



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

* For identification purpose only

2016 Environmental, Social and Governance Report



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About This Report

1.1 Overview

This report is the first Environmental, Social and Governance (“ESG”) Report issued by Shenzhen Neptunus Interlong Bio-technique Company Limited for the purpose of providing information about the Company’s economic, social and environmental performances. It is expected that through this report you will have a better understanding of what we have done in achieving sustainable development and revert to us your expectation so as to strengthen mutual communication.

1.2 Basis of Preparation

This report is principally prepared in accordance with the ESG Reporting Guide issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The procedures for the preparation of this report include identifying and ranking major stakeholders and ESG-related issues, defining the scope of this report, collecting relevant materials and data, preparing data based on the information collected, and examining the data in this report.

1.3 Interpretation

This report is issued on an annual basis covering the period from 1 January 2016 to 31 December 2016. Part of the contents may be dated back to before 2016 for comparison purpose. The scope of disclosure of this report is consistent with that of the 2016 Annual Report of the Company. Information and case studies disclosed in this report are derived from the Company’s official documents, statistics reports or publicly available information.

Terms and Short Names: For the convenience of expression and reading, the “Company” used herein shall refer to Shenzhen Neptunus Interlong Bio-technique Company Limited; the “Group” and “we” shall refer to the Company and its Subsidiaries; “Subsidiaries” shall refer to the subsidiaries of the Company; the “Board” shall refer to the board of directors of the Company and “PRC” shall refer to the People’s Republic of China.

1.4 Reliability Assurance

The Company guarantees that this report does not contain any false information, misleading statement or material omission. The Board undertakes to accept responsibility for the contents of this report as to its authenticity, accuracy and completeness.

1.5 Access to This Report

This report is prepared both in Chinese and English. In case of inconsistency, the Chinese version shall prevail over the English version. Electronic version of this report is available for downloading from the website of the Company at <http://www.interlong.com>. For enquiry or suggestion regarding this report, please feel free to contact us at:

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Message from Chairman

The year 2016 witnessed an increased downward pressure on China's economy and numerous uncertainties faced by the pharmaceutical industry. In face of severe challenges, the Group has made positive contributions in safeguarding the health of the general public, promoting economic development and building a harmonious society by following the development trend under the new normal.

Sticking to rightness and making innovations. By adhering to the enterprise slogan of "responsibility, honor and motherland" and sticking to the core value of "responsibility", making innovation the source of power for enterprise development and following the principle of integrity management, we vigorously promote the construction of credibility culture and institutional constraint and strengthen internal supervision to infuse integrity compliance into the every word and deed of its staff as well as into production and operation. We incorporate innovation into the overall development strategy of the Group to constantly seek for new breakthroughs in technology, products and services and business models. During this year, we focused on exploring and facilitating innovation and reform in drug operation and selling, actively expanded sales network and products, and kept trying new marketing modes.

Safeguarding human health. "Health creates the future" is the brand concept of Neptunus. As a pharmaceutical enterprise group with the mission of "serving the health of the public", we deeply know the importance of maintaining the quality of products and services to the trust of customers and the development of an enterprise. By adhering to stringent standard for drug quality, the Group not only strictly controls drug warehouse management, but also carries out three product quality appraisal processes. Meanwhile, in order to further safeguard the public's medication safety, the Group has worked out standardized procedures for product recall to make sure proper treatment of issues of potential safety hazard and protect the health of the public.

Achieving win-win situation among stakeholders. The Group adopts a stringent supplier assessment and approval management procedure in a strict way. Strict scrutiny over the qualification of suppliers, which include material legitimacy, sales personnel qualification of suppliers, supplier quality management system and so on is conducted. Suppliers must be chosen in the principles of enterprises legitimacy, reliable quality, guaranteed supply, convenient transportation, moderate cost, good after-sale service and high corporate reputation, so as to make sure the quality and safety of drugs from the source. At the same time, the Group is committed to continuously improving the people-oriented human resource system to safeguard the interests and rights of its staff, help them with their career development and actively cultivate talents for the development of the Group and the society.

Promoting green development. The Group continues to improve technology and production process from new drug research and development, raw material purchase, pharmaceutical manufacturing to drug sales, with an aim to extending the life cycle of products, cutting down cost and expanding the popularity of medical and health products and services. The Group also continues to push forward EMS management system to further reduce pollutant discharge, optimize energy resource efficiency, enhance the management of process safety, strengthen training and supervision on occupational health and safety and achieve energy conservation and emission reduction through methods of technological advancement, production process enhancement and development of production capacity.

Message from Chairman

Promoting community harmony. The Group advocates corporate citizenship and earnestly practices it. The Group has won widespread respect from the society as it has taken the responsibility for its stakeholders and the community. For a long time, the Group has cooperated with many professional organizations and institutions by making use of its rich experiences in medical and health area to promote the development of social health undertakings, advocate public health awareness and proactively support work for the public welfare.

In the new year, we will continue to fulfill our social responsibility with practice, strive to achieve the overall coordination between the enterprise and the society and environment. With the mission of promoting human health, we will actively develop medical and health service, endeavor to provide more quality medical and healthcare products and services and make unremitting efforts to realize the dream of healthy China.

Zhang Feng

Chairman of the Board

23 June, 2017

Corporate Operation and Development

3.1 About Neptunus Interlong

Introduction To the Enterprise

The Company was established in 1994, and listed on the Growth Enterprises Market of The Stock Exchange (the "GEM") (Stock Code: 8329) in September 2005. The controlling shareholder of the Company is Shenzhen Neptunus Bio-engineering Company Limited, a joint stock limited company incorporated and domiciled in the PRC and its shares are listed on the main board of Shenzhen Stock Exchange (Stock Code: 000078).

The Group has always focused on the pharmaceutical and healthcare industry and seized opportunities in the fast-growing pharmaceutical market in China. Its businesses cover several important links in the pharmaceutical and healthcare industrial chain, which make contributions to the health of the populace in research and development, pharmaceutical manufacturing and distribution. The Group's manufacturing and selling of medicines business mainly covers areas such as herbal medicine, generic drugs, transfusion and anti-tumor drugs. There are 26 production lines for approximately 17 types of dosage forms, mainly including large volume injections, small volume injections, solid preparation, oral liquid preparation and tablets. All the production lines have passed the national new GMP certification. There are also nearly 500 registration approvals for drugs. The Group's purchase and sales of medicines and healthcare food business possesses a distribution network covering 29 provinces and cities, which mainly includes the distribution of medicines and healthcare food products, and related products mainly include anti-tumor drugs, cardiovascular drugs, cold medications and health food. As for innovation and research, two pharmaceutical manufacturing Subsidiaries under the Company are national high-tech enterprises. The Group has a total of 30 patents in force (including 16 patents of invention) and a number of products with intellectual property rights.

Corporate Culture

Tenet

To contribute quality products and services and endeavor to improve the living quality of people is the sole objective for the Group's progress and development.

Mission

"Serving the health of the public": To concern about life, care for health and through our continuous efforts to provide more quality products and services for human health is the most fundamental momentum for the Group's progress and development.

Objective

To establish a flexible and efficient operating framework, adhere to the working style of being pragmatic, innovative and progressive, strive to become a world first-class enterprise and shoulder the important task of revitalizing national industry.

Slogan

"Responsibility": The notion of responsibility is the core value of the Group. The Group always keeps in mind its responsibilities for the people, society and the country, and constantly improves the quality of products and services, which is the source of motivated force for the Group to keep progressing.

"Honor": Every employee is proud of being a member of the Group and contributing their time and wisdom for its development. Every member will consciously integrate the interests of the individual with that of the Group, think in the direction of the Group's development goals and take the wax and wane of the Group as their own responsibility.

Corporate Operation and Development

“Motherland”: The every little bit of success the Group has achieved can hardly be separated from the loving care of the Party and the government as well as the sincere help from all walks of life. The Group always concerns itself over our motherland and bears in mind the important task of returning the nation with industrial development and revitalizing national industry.

Brand Concept of Neptunus

“Health creates the future”: Health makes all efforts possible. Health is the foundation to make career, happiness, life and future possible. Health is also the immortal pursuit and dream of mankind.

Implication of the logo of Neptunus

“Design philosophy of the logo of Neptunus”: It derives from trident, the artifact of “Neptunus” in the ancient Roman mythology. The blue color in the logo stands for the ocean, which is the incubator of all life. The three arrows symbolize marching toward the ocean, challenging new possibilities and pursuing excellence and constant progress.

“Basic color of Neptunus”: Blue, a symbol of ocean and life.

“Eternal pursuit for life and health”: Broad and profound, ocean is the source of life and the mother of mankind. The future of man’s health will certainly return to the sea. “Neptunus” demonstrates our eternal pursuit for life and health.

3.2 Corporate Governance

During the reporting period, the Company further improved corporate governance structure and optimized its internal management in accordance with the requirements of Company Law of the PRC, the Articles of Association of the Company, Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM Listing Rules”) and other laws and regulations and normative documents.

Shareholding Structure of the Group

The Company’s Subsidiaries include Fuzhou Neptunus Fuyao Pharmaceutical Company Limited, Fuzhou Neptunus Jinxiang Chinese Pharmaceutical Company Limited, Shenzhen Neptunus Changjian Pharmaceutical Company Limited, etc.

Controlling Shareholder and the Company

The controlling shareholder of the Company has not acted in a way that exceeds the limit of its authority to, directly or indirectly, intervene in the decision-making processes or production and operational activities of the Company, or has performed any acts that damage the interests of the Company and other shareholders. The controlling shareholder and the Company are mutually independent in respect of employees, assets, finance, organization and business. The Board, the supervisory committee and other internal authorities of the Company operate independently.

Management Framework

The Company has established a corporate governance structure comprising general meeting of shareholders, the Board, committees under the Board, the supervisory committee, the management team and functional departments, and formulated multi-level governance rules based on the Articles of Association of the Company to define the power, authority and code of conduct of each party, aiming to improving the Company’s operational transparency, independence and efficiency.

Responsibility Governance

4.1 Responsibility Governance Mechanism

Responsibility Governance Policies and Structure

As a company listed on the Stock Exchange, the Group attaches great importance to the fulfillment of ESG responsibilities as well as the pursuit of green development, scientific development and long-term sustainable development.

In respect of environment, the Group strictly complies with relevant laws and regulations regarding environmental protection, energy conservation and emission reduction, proactively promote the concept of green and low-carbon office and emphasizes on integrating environmental protection concept into the process of operation and production. With regard to society, the Group also places high importance to guarantee business quality, prevent corruption, protect intellectual property rights, safeguard the rights and interests of clients, support social public welfare undertakings and improve staff protection systems. While actively performing its responsibilities, the Group also takes the initiative in disclosing ESG information and maintaining communication and interaction with stakeholders.

According to the ESG Reporting Guide of the Stock Exchange, the Board has overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for evaluating and determining the Group's ESG-related risks, ensuring that effective ESG risk management and internal control systems are in place and supervising the relevant departments and Subsidiaries of the Company over their implementation.

For details of corporate governance policies and practices as well as the internal governance structure of the Company, please refer to the "Corporate Governance Report" in the 2016 Annual Report of the Company.

Promoting Integrity and Good Governance

The Group strictly abides by the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), Anti-Money-laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) and the Interim Provisions on Prohibiting Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) formulated by the State Administration for Industry and Commerce and has firmly established the concept of legal compliance. Through establishing relevant systems and culture, the Group actively promotes law and anti-corruption with a view to being a corporate citizen that "knows, understands and abides by the laws". There was no corruption-related proceedings involving the Group or its employees in 2016.

4.2 Communication with Stakeholders

System of Communication with Stakeholders

The Company believes that establishing an effective communication system with stakeholders is important in enhancing transparency of the Group and building market confidence. The Company discloses information according to the GEM Listing Rules and publishes regular reports to stakeholders and the general public, updating stakeholders, including shareholders, investors, creditors and suppliers, on the production and operation status of the Group for effectively safeguarding their own rights and interests.

Responsibility Governance

Stakeholders	Appeals and Expectations for the Group	Communication and Response
Government	<ul style="list-style-type: none"> Observe law and discipline and carry out business in a legal manner Create employment opportunities and pay taxes according to law Support local economic and industrial development Operation with safety 	<ul style="list-style-type: none"> Continuously strengthen corporate compliance management and ensure the Group's compliance operation Pay taxes in a full and timely manner, create tax income and job opportunities Enhance safety management, build safety culture and uphold safety practices
Investors	<ul style="list-style-type: none"> Implement corporate governance and create value Information disclosure and risk control 	<ul style="list-style-type: none"> Optimize corporate governance and continuously improve corporate value Release operating data in due course, set up investor hotline
Customers	<ul style="list-style-type: none"> Product and service quality Protection of consumers' rights and interests 	<ul style="list-style-type: none"> Give customer satisfaction investigation Deal with quality complaint, customers' letters and visits
Employees	<ul style="list-style-type: none"> Reasonable salary and welfare Employee promotion and development Care for employees 	<ul style="list-style-type: none"> Work out competitive remuneration system and make channels for promotion transparent Conduct regular vocational training and establish a platform for the career development of employees Organize physical examination on a regular basis and arrange specific operational training to safeguard employees' safety in production
Industry organizations and partners	<ul style="list-style-type: none"> Maintain healthy industry development Mutually beneficial cooperation with partners 	<ul style="list-style-type: none"> Facilitate the cooperative development with suppliers in a proactive manner and check on the qualification of suppliers regularly

Stakeholders	Appeals and Expectations for the Group	Communication and Response
Media	<ul style="list-style-type: none"> • Good interaction with media • Information disclosure 	<ul style="list-style-type: none"> • Improve the media transparency, provide promotional materials and products in time and disclose information via multiple channels • Start communication, conversation and benign interaction with non-governmental organizations
Community	<ul style="list-style-type: none"> • Donation and support for social benefit • Provide job opportunities 	<ul style="list-style-type: none"> • Proactively carry out charitable donation and social benefit activities • Campus recruitment and social recruitment • Disseminate health-related knowledge to the community
Environment	<ul style="list-style-type: none"> • Support environmental protection, energy conservation and emission reduction • Establish a resource saving and environmental protection mechanism in work process 	<ul style="list-style-type: none"> • Environmental equipment was put into use • Classify and recycle hazardous waste to prevent environmental pollution

In the course of preparing this report, we actively collected opinions from various stakeholders to understand their views on the ESG aspects of the Group which will be used as key references for devising our future strategies and policies. We have engaged third party professional institution to conduct comprehensive communication from all aspects with stakeholders by means of face-to-face communication, telephone interview, surveys with questionnaires and site visit. The topics that arouse most concern among stakeholders are selected and disclosed in this report.

Responsibility Governance

Analysis of Major ESG issues

Step 1: Identify potential issues –sort out 22 issues with reference to ESG Reporting Guide of the Stock Exchange.

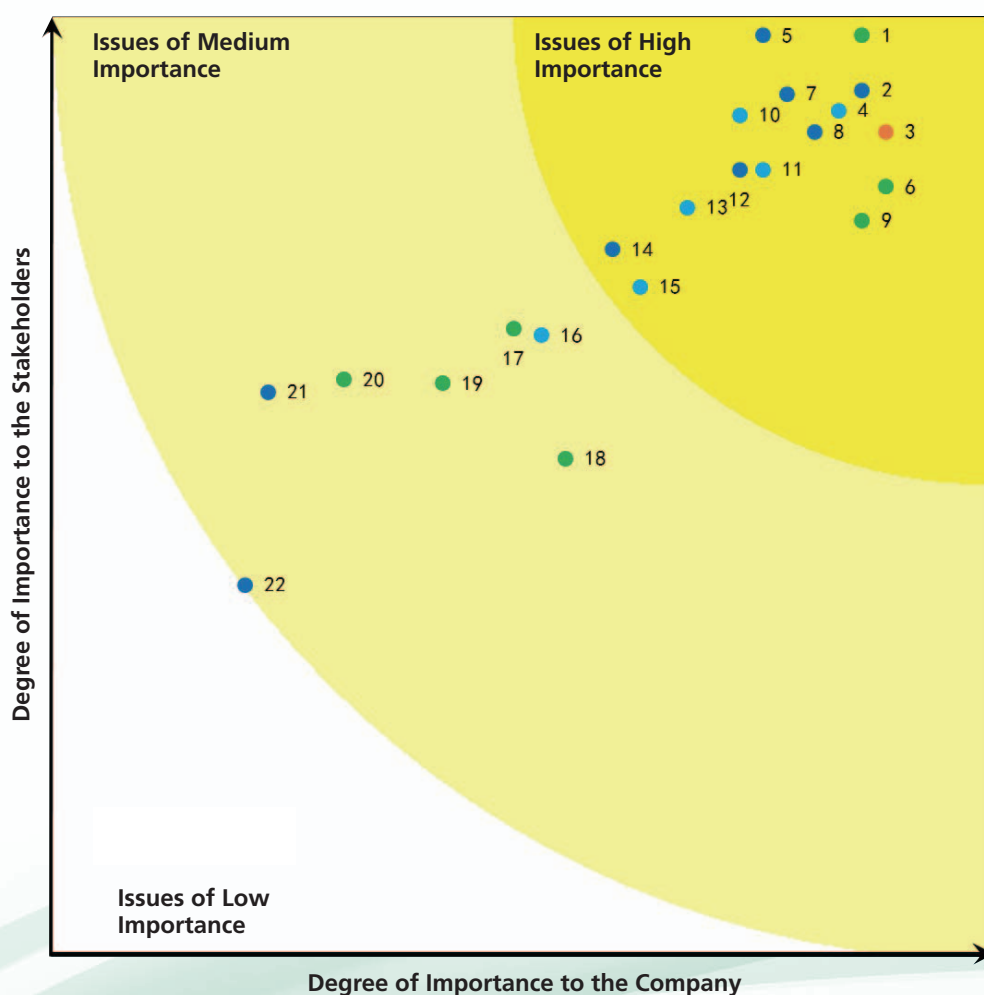
Step 2: Questionnaire for stakeholders-understand and analyze the issues concerned by stakeholders through online questionnaire.

Step 3: Sort issues by importance-work out a matrix for importance analysis of ESG issues based on the questionnaire findings.

Step 4: Effective review and examination-upon review by the Company's management and experts, confirm substantive issues and focus on disclosing them in the report.

Based on the findings of questionnaire survey, we have listed the issues according to their importance to stakeholders and drew up an analytical matrix accordingly.

**Analytic Matrix of ESG Issues of Importance for
2016 ESG Report of the Company**



List of important ESG Issues for 2016 ESG Report of the Company (in descending order of importance)

Issues of high importance	1	Greenhouse gas management
	2	Information safety and privacy of consumers
	3	Participation and investment in social issues
	4	Prohibition of use of child labor and forced labor
	5	Complaints on products and services
	6	Waste management
	7	Quality tests and recall of products
	8	Protection of intellectual property rights
	9	Management of emissions
	10	Staff turnover
	11	Employment status
	12	Health and safety issues of products
	13	Occupational health and safety measures
	14	Corruption status and anti-corruption measures
	15	Staff training and related commitments

Issues of medium importance	16	Personal safety of employees
	17	Management of the use of water resources
	18	Management of the use of energy
	19	Management of packaging materials for products
	20	Environment and natural resources
	21	Principles for engaging suppliers
	22	Status of suppliers

Environmental Protection

5.1 Management of Emissions

Policy for Managing Emissions

The Group attaches great importance to the impact of production process on the environment. In respect of the management of emissions, the Group strictly complies with Emission Standard for Air Pollutants from Boilers (《鍋爐大氣污染物排放標準》), Standards for Storage of General Industrial Solid Wastes and Control of Pollution at Disposal Sites (《一般工業固體廢物貯存、處置場污染控制標準》), Standard for Pollution Control on Hazardous Wastes Storage (《危險廢物貯存污染控制標準》), Emission Standard for Pharmaceutical Industrial Water Pollutants from Mixing and Formulation Category (《混裝製劑類製藥工業水污染物排放標準》) and other rules and regulations to minimize the pollution from waste on surrounding ecological environment. The Group also keeps improving relevant systems to ensure minimal environmental impact by production and operation activities.

Types of Emissions

Emissions produced by the Group in the course of production and operation mainly include exhaust gas, waste water, hazardous and non-hazardous waste, where exhaust gas mainly comprises of nitrogen oxides, sulfur dioxide and other greenhouse gases and particulates. Waste water principally comes from the sewage produced in the production process. Hazardous waste covers expired medicines, waste activated carbon, waste reagent bottles, waste organic solvent and so on. Non-hazardous waste includes household garbage, abandoned broken glass and discarded packages.

Treatment Measures of Emissions and Results

With regard to pharmaceutical production, the pharmaceutical manufacturing Subsidiaries formulated General Solid Waste Management System (《一般固體廢棄物管理制度》) to put general solid waste in an interim centralized stacking place for classified storage. For non-recyclable wastes such as waste newspapers and cartons, they will be sold to salvage stations. Caps for waste glass bottles and glass fragments are bought back by suppliers. Recyclable waste cartons are processed into gaskets for external packaging use in the injection workshop.

In order to reduce the exhaust gas produced in the process of production and operation, relevant pharmaceutical Subsidiaries replaced the original coal-fired boilers with formed particle biomass boilers in 2016. According to the monitoring report of Rong Huan Ce (榕環測) (2015) No. GW268 and Rong Huan Ce (榕環測) (2016) No. GW195, after the use of biomass boilers, the emission index has decreased from 280mg/m³ to 2mg/m³ for sulfur dioxide, and from 225mg/m³ to 84mg/m³ for nitrogen oxide, which greatly reduced the emissions of hazardous gases. ^①

5.2 Improvement of Resources Efficiency

Resource Use Policies

Building a resource-saving enterprise is a longstanding goal of the Group. In strict compliance with laws and regulations, such as Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and Clean Production Promotion Law of the People's Republic of China (《中華人民共和國清潔生產促進法》), we proactively lead the Subsidiaries to practice green resources management and encourage employees to start from paying attention to details for resource and energy saving.

^①Source: monitoring report of Fuzhou Environmental Monitoring Center

Types of Consumed Resources

The resources consumed by the Group in its course of production and operation can mainly be classified into energy, water resources, means of production and packaging materials. Of which, energy mainly refers to gasoline and electrical energy. Throughout 2016, the gasoline consumption of the Group was approximately 36,830.35 liters and the total power consumption for factory production and office operation was approximately 316,587.80KWHs. For the whole year of 2016, the total water consumed in the factory and office of the Group was around 292,409.50 tons.

Energy Saving Measures and Results

To reduce power consumption, the relevant pharmaceutical manufacturing Subsidiaries entered into a purchase and sales contract with Fujian Wangnengda Environmental Protection Technology Co., Ltd to replace the existing lamps with T8 energy-saving lamps, which can save about 12% of electricity every year.

At the same time, the Group encourages to build a clear awareness of conserving resources among employees. For example, double-sided printing is adopted to save paper. Turn off computers and lights after work to save electrical energy. Adjust the flow of water according to production needs in a timely manner to conserve water.

5.3 Ecological Environmental Protection

Policies on Reduction of Impact on the Environment

In the area of pharmaceutical production, to bring down the output of hazardous waste in pharmaceutical process and their impact on environment, pharmaceutical manufacturing Subsidiaries have formulated Hazardous Waste Management System (《危險廢棄物管理制度》) in accordance with the Law of the People's Republic of China on Prevention of Environmental Pollution Caused by Solid Waste (《中華人民共和國固體廢物污染環境防治法》). The system stipulates that hazardous waste must be placed in a corresponding container by category and location, managed by designated person and entrusted to qualified solid waste treatment companies for disposal. Machine account and handover work are recorded properly to guarantee sufficient and effective supervision and management and prevent from causing harm to the environment as a result of the scattering or discarding of dangerous waste.

Departments and individuals littering or disposing hazardous waste randomly without permission will be dealt with seriously. Related individuals will be investigated for legal responsibility if their behavior of throwing away hazardous waste at will has caused serious environmental pollution.

Control and Improvement Measures

By strictly implementing the "Three Simultaneities" system stipulated by the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), all environmental impact assessment on projects have been approved and accepted by the Environmental Protection Bureau. Biomass fuel is used in the boilers, and exhaust waste is treated through dedusting cloth bag facility before discharging to meet the required standards. Both waste water and exhaust gas treatment facilities are under normal operation in accordance with operational specifications. A third party will monitor the emissions every year and the charges for pollutant emissions are paid in full and in time. The Group has always focused on the balance between enterprise development and environmental protection. Our production and operation activities in 2016 caused no material impact on the environment and natural resources.

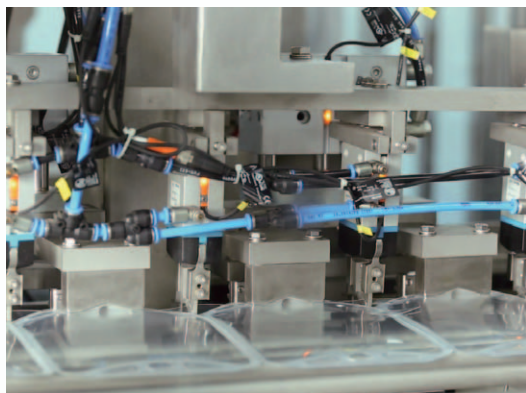
Product Responsibility

6.1 Product and Service Quality



Product Quality Control System

As a pharmaceutical enterprise group with the mission of “serving the health of the public”, we deeply know the importance of maintaining the quality of products and services to the trust of customers and the development of an enterprise. To ensure strict product and service quality control, the pharmaceutical Subsidiaries have enacted Standard Operating Procedures for the Warehousing Management of Pharmaceutical Precursor Chemicals (《藥品類易制毒化學品倉儲管理標準操作規程》), Quality Accident Report and Management System (《質量事故報告及處理管理制度》), Return Management System (《退貨管理制度》), Drug Recall Management System (《藥品召回管理制度》), Quality Complaint Management System (《質量投訴處理管理制度》) and other normative documents to strictly control quality in the process of drug research and development as well as production, so as to ensure safe, green and reliable drugs. In addition, the pharmaceutical manufacturing Subsidiaries have 26 production lines for approximately 17 types of dosage forms, all of which have passed the national new GMP certification.



Pharmaceutical Warehouse Management

To regulate safe production, the pharmaceutical manufacturing Subsidiaries strictly control the warehouse management of special drugs and chemicals from warehouse facility, warehouse entry inspection, drug storage and drug distribution, and have enacted Standard Operating Procedures for the Warehousing Management of Pharmaceutical Precursor Chemicals (《藥品類易制毒化學品倉儲管理標準操作規程》), Standard Operating Procedures for the Warehousing Management of Narcotic Drugs (《麻醉藥品倉儲管理標準操作規程》) and Standard Operating Procedures for the Warehousing Management of Inflammable and Explosive and Other Hazardous Articles (《易燃易爆及其它危險品倉儲管理標準操作規程》) for this purpose. The procedures state that precursor chemicals, narcotic drugs and inflammable and explosive hazardous articles should be stored in a separate warehouse equipped with corresponding guard against theft and fire prevention facility. For precursor chemicals and narcotic drugs, relevant warehouse personnel should have them inspected prior to stocking, checked carefully and properly recorded with special account book. The procedures also specify that warehouse administrators should be those who are principled and conscientious.

Quality Appraisal and Product Recall

The Group strictly controls the quality of products to strengthen drug safety control and safeguard the public's medication safety. Relevant persons in charge inspect the quality of outsourced materials and medicines, intermediate products and self-produced products in accordance with quality standards and inspection procedures. The related materials and medicines, semi-finished and finished products can be put in storage only when they meet quality standards. Self-produced products can be delivered for sale only when a release permit is issued by the Quality Assurance Department and quality director. In addition, outsourced drugs can only be delivered for sale when they meet quality standards in re-inspection.

In the meantime, the pharmaceutical manufacturing Subsidiaries strictly enforce Drug Recall Management System (《藥品召回管理制度》) to recall the drugs that have been on sale in the market and exist potential safety hazard in a timely manner to bring down the influence of defective products on the public. The system details the recall classification, recall principles, the responsibilities of recall organization, recall procedures and other relevant matters of the defective products. When the sold drugs are found to have quality problem and potential safety hazard, the recall team should take immediate action to initiate recall, monitor the whole recall process, appropriately deal with the recalled products and make relevant conclusion and record.

Service Quality

It has always been the development objective of the Group to contribute quality products and services and endeavor to improve the health conditions of people. In order to continuously improve customer service, the Group has formulated Customer Satisfaction Questionnaire Management System (《顧客滿意度調查管理制度》) to collect and analyze the customer satisfaction information and objectively evaluate the effectiveness of the corporate management system to ensure its continuous improvement, striving to meet customers' needs to the greatest degree.

Meanwhile, the Group has also formulated and implemented Quality Complaint Treatment and Management System (《質量投訴處理管理制度》), Adverse Reaction Monitoring and Reporting Management System of Drugs (《藥品不良反應監測和報告管理制度》) and other policies to regulate the management of quality complaint, customer letters and visits. The systems detail the responsibilities of the complaint classification and complaint management departments and personnel, time limit for handling complaint, the retrospective analysis of the complaint and other requirements.

Product Responsibility

Manufacturing and Selling of Medicines Business

Upon receipt of complaints, the Quality Assurance Department or Complaints Department should give a preliminary classification and registration audit of the nature and severity of the specific complaint. Subsequently, relevant department will conduct an investigation to find out the root cause and then give feedback to the Quality Assurance Department after a written report thereof is prepared. The Quality Assurance Department should follow up the remedial actions and preventative measures thereafter to assure their effective completion, and then the complaint can be closed. Finally, the Quality Assurance Department and the Sales Department should give a formal reply to customers of complaint from the aspects of quality and business, and make supplemental reply, if possible, until the problem is finally resolved.

Purchase and Sales of Medicines and Healthcare Food Products Business

The quality control departments, upon receipt of complaints, should make a good record in a timely manner, and conduct investigation and treatment within a prescribed time in accordance with the required operational procedures and requirements. The quality control departments should response to customer's complaint and make proper treatment in time according to the verified results. If the complaint is related to the quality of products, immediate feedback should be given to suppliers and the sales of such drugs should be suspended.

Data Confidentiality and Privacy of Consumers

To properly manage the archival data of customers that have business contact with us and to earnestly protect the information privacy of customers and consumers, the Group has enacted Customer Filing Management System (《客戶檔案管理制度》), which sets out that specifically-assigned personnel in the Sales Department should be responsible for establishing and managing the archives of customers who have business contact with us and keeping such archives classified. They can only be viewed or invoked after the approval of department head. Customer satisfaction questionnaires are filed every year after verification.

6.2 Intellectual Property Rights

The Group has always attached great importance to safeguard and protect intellectual property of product technology. In order to protect intangible assets and encourage scientific research and innovation, the Subsidiaries engaged in research and development businesses have formulated relevant confidentiality management system, which stipulates that all staff should keep confidential of internally-developed new products, new varieties, new production process and technology as well as various scientific and technological achievements of importance. Confidential data can only be accessible to personnel directly involved in the research. Extract, reprint, copy or carry them out of the company is not allowed. Demand for confidential data where such personnel is outside the company is subject to approval.

6.3 Supply Chain Management

Supplier Management Policy

While maintaining a long-term good cooperative relationship with suppliers, the Group also seeks for constant perfection for the quality of products and services provided by suppliers. We hope to fulfill corporate responsibility and push forward the sustainable development of its own and the suppliers with practical actions. To this end, Subsidiaries have enacted different supplier management policies according to their own type of business and operational and managerial requirements, such as Supplier Evaluation and Approval Management System (《供應商評估及批准管理制度》), Material Supply Management System (《物料供應管理制度》) and Supplier Filing Management System (《供貨商檔案管理制度》), to regulate the practices for the evaluation, election and management of external suppliers and ensure that the materials and medicines purchased can meet quality requirements.

Supplier Assessment and Selection

The Group's external suppliers for the manufacturing and selling of medicines business mainly supply raw materials needed for production and packaging materials for medicines. The Group adopts the following key measures for the effective management of the selection of such external suppliers:

- Each department should assume their own responsibility for the assessment and approval management of suppliers;
- Suppliers must be chosen according to the principles of enterprise legitimacy, legal materials, reliable quality, guaranteed supply, convenient transportation, moderate cost, good after-sale service and high corporate reputation;
- Strict scrutiny over the qualification of suppliers, which include material legitimacy, sales personnel qualification of suppliers, supplier quality management system and so on;
- Conduct qualification audit on first-time suppliers and periodic evaluation for suppliers that have passed quality system assessment. Specific appraisal methods include data investigation, field audit and sample verification.

The Group's external suppliers for the purchase and sales of medicines and healthcare food products business mainly supply medicines and healthcare food products. In screening external suppliers, the Group will first of all consider the scale, history, production capacity, product categories of enterprises as well as their certifications in production and operation. Meanwhile, the Group will also ask for and examine the following materials, including but not limited to: Drug Production Permit (《藥品生產許可證》), Business License (《營業執照》) and the GMP Quality Management System Certification Credential of the enterprise.

Supplier Diversity

The Group actively supports the development of local suppliers and also encourages suppliers with different backgrounds to participate in our supply chain cooperation in a just and equal manner, striving to bringing down operational risks and establishing a more mature and complete supply chain system. In 2016, the Group had a total of 230 external suppliers for materials and drugs, spreading over various areas, such as East China, North China, Central China and South China, of which, East China has the largest number of suppliers of 123, representing approximately 53.48%.

Staff Growth

7.1 Employment Status

Basic System and Employment Practices

The Group has formulated and implemented policies such as Human Resource Management System (《人力资源管理制度》) and Staff Handbook (《员工手册》), and conducted systematic standardization and management for various aspects such as recruitment, hiring, promotion and dismissal of employee, staff training, code of conduct, working hours, performance appraisal, benefits and welfare, diversity and anti-discrimination.



The Group strictly observes the requirements of the Labor Law of the People's Republic of China (《中华人民共和国劳动法》) to forbid the use of child labor and forced labor. We also follow the principles of equal competition and that all are equal before a job. We recruit the fittest employees according to their talent, regardless of location, units, positions, qualification and seniority. We adopt internal priority employment. Vacant jobs are preferred for internal staff, and under the same conditions, current employees enjoy the priority in applying for changing posts. For avoidance system, the Group explicitly states that in principle, no Subsidiaries are allowed to recruit the relatives of the current employees of the Group, and stringent assessment is applicable to the qualification of candidates recommended by related companies. To standardize management, the Group also has complete internal and external recruitment procedures in place. At the same time, the Group implements the management of labor contract system for all staff.



With the principle of fairness, equality and openness, we strive to make our promotion channels transparent through a set of standard procedures from promotion nomination, qualification screening and work report. To optimize internal human resources allocation, the Group implements rotation management and internal deployment management.

Remuneration and Benefits

In order to more effectively enhance the working enthusiasm of staff, the Group has formulated a Remuneration and Benefits Management System (《薪酬福利管理制度》), which stipulated that the remuneration of an employee is comprised of fixed salary, merit pay, benefits and allowance, bonus, annual seniority compensation and so on. The Group also provides all kinds of benefit packages for its employees, such as paid holidays, social insurance, annual physical examination, additional activities, company trip, individual development (such as training or advanced study), love rescue and colorful recreational and sports activities, such as badminton game, tug-of-war and the Lantern Festival party.



Working Hours and Holidays

The Group has worked out a Work Attendance and Vacation System (《考勤休假制度》) in accordance with relevant national laws and regulations. Regular employees of the Group are entitled to paid holidays such as statutory holidays, annual leave, marital leave, maternity leave, family planning leave, breastfeeding leave and bereavement leave.



7.2 Diversity and Equality

The Group lays emphasis on the diversity of employees and equal treatment of every member of staff. As at 31 December 2016, the total number of staff of the Group was 1,251 (all being full-time employees), of whom 500, or approximately 39.97% were male and 751, or approximately 60.03% were female. The total turnover rate of all staff in 2016 was about 19.55%, which remained at a normal level.

7.3 Safety and Health

Safety in Production

Pursuant to the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the pharmaceutical manufacturing Subsidiaries have established safe production responsibility system, including safety training, safety inspection, accident prevention, safety technology, dangerous material management and accident handling. Regular inspection on factors such as occupational hazard and professional physical check on relevant personnel are given. Trainings covering fire safety and production safety are also arranged every year. Moreover, training materials on basic knowledge of production safety, safety protection of APIs (Active Pharmaceutical Ingredients) and specific operation are also prepared. It's required that relevant personnel should conduct regular safety check on equipment to make sure the safety protection measures of equipment and machinery are complete and effective. In addition, technical measures for safety prevention and falling prevention, including setting safety warning signs, training operators, improving working disciplines and allocating articles for labor protection are effectively implemented.

The pharmaceutical manufacturing Subsidiaries not only have standard safety production management system in place, but have also established Safety Production Management Committee to safeguard and supervise safety in production. The general manager of the relevant pharmaceutical manufacturing Subsidiaries serves as the director of the Safety Production Management Committee and under which deputy director, professional committee members and department members are set up to earnestly guarantee the safety in production.

Occupational Health

In order to reduce occupational hazard, prevent occupational diseases and protect the health and relevant rights and interests of employees, the Group strictly abides by the Law of Occupational Disease Prevention and Treatment of the People's Republic of China (《中華人民共和國職業病防治法》), and provides its employees with a working environment and condition that meets the requirements of occupational health. In 2016, total days of general industrial injury of our Group were nil and no significant casualties were recorded.

7.4 Training and Development

To raise the personal quality, job skill and integrity management standards of the employees, the Group has specifically formulated the Training Management System (《培訓管理制度》). In accordance with the overall strategic objectives and development plans of the Group and on the basis of needs and budget, departments and Subsidiaries of the Company formulated respective training programs. Training includes induction training and on-the-job training. In the training management among new staff, they receive trainings covering culture, vocation, system, techniques and skill as their entry guidance. On-the-job training includes internal training and external training, of which, course fees and travel expenses incurred by external training on department-based professional courses can apply for reimbursement upon presenting relevant bills. Meanwhile, the Group carries out internal lecturer system, by self-recommendation or department recommendation, to encourage employees to improve their personal quality.

Throughout the year 2016, the total hours of trainings received by the staff amounted to around 45,107 hours. Of which male staff's training hours amounted to around 18,136 hours, with an average of approximately 34.61 training hours per person, female staff's training hours amounted to around 26,971 hours, with an average of approximately 33.42 training hours per person.

Community Investment



While achieving its own stable development, the Group always keeps in mind to give back to the society. We actively conduct and sponsor various charitable and poverty alleviation activities to give full play of the platform and resource superiority of the Company. Based on social needs, we help the disadvantaged by giving financial and resource support to them, thus creating sustained social value. The followings are representative charity acts of the Group in 2016:

The Group donated RMB12,525 to Fujian Family Education Foundation and RMB50,000 to Poverty Alleviation Fund. The Group also did what they could to help and support the rebuilding of disaster areas. After the disaster of Nepartak typhoon, the Group donated RMB100,000 and glucose drink (approximately RMB24,750) to the disaster areas of Minqing and Yongtai. The Group gave away RMB 300,000 for the post-disaster reconstruction of Beifeng mountain areas in Jinan District.

Future Development

In the future, we will make the adjustment and enhancement on the Group's social responsibility objectives according to the actual situation, show the Group's efforts on social and environmental issues more comprehensively and at the same time, we will work with more stakeholders to create a jointly a business ecological circle with sense of social responsibility to achieve the win-win situation in business value and social benefits.

In 2017, the Group has made the following commitments to stakeholders:

ESG Issues	Commitments
A1 Emissions	To use advanced pharmaceutical technique to reduce the waste gas generated in production process
	To track and record emissions of greenhouse gas during operation to develop the emission reduction plan
A2 Use of resources	To replace the lamps in the pharmaceutical production workshops with the energy-saving lamps to reduce electrical energy consumption
	To develop the water-saving plan to improve water use efficiency
A3 Environment and natural resources	To strengthen the management of recovering various types of hazardous chemicals generated in the pharmaceutical process, and prohibit the random disposal of hazardous waste to damage the ecological environment
B1 Employment	To implement the anti-discrimination recruitment policy strictly to promote the diversity of our employees
B2 Health and Safety	To improve construction of the safety production management system, and enhance safety awareness and skills of staff
	To equip professional protection tools for staff exposed to hazardous chemicals, arrange medical examination for staff in occupational health and safety regularly
B3 Development and Training	To develop reasonable training programs to enhance the knowledge and skills of staff in performing their duties
B4 Labour standards	To prohibit child labour and forced labour strictly
B5 Supply chain management	To communicate the Group's corporate social responsibility philosophy to suppliers, requiring suppliers to execute practices of the Group in products and services strictly, and remove the unqualified suppliers timely
B6 Product responsibility	To strengthen the control and supervision of the pharmaceutical production process, test the quality of drugs strictly to ensure the safety of public medication
	To develop a sound consumer privacy protection policy to improve the quality of service

Future Development

ESG Issues	Commitments
B7 Anti-corruption	To develop the anti-corruption policy and whistleblowing supervision procedures, and strengthen the corporate incorrupt construction
B8 Community investment	To formulate the Group's guidelines in community investment, and encourage Subsidiaries to carry out community welfare activities actively To strengthen the promotion of health and safety knowledge in community which it operates

ESG Indicator Index

This indicator index states the compliance of the Group with each of the “Non-Compliance and Explanation” indicators of the ESG Reporting Guide and its disclosure of the “Recommended Disclosure” indicator during the reporting period.




ESG Issues		Disclosure	Corresponding section
A. Environment			
General disclosure	Policies on emissions of exhaust gas and greenhouse gas, emissions to water and land, generation of hazardous and non-hazardous waste.	●	Environmental protection
A1.1	Types of emissions and related emission data.	●	Environmental protection
A1.2	Total emissions and intensity of greenhouse gas.	○	Environmental protection
A1.3	The total amount and intensity of hazardous waste generated.	○	Environmental protection
A1.4	The total amount and intensity of non-hazardous waste generated	○	Environmental protection
A1.5	To describe measures to reduce emissions and results achieved.	●	Environmental protection
A1.6	To describe the methods of handling hazardous and non-hazardous wastes, measures of reducing the quantity of production and results achieved.	●	Environmental protection
General disclosure	The policies of using effectively resources (including energy, water and other raw materials).	●	Environmental protection
A2.1	Total energy consumption and intensity.	●	Environmental protection
A2.2	Total water consumption and intensity.	●	Environmental protection
A2.3	To describe the energy use efficiency initiatives and results achieved.	●	Environmental protection
A2.4	Description of any problems in obtaining the applicable water supply and enhancement of the water consumption efficiency initiatives and results achieved.	●	Environmental protection
A2.5	The total amount of package materials used in the finished product and the amount per unit of production.	○	Environmental protection
General disclosure	The policies of reducing significant impact of issuer on environment and natural resources.	●	Environmental protection
A3.1	To describe the significant impact of business activities on the environment and natural resources and the actions which have been taken for managing such impacts.	●	Environmental protection




ESG Indicator Index

	ESG Issues	Disclosure	Corresponding section
B. Society			
General disclosure	Policies on remuneration and dismissal, recruitment and promotion, hours of work, holidays, equal opportunities, diversification, anti-discrimination and other treatments and benefits and information on compliance with relevant laws and regulations which have a significant impact on the issuer.	●	Staff growth
B1.1	Total number of employees by gender, type of employment, age group and region.	●	Staff growth
B1.2	Employment loss ratio by gender, age group and region.	●	Staff growth
General disclosure	Policies on provision of safe working conditions and protection of employees against occupational hazards and information on compliance with relevant laws and regulations which have a significant impact on the issuer.	●	Staff growth
B2.1	The number and ratio of deaths resulted from working relationship.	●	Staff growth
B2.2	Loss of working days due to work injury.	●	Staff growth
B2.3	To describe the occupational health and safety measures adopted, as well as the relevant implementation and monitoring methods.	●	Staff growth
General disclosure	Policies on knowledge and skills to enhance employees' performance of duties with description of training activities.	●	Staff growth
B3.1	Percentage of trained employees by gender and types of employees (for example, senior management, intermediate management, etc.).	●	Staff growth
B3.2	The average number of training hours per employee by gender and types of employees.	●	Staff growth
General disclosure	Policies on prevention of child labour or forced labour and information on compliance with relevant laws and regulations which have a significant impact on issuer.	●	Staff growth
B4.1	To describe measures to review recruitment practices to avoid child labour and forced labour.	●	Staff growth
B4.2	To describe the steps taken to eliminate the violations when such violations are found.	●	Staff growth

ESG Issues		Disclosure	Corresponding section
B. Society			
General disclosure	Environmental and social risk policies to manage the supply chain.	●	Product responsibility
B5.1	Number of suppliers by region.	◐	Product responsibility
B5.2	To describe the practices of engaging suppliers, the number of suppliers to implement such practices, and the execution and monitoring methods of such practices.	●	Product responsibility
General disclosure	Policies on health and safety, advertising, labeling and privacy matters and remedial methods for products and services provided, and information on compliance with relevant laws and regulations which have a significant impact on issuer.	●	Product responsibility
B6.1	Percentage of products to be recalled over the total number of products sold or shipped due to safety and health reasons.	◐	Product responsibility
B6.2	The number of complaints received on products and services, and methods of response.	◐	Product responsibility
B6.3	To describe practices related to the maintenance and protection of intellectual property rights.	●	Product responsibility
B6.4	To describe the quality assurance process and product recall procedures.	●	Product responsibility
B6.5	To describe consumer data protection and privacy policies, as well as relevant execution and monitoring methods.	●	Product responsibility
General disclosure	Policies on prevention of bribery, extortion, fraud and money laundering, and information on compliance with relevant laws and regulations which have a significant impact on issuer.	●	Responsibility governance
B7.1	The number of corruption lawsuits filed and concluded against the issuer or its employees and litigation results during the reporting period.	●	Responsibility governance
B7.2	To describe corruption prevention measures and whistleblowing procedures, as well as execution and monitoring methods.	◐	Responsibility governance

ESG Indicator Index

ESG Issues		Disclosure	Corresponding section
B. Society			
General disclosure	Policies on understand of needs of community in which it operates by community involvement, and ensuring that it business activities take into account community interests.		Community investment
B8.1	Focus areas of contribution (for example, education, environmental matters, labour needs, health, culture, sports).		Community investment
B8.2	Resources (such as money or time) used in the focus areas.		Community investment

Notes:  represents disclosed;  represents not fully disclosed;
 represents undisclosed; N/A represents the indicator is not applicable to the Group.

Feedback Form

Dear readers:

Thank you for reading this report! As this is the first environmental, social and governance (ESG) report issued by the Company, we are looking forward to your evaluation on this report and your valuable comments to help us make continuous improvements to the report.

For comments on the Environmental, Social and Governance Report, please contact:

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Feedback Form on the 2016 ESG Report of Shenzhen Neptunus Interlong Bio-technique Company Limited

Name _____

Organization _____

Position _____

Contact No. _____

E-mail _____

Your comments on this report: (Please tick the appropriate columns)

	Very good	Good	Average	Bad	Very bad
Do you think whether this report has reflected fully important information of the Group on environmental, social and governance aspects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you think whether the information disclosed in this report is clear, accurate and complete?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you think whether the content and style design of this report is easy to read?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Which part of the report are you most interested in?

What information you think is needed to know but not reflected in this report?

What advice do you have for the environmental, social and governance report to be issued in future?