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 2015

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 2015 (the "Year") together with the comparative audited figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Note	**2015** *RMB'000*	2014 *RMB'000*
REVENUE	*3, 9*	**721,346**	648,268
COST OF SALES		**(368,586)**	(371,534)
GROSS PROFIT		**352,760**	276,734
OTHER REVENUE	*4*	**8,724**	10,345
OTHER NET INCOME	*4*	**3,730**	77
Selling and distribution expenses		**(199,412)**	(116,682)
Administrative expenses		**(58,630)**	(53,152)
Other operating expenses		**(50,537)**	(45,863)
PROFIT FROM OPERATIONS		**56,635**	71,459
Finance costs	*5(a)*	**(10,361)**	(11,078)
PROFIT BEFORE TAXATION	*5*	**46,274**	60,381
Income tax	*6(a)*	**(14,796)**	(15,934)
PROFIT FOR THE YEAR		**31,478**	44,447
Attributable to:			
Owners of the Company		**21,055**	33,174
Non-controlling interests		**10,423**	11,273
		31,478	44,447
Earnings per share			
Basic and diluted	*8*	**1.25 cents**	1.98 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	RMB'000	*RMB'000*
Profit for the year	**31,478**	44,447
Other comprehensive income for the year	**–**	–
Total comprehensive income for the year	**31,478**	44,447
Attributable to:		
Owners of the Company	**21,055**	33,174
Non-controlling interests	**10,423**	11,273
Total comprehensive income for the year	**31,478**	44,447

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**133,742**	183,351
Prepaid lease payments		**101,931**	65,589
Intangible assets		**119,469**	144,538
Deposit for acquisition of property, plant and equipment		**1,027**	12,507
Deposit for acquisition of land		**–**	38,238
Available-for-sale investments		**300**	300
Deferred tax assets		**1,435**	1,465
Value-added tax recoverable	*10*	**783**	7,944
		358,687	453,932
CURRENT ASSETS			
Inventories		**155,584**	140,543
Trade and other receivables	*10*	**197,618**	146,233
Principal protected deposit		**–**	20,000
Pledged bank deposit		**3,400**	–
Fixed deposit		**17,608**	15,372
Cash and cash equivalents		**282,494**	235,584
		656,704	557,732
Assets of disposal group classified as held for sale		**97,775**	–
		754,479	557,732
CURRENT LIABILITIES			
Trade and other payables	*11*	**308,636**	240,535
Interest-bearing bank borrowings		**100,000**	115,000
Entrusted loans from the immediate parent company		**9,000**	9,000
Deferred revenue		**539**	1,641
Current taxation		**15,694**	10,381
		(433,869)	(376,557)
Liabilities of disposal group classified as held for sale		**(23,170)**	–
		(457,039)	(376,557)
NET CURRENT ASSETS		**297,440**	181,175
TOTAL ASSETS LESS CURRENT LIABILITIES		**656,127**	635,107

	2015	2014
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Deferred revenue	**5,107**	14,889
Deferred tax liabilities	**19,098**	20,167
	(24,205)	(35,056)
NET ASSETS	**631,922**	600,051
EQUITY		
Equity attributable to owners of the Company		
Share capital	**167,800**	167,800
Reserves	**369,100**	342,052
	536,900	509,852
NON-CONTROLLING INTERESTS	**95,022**	90,199
TOTAL EQUITY	**631,922**	600,051

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2015

	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 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
At 1 January 2015	**167,800**	**554,844**	**30,244**	**(194,487)**	**(48,549)**	**509,852**	**90,199**	**600,051**
Change in equity for 2015								
Profit for the year	**–**	**–**	**–**	**–**	**21,055**	**21,055**	**10,423**	**31,478**
Total comprehensive income for the year, net of tax	**–**	**–**	**–**	**–**	**21,055**	**21,055**	**10,423**	**31,478**
Dividend paid from subsidiary to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(5,600)**	**(5,600)**
Deemed contribution arising on the disposal of Neptunus Nano	**–**	**–**	**–**	**5,993**	**–**	**5,993**	**–**	**5,993**
Transfer to other reserves	**–**	**–**	**8,237**	**–**	**(8,237)**	**–**	**–**	**–**
At 31 December 2015	**167,800**	**554,844**	**38,481**	**(188,494)**	**(35,731)**	**536,900**	**95,022**	**631,922**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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 2014 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 2015. 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 Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

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

3. Revenue

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 and sales and distribution of medicines and healthcare products in the PRC.

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

	2015	2014
	RMB'000	*RMB'000*
Sales of medicines	**456,429**	509,989
Sales and distribution of medicines and healthcare products	**264,854**	137,177
R & D services income	**63**	1,102
	721,346	648,268

4. Other Revenue and Other Net Income

	2015	2014
	RMB'000	*RMB'000*
Other revenue		
Interest income from bank deposits	**5,135**	3,866
Total interest income on financial assets not at fair value through profit or loss	**5,135**	3,866
Subsidy income		
– amount released from deferred revenue	**1,220**	6,417
– amount directly credited to profit or loss	**1,200**	–
Compensation from PRC government authority	**877**	–
Others	**292**	62
	8,724	10,345
Other net income		
Recovery of impairment on trade receivables	**75**	19
Recovery of impairment on other receivables	**370**	36
Write off of other payables	**1,998**	11
Reversal of write down of inventories	**1,283**	11
Net foreign exchange gains	**4**	–
	3,730	77

5. Profit before Taxation

Profit before taxation is arrived at after charging the following:

	2015	2014
	RMB'000	*RMB'000*
a) Finance costs		
Interest on bank loans and other borrowings	**6,116**	6,669
Interest on financial assistance from the immediate parent company	**4,245**	4,409
Total interest expense on financial liabilities not at fair value through profit or loss	**10,361**	11,078
b) Staff costs (including directors' emoluments) *		
Contributions to defined contribution retirement plans	**16,258**	15,299
Salaries, wages and other benefits	**75,659**	69,400
	91,917	84,699
c) Other items		
Amortisation		
– prepaid lease payments		
– charged to consolidated statement of profit or loss	**1,570**	1,570
– capitalised in construction-in-progress	**326**	–
	1,896	1,570
– intangible assets *	**4,192**	4,160
Depreciation		
– assets held for own use under operating leases	**6,593**	4,206
– other assets	**12,558**	14,836
Less: Depreciation included in the R&D costs	**(2,097)**	(1,656)
	10,461	13,180
Impairment of		
– trade receivables *	**196**	376
– other receivables *	**195**	170
Bad debt written off *	**–**	7
Write down of inventories *	**7,618**	4,754
Loss on disposal of property, plant and equipment *	**192**	417
Auditor's remuneration		
– audit services	**1,518**	1,300
– other services	**913**	699
Operating lease charges: minimum lease payment	**8,243**	6,593
Cost of inventories	**368,167**	370,228
R&D costs *	**37,391**	35,461

* 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:

	2015	2014
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax ("EIT")	**14,187**	16,828
Under provision for PRC EIT in respect of prior years	**1,563**	128
Deferred tax		
Origination and reversal of temporary differences	**(954)**	(1,022)
	14,796	15,934

Hong Kong Profits Tax has not been provided for as the Group had no assessable profits to Hong Kong Profits Tax for the year (2014: 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 2015 and 2014, two subsidiaries of the Group established in the PRC are qualified as high technology enterprise. In accordance with the applicable enterprise income tax law of the PRC, these subsidiaries are subject to the PRC EIT at a preferential rate of 15%.

The other PRC subsidiaries are subject to the PRC EIT at a rate of 25% (2014: 25%) for the year ended 31 December 2015.

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

	2015	2014
	RMB'000	*RMB'000*
Profit before taxation	**46,274**	60,381
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**6,197**	9,464
Tax effect of non-deductible expenses	**1,147**	947
Tax effect of non-taxable income	**(2,859)**	(1,187)
Tax effect of unused tax losses not recognised	**8,748**	6,582
Under provision in prior year	**1,563**	128
Actual tax expense	**14,796**	15,934

7. Dividends

The Directors do not propose the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

8. Earnings Per Share

a) Basic earnings per share

The calculation of basic earnings per share has been based on the profit attributable to owners of the Company of approximately RMB21,055,000 (2014: approximately RMB33,174,000) and the weighted average number of 1,678,000,000 ordinary shares (2014: 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.

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 investments, deferred tax assets, tax recoverable and other corporate assets. Segment liabilities include 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", that is "adjusted earnings before interest, taxes, depreciation and amortisaiton", 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' emoluments 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 revenue), 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 revenue 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 resources allocation and assessment of segment performance for the years ended 31 December 2015 and 2014 is set out below.

For the year ended 31 December	Manufacturing and selling of medicines 2015 RMB'000	Manufacturing and selling of medicines 2014 RMB'000	Sales and distribution of medicines and healthcare products 2015 RMB'000	Sales and distribution of medicines and healthcare products 2014 RMB'000	R&D services 2015 RMB'000	R&D services 2014 RMB'000	Total 2015 RMB'000	Total 2014 RMB'000
Segment revenue								
Revenue from external customers	**456,429**	509,989	**264,854**	137,177	**63**	1,102	**721,346**	648,268
Inter-segment revenue	**16,323**	17,393	**323**	357	**–**	–	**16,646**	17,750
Reportable segment revenue	**472,752**	527,382	**265,177**	137,534	**63**	1,102	**737,992**	666,018
Reportable segment profit/(loss) (adjusted EBITDA)	**56,052**	75,780	**22,918**	21,145	**(4,733)**	(1,955)	**74,237**	94,970
Interest income from bank deposits	**4,986**	3,775	**148**	87	**1**	4	**5,135**	3,866
Interest expenses	**(10,361)**	(11,078)	**–**	–	**–**	–	**(10,361)**	(11,078)
Depreciation and amortisation								
– Property, plant and equipment	**(19,670)**	(22,811)	**(261)**	(226)	**(355)**	(154)	**(20,286)**	(23,191)
– Prepaid lease payment	**(1,570)**	(1,570)	**–**	–	**–**	–	**(1,570)**	(1,570)
– Intangible assets	**(3,986)**	(3,958)	**(201)**	(202)	**(5)**	–	**(4,192)**	(4,160)
Write down of inventories	**(1,061)**	(2,393)	**(6,557)**	(2,361)	**–**	–	**(7,618)**	(4,754)
Reversal of write down of inventories	**1,283**	–	**–**	11	**–**	–	**1,283**	11
Impairment of								
– trade receivables	**(2)**	(315)	**(194)**	(61)	**–**	–	**(196)**	(376)
– other receivables	**(11)**	(146)	**(184)**	(24)	**–**	–	**(195)**	(170)
Bad debts written off	**–**	–	**–**	(7)	**–**	–	**–**	(7)
Recovery of impairment on								
– trade receivables	**75**	16	**–**	3	**–**	–	**75**	19
– other receivables	**148**	12	**222**	24	**–**	–	**370**	36
Write off of other payable	**977**	–	**1,021**	11	**–**	–	**1,998**	11
Income tax expense	**(7,561)**	(10,721)	**(7,235)**	(5,213)	**–**	–	**(14,796)**	(15,934)
Reportable segment assets	**1,094,248**	940,070	**142,465**	77,590	**–**	2,273	**1,236,713**	1,019,933
Additions to non-current assets (other than financial instrument and deferred tax assets)	**45,027**	53,145	**202**	202	**4**	1,782	**45,233**	55,129
Reportable segment liabilities	**488,569**	350,871	**83,165**	38,054	**–**	2,174	**571,734**	391,099

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**

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**737,992**	666,018
Elimination of inter-segment revenue	**(16,646)**	(17,750)
Consolidated Revenue	**721,346**	648,268
Profit		
Reportable segment profit	**74,237**	94,970
Elimination of inter-segment profit	**(614)**	(1,977)
Reportable segment profit derived from the Group's external customers	**73,623**	92,993
Other revenue and other net income	**12,453**	10,422
Depreciation and amortisation	**(26,048)**	(28,921)
Finance costs	**(10,361)**	(11,078)
Unallocated head office and corporate expense	**(3,393)**	(3,035)
Consolidated profit before taxation	**46,274**	60,381
Assets		
Reportable segment assets	**1,236,713**	1,019,933
Elimination of inter-segment receivables	**(125,282)**	(10,034)
	1,111,431	1,009,899
Unallocated head office and corporate assets	**300**	300
Deferred tax assets	**1,435**	1,465
Consolidated total assets	**1,113,166**	1,011,664
Liabilities		
Reportable segment liabilities	**571,734**	391,099
Elimination of inter-segment payables	**(125,282)**	(10,034)
	446,452	381,065
Tax payable	**15,694**	10,381
Deferred tax liabilities	**19,098**	20,167
Consolidated total liabilities	**481,244**	411,613

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

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

	2015	2014
	RMB'000	*RMB'000*
Medicines and healthcare products	**721,283**	647,166
R&D services	**63**	1,102
	721,346	648,268

d) **Geographic Information**

The Group's revenue 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

		2015	2014
	Note	***RMB'000***	*RMB'000*
Trade and bills receivables		**165,402**	122,631
Less: allowance for doubtful debts		**(2,453)**	(2,353)
		162,949	120,278
Amounts due from fellow subsidiaries	*(i)*	**1,923**	200
Amounts due from related companies	*(i)*	**6,222**	6,252
Amount due from the immediate parent company	*(i)*	**9,646**	2,070
Amount due from the intermediate parent company	*(i)*	**5,216**	–
Other receivables		**6,008**	2,073
Value-added tax recoverable	*(ii)*	**783**	8,332
Loans and receivables		**192,747**	139,205
Prepayment and deposits		**5,654**	14,972
		198,401	154,177
Less: Non-current assets			
Value-added tax recoverable	*(ii)*	**(783)**	(7,944)
		197,618	146,233

All of the trade and other receivables classified as current assets 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 Republic 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 the acquisition of property, plant and equipment. Accordingly, the value-added tax paid by the Group on the 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 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. Value-added tax recoverable classified as non-current relates to value-added tax paid by the Group on the acquisition of property, plant and equipment. The directors of the Company expect to derive revenue to utilize the value-added tax recoverable in the near future but not in the next twelve months.

a) Ageing analysis

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

	2015	2014
	RMB'000	*RMB'000*
Within 3 months	**134,856**	105,398
More than 3 months but less than 12 months	**25,443**	13,929
Over 12 months	**2,650**	951
	162,949	120,278

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

		2015	2014
	Note	***RMB'000***	*RMB'000*
At 1 January		**2,353**	2,140
Impairment loss recognised	*(i)*	**196**	376
Recovery of impairment loss	*(ii)*	**(75)**	(19)
Uncollectible amount written off	*(iii)*	**(21)**	(144)
At 31 December		**2,453**	2,353

Notes:

i) As at 31 December 2015, trade receivables of the Group amounting to RMB196,000 (2014: RMB376,000) 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 customers with financial difficulties.

ii) RMB75,000 (2014: RMB19,000) of the trade receivables previously impaired was recovered during the year. Therefore, the impairment loss was reversed.

iii) As at 31 December 2015, a bad debt of RMB21,000 (2014: RMB144,000) was written off against trade receivables directly as the Group assessed that the recovery of the amount is remote.

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

c) Trade receivables that are not impaired

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

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**150,915**	111,607
Past due but not impaired		
1 to 3 months past due	**6,647**	5,947
Over 3 months past due	**5,387**	2,724
	162,949	120,278

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.

11. Trade and Other Payables

	Note	**2015**	2014
		RMB'000	*RMB'000*
Trade and bills payables		**95,671**	92,329
Receipts in advance		**9,459**	5,754
Other payables and accruals		**83,319**	58,844
Amount due to fellow subsidiaries	*(i)*	**44,620**	19,449
Amount due to the immediate parent company	*(i)*	**1,067**	1,159
Financial assistance from the immediate parent company	*(ii)*	**74,500**	63,000
Financial liabilities measured at amortised cost		**308,636**	240,535

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 and bills payables at the end of the reporting period, presented based on the invoice date, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 3 months	**52,031**	62,502
4 to 6 months	**23,911**	19,464
7 to 12 months	**16,550**	6,782
Over 1 year	**3,179**	3,581
	95,671	92,329

Note:

i) As at 31 December 2015, the balances are unsecured, interest-free and repayable on demand.

ii) The amounts of financial assistance of RMB74,500,000 (2014: RMB63,000,000) obtained from the immediate parent company, Shenzhen Neptunus Bio-engineering Co., Ltd. ("Neptunus Bio-engineering"). The amounts were unsecured, bearing interest at 5.52%-6.72% (2014: 6.6%-7.2%) per annum, which is 20% above 1 year benchmark lending rate issued by the People's Bank of China, and repayable on 31 December 2016 (2014: 31 December 2015).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year, the Group was principally engaged in the development, production and sales of medicines, the research and development ("R&D") of modern biological technology, the purchase and sales of medicines and healthcare food products, and the R&D as well as the industrialization of in-vitro diagnostic reagents (the "IVD Reagents").

MANUFACTURING AND SELLING OF MEDICINES

Due to the expiry of the last round of drugs tender and the extension in the new round of drugs tender in Fujian, competitors' products that did not win the bidding in the last round of drugs tender could be sold in the idle period between the two rounds of tender, which led to decrease in sales volume of some products of the Group. At present, the new round of tender is near the end and it is expected that the tender result would show a successful bidding rate of the Company's subsidiaries similar to that of last year. Therefore, starting from the implementation date of the new round of tender, the decrease in sales volume will be reversed. Besides, affected by the state's tighter sale channel on narcotic drugs, sales volume of Compound Liquorice Tablets (複方甘草片) decreased significantly during the Year as compared with the corresponding period last year. The Group is strengthening the promotion on such product in order to mitigate the decrease in sales volume. The Group together with other manufacturers also actively communicates with relevant state administrative authorities and adjusts marketing plan according to national policy.

For Tegafur, Gimeracil and Oteracil Potassium Tablets (替吉奧片) (the "TGOP Tablets"), an anti-tumor new drug, the major work carried out during the Year was its marketing, tender and bidding. As the biddings in most provinces were later than expected, there was no significant growth in the sales of TGOP Tablets during the Year. At present, TGOP Tablets have a large market capacity and a growth trend, as such the Group will increase the marketing of the TGOP Tablets, expand the regions with successful bidding and strive to bring a positive impact to the Group's revenue and profitability as soon as possible.

Due to the above reasons, revenue from manufacturing and selling of medicines decreased by approximately 10.5% during the Year, as compared with the corresponding period last year.

The land use rights of two pieces of lands which are situated in Lianjiang County, Fuzhou, the PRC, have been delivered to the Group during the first quarter of the Year, and therefore related construction of the new production base in Lianjiang (the "Lianjiang Production Base") which situated on the two pieces of lands was commenced, and is now at the initial construction stage. The Group has adjusted some design of the Lianjiang Production Base according to the development of the Group.

PURCHASE AND SALES OF MEDICINES AND HEALTHCARE FOOD PRODUCTS

During the Year, the purchase and sales of medicines and healthcare food business continued to maintain its growth. According to the products and market characteristics, the sale focus of over the counter products which the Group distributed was on the large and medium-sized pharmacy chains, while the sale strategy for the prescribed drugs was to cooperate with national professional sales promotion company, resulting in a significant increase in marketing expenses. Besides, due to problem with the pharmaceutical ingredients of Ginkgo Leaves Products (銀杏葉產品), the major type of product distributed by the Group, the production and supply of Ginkgo Leaves Products from such supplier were suspended since the end of May 2015, which brought a negative effect to the growth of sales volume of the Group. Ginkgo Leaves Products resumed normal supply at the end of the third quarter of the Year. Currently, Ginkgo Leaves Products are gradually resuming normal sales and market share.

At present, the total domestic retail sale of medicines maintains its growth. At the same time, the number and type of drugs distributed by the Group increase. Together with a flexible sale policy and an optimized sales team, the development of the purchase and sales of medicines and healthcare food business is positive. Currently, the state continues to implement medical reform and the sales model and channel of medicines are evolving. The Group is studying, upgrading and supplementing its distribution model according to the prevailing trend and new characteristics of policies, regions and industry development. In addition, selling expenses also increased sharply due to increasingly fiercer competition.

RECOMBINANT PROTEINS AND POLYPEPTIDE DRUGS BUSINESS AND IVD REAGENTS BUSINESS

Since the Group's investment in R&D and construction of production base is substantial, competition is intensified and it is expected that more resources will be required in the next few years for the recombinant proteins and polypeptide drugs business and the IVD Reagents business while it will be difficult for such businesses to contribute to Group's profit in the coming years, the Group has discontinued the two businesses and disposed of related assets of such businesses in the fourth quarter of the Year and in January 2016 respectively. Subject to completion of the disposals, this will help the Group to concentrate resources on the development of profitable business and have positive impact on the Company's profitability.

SUBSEQUENT EVENTS

On 19 January 2016, the Company (as the vendor) and a purchaser entered into the Equity Transfer Agreement ("Agreement"). Pursuant to the Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in Jiangsu Neptunus Bio-pharmaceutical Company Limited ("Jiangsu Neptunus"), a direct wholly-owned subsidiary of the Company, at a consideration of RMB57,800,000 (the "Disposal"). The Disposal completed on 29 January 2016.

FINANCIAL REVIEW

The Group's revenue for the Year was approximately RMB721,346,000 (2014: RMB648,268,000), representing an increase of approximately 11.3% as compared with the corresponding period last year. For the revenue, approximately RMB456,429,000 was derived from manufacturing and selling of medicines, while approximately RMB264,854,000 was derived from the purchase and sales of medicines and healthcare food products. During the Year, affected by the tender delay in Fujian and the state's strengthened narcotic drugs control, the revenue from manufacturing and selling of medicines has decreased by approximately 10.5%. At the same time, since the number and types of drugs distributed by the Group had increased, revenue from the purchase and sales of medicines increased accordingly. Therefore, the Group's revenue in general increased.

During the Year, the Group's gross profit was approximately RMB352,760,000 (2014: RMB276,734,000), representing an increase of approximately 27.5% as compared with the corresponding period last year. The increase in gross profit was mainly attributable to the increase in revenue and gross profit margin of the Group.

During the Year, the Group's gross profit margin was approximately 49% (2014: 43%), representing a slight increase of approximately 6% as compared with the corresponding period last year. The increase in gross profit margin was mainly due to the new drugs distributed by the Group having higher gross profit margin.

During the Year, the Group's selling and distribution expenses were approximately RMB199,412,000 (2014: RMB116,682,000), representing an increase of approximately 70.9% as compared with the corresponding period last year. The significant increase in selling and distribution expenses was mainly due to the fact that the new prescribed drugs distributed by the Group had higher marketing expenses.

During the Year, the Group's administrative expenses were approximately RMB58,630,000 (2014: RMB53,152,000), representing an increase of approximately 10.3% as compared with the corresponding period last year. The increase in administrative expenses was mainly due to (i) the application for the transfer of listing from GEM to the Main Board dated 16 February 2015, which led to the corresponding increase in listing expenses and advisor fees; and (ii) the management department of the Company and a subsidiary moved to the new office building during the Reporting Period. Therefore, rental fees increased correspondingly.

During the Year, the Group's other operating expenses amounted to approximately RMB50,537,000 for the year (2014: RMB45,863,000), representing an increase of approximate 10.2% as compared with the corresponding period last year. The slight increase in other operating expenses was mainly due to the increase in research and development and loss in handling finished goods.

During the Year, the Company's financial cost amounted to approximately RMB10,361,000 (2014: RMB11,078,000), representing a slight decrease of approximate 6.5%.

Due to the above reasons, the Group's profit after tax decreased from approximately RMB44,447,000 of last year, to approximately RMB31,478,000 of this Year. Profit attributable to the owners of the Company decreased from approximately RMB33,174,000 of last year, to approximately RMB21,055,000 of this Year.

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.

Banking Facilities

As at 31 December 2015, the Group's short-term bank borrowings amounted to RMB110,000,000.

On 22 July 2015, the Company's subsidiary, Fuzhou Neptunus Fuyao Pharmaceutical Company Limited ("Neptunus Fuyao") was granted a short-term loan of RMB100,000,000 from Sanshan Subbranch (Fuzhou) of Fujian Haixia Bank("Haixia Bank"), by pledging its land use rights and buildings. This loan will be repaid on 22 July 2016 and is bearing an annual interest rate of 4.85%.

On 23 September 2015, the Company's subsidiary, Jiangsu Neptunus, was granted a small business liquidity loan of RMB10,000,000 from Taizhou Branch of Bank of Communications Co., Ltd. This loan will be paid on 19 July 2016 and the annual interest rate is 5.52%. 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. On 29 January 2016, the Company completed the disposal of 100% equity interest in Jiangsu Neptunus, since then Jiangsu Neptunus ceased to be a subsidiary of the Company. On 2 February 2016, Jiangsu Neptunus repaid the aforesaid loan. The Company also canceled the counter-guarantee to this loan. In the consolidated statement of financial position as at 31 December 2015, this loan was classified as held for sale.

Shareholder's Interest-bearing Financial Assistance

As at 31 December 2015, the shareholder's interest-bearing financial assistance obtained by the Company from Shenzhen Neptunus Bio-engineering Company Limited ("Neptunus Bio-engineering") amounted to approximately RMB34,500,000, which was unsecured and bearing an annual interest rate at 20% above the benchmark lending rate which was issued by the People's Bank of China for the corresponding period. Among of which, the Company has provided RMB23,000,000 to Neptunus Fuyao by way of shareholder's interest-bearing financial assistance for the construction plan of Lianjiang Production Base. The Company repaid this shareholder's interest-bearing financial assistance in January 2016.

As at 31 December 2015, the shareholder's interest-bearing financial assistance obtained by Neptunus Fuyao from Neptunus Bio-engineering amounted to approximately RMB40,000,000, which was unsecured and bearing an annual interest rate at 20% above the benchmark lending rate which was issued by the People's Bank of China for the corresponding period. Such fund was used in the upgrading and improvement work of Neptunus Fuyao's certain production lines. Neptunus Fuyao repaid this shareholder's interest-bearing financial assistance in January 2016.

As at 31 December 2015, the shareholder's interest-bearing financial assistance obtained by Jiangsu Neptunus from Neptunus Bio-engineering amounted to approximately RMB130,000, which was unsecured and bearing an annual interest rate at 20% above the benchmark lending rate which was issued by the People's Bank of China for the corresponding period. Jiangsu Neptunus repaid this shareholder's interest-bearing financial assistance in January 2016.

Shareholder's Entrusted Loan

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 2015, the Group had net current assets of approximately RMB297,440,000. Current assets comprised cash and cash equivalents of approximately RMB282,494,000, inventories of approximately RMB155,584,000, pledged bank deposit of approximately RMB3,400,000, fixed deposit of approximately RMB17,608,000, assets of disposal group of approximately RMB97,775,000, trade and other receivables of approximately RMB197,618,000. Current liabilities comprised trade and other payables of approximately RMB308,636,000, interest-bearing bank borrowings to be repaid within one year of approximately RMB100,000,000, current tax of approximately RMB15,694,000, entrusted loan of approximately RMB9,000,000, liabilities of disposal group of approximately RMB23,170,000 and deferred revenue of approximately RMB539,000. The net current assets increased approximately by RMB116,265,000 as compared with that of approximately RMB181,175,000 as at 31 December 2014. The increase in net current assets was mainly due to the expansion of business and the smaller investment proportion of fixed assets.

PLEDGE OF ASSETS

Pursuant to the loan agreement entered into between Neptunus Fuyao, the Company's subsidiary, and Haixia Bank on 24 July 2015, 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 2015, 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 2015, the Group has contracted commitments for future capital expenditure of approximately RMB37,687,000. 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 2015, the Group had no significant contingent liability.

MAJOR INVESTMENT PLANS

During the Year, other than the aforesaid construction of Lianjiang Production Base carried out by Neptunus Fuyao, the Group did not make any other major investments.

HUMAN RESOURCES

As at 31 December 2015, the Group employed a total of 1,426 staff (2014: 1,460).

During the Year, the staff costs including directors' remuneration which amounted to approximately RMB93,051,000 (2014: approximately RMB87,553,000). 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 2014, the slight decrease in the number of employees of the Group for the Year was mainly due to the disposal of a subsidiary of the Group in the Year.

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 (2014: Nil).

DISTRIBUTABLE RESERVES

At 31 December 2015, 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 RMB136,995,000.

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 2015, 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 (resigned on 3 March 2016)

(b) Supervisor and employee of the Company

(c) Non-executive Director of the Company

Long positions in 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	3,553,517	0.47%
Ms. Yu Lin *(Note (c))*	Beneficial owner	Personal	Neptunus Bio-engineering	1,089,864	0.14%
Mr. Song Ting Jiu *(Note (d))*	Beneficial owner	Personal	Neptunus Bio-engineering	1,010,000	0.13%

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 0.47% 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, vice-president of Neptunus Bio-engineering, was beneficially interested in approximately 0.14% 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.

(d) Mr. Song Ting Jiu, vice-president of Neptunus Bio-engineering, was beneficially interested in approximately 0.13% 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 2015, 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 transactions, arrangements or 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 2015, 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%
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 23.98% 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 23.98% 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 23.98% 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 2015.

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 2015. The financial statements have been audited by Crowe Horwath (HK) CPA Limited, who 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, 18 March 2016

As at the date of this announcement, the executive Directors are Mr. Zhang Feng, Mr. Xu Yan He and Mr. Zhao Wen Liang; 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. Zhang Jian Zhou.

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*