank.

FOREIGN CURRENCY RISK

During the Year, the Group's operating revenue, major selling costs and capital expenditure were denominated in RMB. As at 31 December 2014, the Group's cash and cash equivalents were mainly denominated in RMB. As such, the foreign currency risk facing the Group is limited. Currently, the Group has not adopted any financial instrument for hedging purposes.

SEGMENT INFORMATION

Segment revenue and segment results by business and region of the Group for the Year are set out in note 9 to the financial statements.

CAPITAL COMMITMENTS

As at 31 December 2014, the Group has contracted commitments for future capital expenditure of approximately RMB25,085,000. The Board believes that such capital expenditure can be financed by the Group's bank deposits and bank borrowings.

CONTINGENT LIABILITY

As at 31 December 2014, the banking facility of revolving loan amounting to RMB15,000,000 is guaranteed by a guarantee company and countered guaranteed by the Company. As at 31 December 2014, the maximum liability of the Company under the guarantee issued was the banking facilities of revolving loan utilized by the subsidiary totalling RMB15,000,000 (2013: Nil). The Directors do not consider it probable that a claim will be made against the Company.

MAJOR INVESTMENT PLANS

During the Year, Neptunus Fuyao, a subsidiary of the Company, repaid the remaining land premium of approximately RMB18,890,000 for the land acquisition of Lianjiang Production Base. Other than that, the Group did not make any other major investments.

HUMAN RESOURCES

As at 31 December 2014, the Group employed a total of 1,460 staff (2013: 1,410).

During the Year, the staff costs including directors' remuneration which amounted to approximately RMB87,553,000 (2013: approximately RMB75,966,000). The salaries and fringe benefits of the Group's employees remained competitive. The employees' incentives were reviewed and determined annually pursuant to the remuneration and bonus policies of the Group based on the performance of the employees. The Group also provided various other benefits to its employees.

Compared with 31 December 2013, the slight increase in the number of employees of the Group for the Year was due to following reasons: (i) The number of employees has declined as a result of Neptunus Fuyao established the new automated production lines and Neptunus Changjian optimized its sales team; and (ii) the Group launched the IVD Reagents Business and the number of relevant employees has increased.

The Group monitored closely the remuneration and fringe benefits of the employees and rewarded employees in accordance with the Group's business performance. In addition, training and development opportunities for the employees were also provided by the Group.

DIVIDENDS

The Directors do not recommend the distribution of any dividends for the Year (2013: Nil).

DISTRIBUTABLE RESERVES

At 31 December 2014, the Company had no distributable reserves, while its accumulated loss, calculated in accordance with the Company's articles of association and relevant rules and regulations, amounted to approximately RMB111,984,000.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the PRC which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES OF THE COMPANY

The Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed shares during the Year. The Company and its subsidiaries also did not redeem, purchase or cancel any of their redeemable securities.

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 December 2014, the interests and short position 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), which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the Securities and Futures Ordinance ("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 (a))*	Beneficial owner	Personal	30,561,000	2.44%	1.82%
Mr. Yu Jun *(Note (b))*	Beneficial owner	Personal	1,014,000	0.08%	0.06%
Mr. Song Ting Jiu *(Note (c))*	Beneficial owner	Personal	1,521,500	0.12%	0.09%

Notes:

(a) Executive Director and general manager of the Company

(b) Supervisor and employee of the Company

(c) Non-executive Director of the Company

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

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

Notes:

(a) Mr. Zhang Feng, deputy chairman of the board of directors of 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 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 December 2014, 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 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.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the Directors and supervisors of the Company has entered into a service contract with the Company with a term up to 24 June 2017 and is subject to termination by either party giving not less than three months' prior written notice to the other.

None of the Directors or supervisors of the Company has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Save for the service contracts of the Directors and supervisors of the Company as disclosed above, there were no contracts of significance to which the Company or its controlling shareholder was a party and in which a Director or supervisor of the Company had a material interest, either directly or indirectly, subsisting at the end of the Year or at any time during the Year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as the Directors and supervisors of the Company are aware, as at 31 December 2014, 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:

Name of Substantial Shareholder	Capacity	Number of domestic shares held	Approximate percentage of all the domestic shares	Approximate percentage of the Company's issued share capital
Neptunus Bio-engineering *(Note (a))*	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") *(Note (b))*	Interest in controlled corporation	1,202,650,000	96.06%	71.67%

Name of Substantial Shareholder	Capacity	Number of domestic shares held	Approximate percentage of all the domestic shares	Approximate percentage of the Company's issued share capital
Shenzhen Yinhetong Investment Company Limited ("Yinhetong") *(Note (c))*	Interest in controlled corporation	1,202,650,000	96.06%	71.67%
Mr. Zhang Si Min *(Note (d))*	Interest in controlled corporation	1,202,650,000	96.06%	71.67%
Ms. Wang Jin Song *(Note (e))*	Interest of spouse	1,202,650,000	96.06%	71.67%
Bank of Hangzhou Co., Ltd., Shenzhen Branch ("Bank of Hangzhou") *(Note (f))*	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 under section 336 of the SFO as at 31 December 2014.

COMPETING INTERESTS

On 21 August 2005, Neptunus Bio-engineering entered into an agreement with the Company containing undertakings relating to non-competition and preferential rights of investments (the "Non-Competition Undertakings"), pursuant to which Neptunus Bio-engineering had undertaken to the Company and its associates (among others), that as long as the securities of the Company are listed on GEM:

(i) it will not, and will procure its associates not to, whether within or outside the PRC, directly or indirectly (other than those indirectly held as a result of the equity interest in any listed company or its subsidiaries), participate in or operate any business in whatever form, or manufacture any products (the usage of which is the same as or similar to that of the products of the Company) which may constitute direct or indirect competition to the business operated by the Company from time to time; and

(ii) 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 those indirectly held as a result of its equity interest in any listed company or its subsidiaries) when the business of such company or entity will (or may) compete directly or indirectly with the business of the Company.

Pursuant to the Non-Competition Undertakings, at a time when the Non-Competition Undertakings are subsisting, whenever Neptunus Bio-engineering or any its associates enters into any negotiations, within or outside the PRC, in relation to any new investment projects which may compete with the existing and future business of the Company, the Company will also be entitled to the preferential rights to participate in the investments in such new investment projects.

CORPORATE GOVERNANCE PRACTICES

The Corporate Governance Code was effective for accounting periods commencing on or after 1 January 2005. The Company put strong emphasis on the superiority, steadiness and rationality of corporate governance. The Board is of the view that the Company has complied with the requirements set out in Appendix 15 "Corporate Governance Code and Corporate Governance Report" of the GEM Listing Rules throughout the Year.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the Year, the Company has adopted a code of conduct regarding securities transactions by the 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 have confirmed that they have complied with the "required standard of dealings" and the Company's internal code of conduct regarding securities transactions by the Directors during the Year.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company has reviewed the Group's annual results for the Year. The figures in respect of the preliminary announcement of the Group's results for the Year have been agreed by the Group's auditor, Crowe Horwath (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Crowe Horwath (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe Horwath (HK) CPA Limited on the preliminary announcement.

AUDITOR

Crowe Horwath (HK) CPA Limited, Certified Public Accountants, was appointed as the Company's auditor in 2014. The financial statements have been audited by Crowe Horwath (HK) CPA Limited, which will retire at the conclusion of the forthcoming annual general meeting of the Company and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Crowe Horwath (HK) CPA Limited as auditor of the Company is to be proposed at the forthcoming annual general meeting.

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

Shenzhen, the PRC, 20 March 2015

As at the date of this announcement, the executive Directors are Mr. Zhang Feng, Mr. Chai Xiang Dong and Mr. Xu Yan He; the non-executive Directors are Mr. Liu Zhan Jun, Ms. Yu Lin 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.

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*