



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 2021**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED
(THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from, or in reliance upon, the whole or any part of the contents of this announcement.

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 GEM 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

Reference is made to the announcement of Shenzhen Neptunus Interlong Bio-technique Company Limited (together with its subsidiaries, the “**Group**”) dated 31 March 2022 in relation to the unaudited annual results of the Group for the year ended 31 December 2021 (the “**Year**”).

As stated in the above-mentioned announcement, publication of the audited annual results for the year ended 31 December 2021 was delayed due to the recent COVID-19 outbreak in Hong Kong and the prevention and control measures of the COVID-19 in the People’s Republic of China (the “**PRC**”). The audit process of the audited annual results for the year ended 31 December 2021 has been adversely affected as (i) travel restrictions and tightened measures for prevention and control of diseases have been enforced in the latest wave of the outbreak of COVID-19 in the PRC; (ii) there has been a delay in obtaining certain external confirmations from third parties for the audit; and (iii) the process of certain valuation work has been delayed.

The board of Directors of the Company (the “**Board**”) is pleased to announce that the audit confirmations that were outstanding have been obtained.

ANNUAL RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the Year together with the comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
Revenue	3	838,805	1,031,369
Cost of sales		<u>(464,702)</u>	<u>(457,009)</u>
Gross profit		374,103	574,360
Other revenue	5	24,524	13,538
Other net income	5	4,198	1,649
Selling and distribution expenses		(238,115)	(420,578)
Administrative expenses		(80,536)	(64,456)
Other operating expenses		(37,466)	(50,266)
Impairment of trade and other receivables, net		<u>(3,002)</u>	<u>(3,205)</u>
Profit from operations		43,706	51,042
Finance costs	6(a)	<u>(4,596)</u>	<u>(830)</u>
Profit before taxation	6	39,110	50,212
Income tax expense	7	<u>(4,804)</u>	<u>(11,470)</u>
Profit and total comprehensive income for the year		<u>34,306</u>	<u>38,742</u>
Profit/(Loss) and total comprehensive income/ (expenses) for the year attributable to:			
Owners of the Company		35,958	36,592
Non-controlling interests		<u>(1,652)</u>	<u>2,150</u>
		<u>34,306</u>	<u>38,742</u>
Earnings per share for profit attributable to the owners of the Company during the year			
Basic and diluted	9	<u>RMB2.14 cents</u>	<u>RMB2.18 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		215,395	158,788
Right-of-use assets		92,421	56,925
Intangible assets		115,754	88,941
Goodwill	<i>13</i>	96,524	–
Deposits for acquisition of property, plant and equipment		950	3,891
Deposits for acquisition of land use right		9,817	–
Deferred tax assets	<i>15</i>	6,730	2,986
Time deposits		30,000	–
		567,591	311,531
Current assets			
Inventories		157,954	120,861
Trade and other receivables	<i>10</i>	270,881	270,160
Pledged bank deposits		–	2,445
Short-term bank deposits		84,000	4,000
Bank balances and cash		227,144	411,885
		739,979	809,351
Current liabilities			
Trade and other payables	<i>11</i>	206,449	179,509
Contract liabilities		16,938	16,345
Interest-bearing bank borrowings	<i>12</i>	101,137	–
Entrusted loans from the immediate parent company		–	9,000
Deferred revenue		451	401
Lease liabilities		3,937	1,059
Current taxation		6,578	5,953
		335,490	212,267
Net current assets		404,489	597,084
Total assets less current liabilities		972,080	908,615

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2021*

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current liabilities			
Deferred revenue		940	1,441
Deferred tax liabilities	<i>15</i>	26,120	11,502
Lease liabilities		620	—
		27,680	12,943
Net assets		944,400	895,672
Equity			
Equity attributable to owners of the Company			
Share capital		167,800	167,800
Reserves		661,896	625,938
Total		829,696	793,738
Non-controlling interests		114,704	101,934
Total equity		944,400	895,672

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve fund	Capital reserve	Retained earnings	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	167,800	554,844	48,465	(188,494)	174,531	757,146	102,784	859,930
Profit and total comprehensive income for the year	-	-	-	-	36,592	36,592	2,150	38,742
Dividend paid to non-controlling interests	-	-	-	-	-	-	(3,000)	(3,000)
Transfer to statutory reserve fund	-	-	471	-	(471)	-	-	-
At 31 December 2020	<u>167,800</u>	<u>554,844</u>	<u>48,936</u>	<u>(188,494)</u>	<u>210,652</u>	<u>793,738</u>	<u>101,934</u>	<u>895,672</u>
At 1 January 2021	167,800	554,844	48,936	(188,494)	210,652	793,738	101,934	895,672
Profit/(Loss) and total comprehensive income/(expense) for the year	-	-	-	-	35,958	35,958	(1,652)	34,306
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,620)	(1,620)
Capital injection by non-controlling interests	-	-	-	-	-	-	35,280	35,280
Acquisition of a subsidiary (Note 14)	-	-	-	-	-	-	(19,238)	(19,238)
Transfer to statutory reserve fund	-	-	675	-	(675)	-	-	-
At 31 December 2021	<u>167,800</u>	<u>554,844</u>	<u>49,611</u>	<u>(188,494)</u>	<u>245,935</u>	<u>829,696</u>	<u>114,704</u>	<u>944,400</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. General Information

Shenzhen Neptunus Interlong Bio-technique Company Limited (the “Company”) is a limited liability company incorporated and domiciled in the People’s Republic of China (the “PRC”). The address of its registered office is Suite 2103, 21st Floor, Neptunus Yinhe Technology Mansion, 1 Keji Middle 3rd Road, Yuehai Sub-district, Nanshan District, Shenzhen, Guangdong Province, the PRC and its principal place of business is PRC. The Company’s shares are listed on GEM of The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (the “Group”) is controlled by Shenzhen Neptunus Bio-engineering Company Limited (“Neptunus Bio-engineering”), a limited liability company incorporated and domiciled in the PRC and its shares are listed on the Shenzhen Stock Exchange. The ultimate parent company of the Group is Shenzhen Neptunus Holding Group Limited, a company incorporated in the PRC.

The principal activities of the Group include the development, production and sales of medicines, the research and development of modern biological technology business and the purchase and sales of medicines and healthcare food products. The Group’s operations are based in the PRC.

2. Adoption of New and Amended Hong Kong Financial Reporting Standards (“HKFRSs”)

New and amended HKFRSs that are effective for annual periods beginning on 1 January 2021

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2021:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁵
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts-Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁴

1 Effective for annual periods beginning on or after 1 June 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 Effective date not yet determined

4 Effective for business combinations/common control combination for which the acquisition date/combination date is or on after the beginning of the first annual period beginning on or after 1 January 2022

5 Effective for annual periods beginning on or after 1 April 2021

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. The directors are in the process of making an assessment of the impact of other new and amended HKFRSs but not yet in the position to ascertain their impact on the Group's consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 “Making Materiality Judgements” to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies in note 2 to consolidated financial statements may need to be revised to cope with the above changes, the directors expect that the amendments have no other material impact on the consolidated financial statements.

3. Revenue

Revenue arises mainly from manufacturing and selling of medicines and healthcare products.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Manufacturing and selling of medicines	510,221	441,281
Sales and distribution of medicines and healthcare products	<u>328,584</u>	<u>590,088</u>
	<u><u>838,805</u></u>	<u><u>1,031,369</u></u>

For the year ended 31 December 2021, revenue from sales and distribution of medicines and healthcare products included revenue from sales management services of pharmaceutical products of RMB0 (2020: RMB5,147,000) and manufacturing and selling of medicines including sales of medical devices of RMB55,951,000 (2020: RMB61,932,000).

4. Segment Reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical location. In a manner consistent with the way in which information is reported internally to the Group's executive directors, being the chief operating decision maker, for the purpose of resources allocation and performance assessment, the Group has presented the following two reportable segments.

- (i) Manufacturing and selling of medicines; and
- (ii) Sales and distribution of medicines and healthcare products.

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 manufacturing, sales of medicines and medical devices.

The second segment derives its revenue from sales and distribution of medicines, healthcare products and providing sales management services of pharmaceutical products.

(a) Segment results, assets and liabilities

Segment assets include all current and non-current assets with the exception of deferred tax assets. Segment liabilities include all current and non-current liabilities with the exception of current taxation and deferred tax liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by and the expenses incurred by those segments except for corporate income and expenses which are not directly attributable to the business activities of any reportable segment. Inter-segment revenue are priced with reference to prices charged to external parties for similar orders.

	Manufacturing and selling of medicines		Sales and distribution of medicines and healthcare products		Total	
	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December						
Segment revenue						
Revenue from external customers	510,221	441,281	328,584	590,088	838,805	1,031,369
Inter-segment revenue	37,580	36,681	8,734	1,161	46,314	37,842
Reportable segment revenue	547,801	477,962	337,318	591,249	885,119	1,069,211
Reportable segment profit	34,022	14,513	9,157	39,727	43,179	54,240
Write down of inventories	(5,604)	(1,140)	(615)	(2,095)	(6,219)	(3,235)
Reversal of write down of inventories	–	1,209	249	109	249	1,318
Impairment of:						
– trade receivables	(3,137)	(253)	(386)	(292)	(3,523)	(545)
– other receivables	(16)	(3,157)	(700)	(690)	(716)	(3,847)
Reversal of impairment of:						
– trade receivables	562	378	534	300	1,096	678
– other receivables	128	118	13	391	141	509
Bank interest income	1,224	1,238	1,465	2,422	2,689	3,660
Depreciation and amortisation of non-financial assets	(27,559)	(23,770)	(2,709)	(1,931)	(30,268)	(25,701)
Reversal of impairment/(Impairment) of intangible assets	858	(13,588)	–	–	858	(13,588)
(Loss)/Gain on disposal/written off of property, plant and equipment	(105)	129	(472)	(2,131)	(577)	(2,002)
Write back of trade and other payables	578	–	–	–	578	–
Finance costs	(4,516)	(760)	(80)	(70)	(4,596)	(830)
Provision for estimated loss on legal proceedings	–	(5,589)	–	–	–	(5,589)
Reportable segment assets	922,969	737,031	505,032	514,967	1,428,001	1,251,998
Additions to non-current segment assets (other than deferred tax assets) during the year	112,177	31,712	3,211	3,422	115,388	35,134
Reportable segment liabilities	408,754	247,642	48,879	95,566	457,633	343,208

The Group's customer base is diversified and no customer with whom transactions have exceeded 10% of the Group's revenue for the years ended 31 December 2021 and 2020.

(b) Reconciliations of reportable segment revenue, profit before taxation, assets and liabilities

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue		
Reportable segment revenue	885,119	1,069,211
Elimination of inter-segment revenue	<u>(46,314)</u>	<u>(37,842)</u>
Consolidated revenue	<u>838,805</u>	<u>1,031,369</u>
Profit before taxation		
Reportable segment profit	43,179	54,240
Elimination of inter-segment profit	<u>(1,351)</u>	<u>(1,135)</u>
Reportable segment profit derived from the Group's external customers	41,828	53,105
Unallocated corporate expenses	<u>(2,718)</u>	<u>(2,893)</u>
Consolidated profit before taxation	<u>39,110</u>	<u>50,212</u>
Assets		
Reportable segment assets	1,428,001	1,251,998
Elimination of inter-segment receivables	<u>(127,161)</u>	<u>(134,102)</u>
	1,300,840	1,117,896
Deferred tax assets	<u>6,730</u>	<u>2,986</u>
Consolidated total assets	<u>1,307,570</u>	<u>1,120,882</u>
Liabilities		
Reportable segment liabilities	457,633	343,208
Elimination of inter-segment payables	<u>(127,161)</u>	<u>(135,453)</u>
	330,472	207,755
Current taxation	6,578	5,953
Deferred tax liabilities	<u>26,120</u>	<u>11,502</u>
Consolidated total liabilities	<u>363,170</u>	<u>225,210</u>

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

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of medicines and healthcare products	782,854	964,290
Sales of medical devices	55,951	61,932
Sales management services of pharmaceutical products	–	5,147
	<u>838,805</u>	<u>1,031,369</u>

(d) **Geographical information**

The Group's revenue was derived from business activities in the PRC and the non-current assets of the Group were located in the PRC. Accordingly, no analysis by geographical segment is provided.

(e) **Disaggregation of revenue from contracts with customers**

The Group derives revenue from sales of medicines, healthcare products and medical devices and sales management services of pharmaceutical products at a point in time from the following types of customers:

	Hospital	Pharmacy	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2021				
Manufacturing and selling of medicines	68,613	436,622	4,986	510,221
Sales and distribution of medicines and healthcare products	–	328,584	–	328,584
	<u>68,613</u>	<u>765,206</u>	<u>4,986</u>	<u>838,805</u>
2020				
Manufacturing and selling of medicines	62,226	365,730	13,325	441,281
Sales and distribution of medicines and healthcare products	185,695	403,642	751	590,088
	<u>247,921</u>	<u>769,372</u>	<u>14,076</u>	<u>1,031,369</u>

5. Other Revenue and Other Net Income

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other revenue		
Interest income from bank deposits	2,689	3,660
Interest income from principal protected deposits	5,533	5,564
Government subsidies:		
– released from deferred revenue	451	401
– directly recognised in profit or loss	5,014	3,396
Licence fee income	9,434	–
Others	1,403	517
	<u>24,524</u>	<u>13,538</u>
Other net income		
Reversal of write down of inventories	249	1,318
Over-provision of expenses in prior years	2,230	–
Net foreign exchange gains	27	32
Write back of trade and other payables	578	–
Reversal of impairment loss of intangible assets	858	–
Others	256	299
	<u>4,198</u>	<u>1,649</u>

6. Profit before Taxation

Profit before taxation is arrived at after charging/(crediting):

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(a) Finance costs		
Interest on bank loans and other borrowings	4,117	749
Finance charges on lease liabilities	479	81
	<u>4,596</u>	<u>830</u>
(b) Staff costs (including directors' emoluments)		
Contributions to defined contribution retirement plans	15,408	8,083
Salaries, wages and other benefits	104,675	91,268
	<u>120,083</u>	<u>99,351</u>

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(c) Other items		
Depreciation of right-of-use assets	4,799	2,728
Amortisation of intangible assets*	3,436	4,366
Depreciation of property, plant and equipment	22,033	18,607
Impairment of/(Reversal of impairment of):		
– trade receivables, net	2,427	(133)
– other receivables, net	575	3,338
(Reversal of impairment loss)/Impairment loss of intangible assets*	(858)	13,588
Provision for estimated loss from legal proceedings	–	5,574
Loss on disposal/written off of property, plant and equipment*	577	2,002
Auditor's remuneration:		
– Audit services	1,232	1,288
– Non-audit services	474	586
Lease charges:		
– Short term leases	1,372	4,830
Cost of inventories	453,737	449,983
Write down of inventories*	6,219	3,235
Write back of trade and other payables	(578)	–
Write off of right-of-use assets	66	–
Write off of intangible assets	8	–
Reversal of write-down of inventories	(249)	(1,318)
Research and development costs* (including salaries, wages and other benefits of RMB16,387,105 (2020: RMB11,958,257) in note 6(b))	25,203	20,183
Net foreign exchange gains	(27)	(32)
	<u> </u>	<u> </u>

* These amounts are included in “Other operating expenses” in the consolidated statement of profit or loss and other comprehensive income.

7. Income Tax Expense

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax		
PRC Enterprise Income Tax (“EIT”)		
Current year	8,940	15,852
Deferred tax		
Current year	<u>(4,136)</u>	<u>(4,382)</u>
	<u> </u>	<u> </u>
	<u>4,804</u>	<u>11,470</u>

Hong Kong Profits Tax has not been provided as the Group had no assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2021 and 2020.

During the year ended 31 December 2021, three subsidiaries (2020: two subsidiaries) of the Group established in the PRC are qualified as “High and New Technology Enterprise” with effect from 15 July 2019 for three years from 2019 to 2021, 2 December 2019 for three years from 2019 to 2021 and 30 November 2021 for three years from 2021 to 2023, respectively. 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%.

According to a policy promulgated by the State Tax Bureau of the PRC, effective from 2019 onwards, enterprises engaged in research and development activities are entitled to claim 175% of the research and development expenses incurred in a year as tax deductible expenses in determining the taxable profits for that year (“Super Deduction”). Three (2020: Two) subsidiaries of the Group are eligible to such Super Deduction in ascertaining its assessable profits for the year ended 31 December 2021.

The Company and other PRC subsidiaries are subject to the PRC EIT at a rate of 25% (2020: 25%) for the year ended 31 December 2021.

8. Dividends

The directors do not propose the payment of any dividend for the year ended 31 December 2021 (2020: Nil).

9. Earnings Per Share

Basic earnings per share

The calculation of basic earnings per share has been based on the profit attributable to owners of the Company of RMB35,958,000 (2020: RMB36,592,000) and the weighted average number of 1,678,000,000 (2020: 1,678,000,000) ordinary shares in issue during the year ended 31 December 2021.

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.

10. Trade and Other Receivables

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	144,351	118,343
Less: Expected credit loss (“ECL”) allowance	<u>(25,520)</u>	<u>(1,765)</u>
	<u>118,831</u>	<u>116,578</u>
 Bills receivables	 <u>67,966</u>	 <u>66,431</u>
	<u>186,797</u>	<u>183,009</u>
 Amounts due from fellow subsidiaries	 32,210	 8,765
Amounts due from related companies	5,589	15,250
Amount due from an intermediate parent company	214	213
Other receivables	8,396	10,854
Value-added tax recoverable	5	164
Prepayment and deposits	39,590	56,250
Less: ECL allowance	<u>(1,920)</u>	<u>(4,345)</u>
	<u>84,084</u>	<u>87,151</u>
	<u>270,881</u>	<u>270,160</u>

Ageing analysis

Trade and bills receivables are due within 30-180 days (2020: 30-180 days) from the date of billing. Based on the invoices dates (which approximate the respective revenue recognition dates), the ageing analysis of the trade and bills receivables net of ECL allowance, was as follows:

	2021		2020	
	Trade receivables <i>RMB'000</i>	Bills receivables <i>RMB'000</i>	Trade receivables <i>RMB'000</i>	Bills receivables <i>RMB'000</i>
Within 3 months	90,804	30,790	99,784	31,464
4 to 6 months	7,185	37,176	13,019	34,916
7 to 12 months	10,600	–	2,290	51
Over 1 year	<u>10,242</u>	<u>–</u>	<u>1,485</u>	<u>–</u>
	<u>118,831</u>	<u>67,966</u>	<u>116,578</u>	<u>66,431</u>

11. Trade and Other Payables

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
Trade and bills payables		96,271	67,655
Other payables and accruals		95,337	74,197
Consideration payable	<i>14</i>	10,600	–
Provisions	<i>(i)</i>	–	5,574
Amounts due to fellow subsidiaries		2,008	27,349
Amounts due to the intermediate holding company		772	–
Amounts due to related companies		56	4,734
Amounts due to non-controlling shareholder		1,405	–
		206,449	179,509

Notes:

- (i) As at 31 December 2020, the balance represents the provision for estimated loss from legal proceedings in the People's Court of Fengxian District, Shanghai* (上海市奉賢區人民法院), PRC, amounted to approximately RMB5,574,000 claimed by a supplier of Fuzhou Neptunus Fuyao Pharmaceutical Company Limited* (福州海王福藥製藥有限公司, "Neptunus Fuyao"), a 80%-owned subsidiary of the Company. During the year ended 31 December 2021, the Group received a civil mediation order from the Shanghai No.1 Intermediate People's Court* (中國上海市第一中級人民法院), PRC and the Group has agreed to comply with civil mediation order and settled with the supplier. As the Group has already made the relevant provision in 2020, the settlement has no material financial impact to the Group for the year ended 31 December 2021. Details of which are set out in the Company's announcement dated 7 April 2021.

In addition, during the year ended 31 December 2021, the Group received a notice of response to action issued by the People's Superior Court of Beijing* (北京市高級人民法院) for a dispute with a customer of Neptunus Fuyao for a claim of RMB153,270,800 and the related litigation costs arising from the dispute. Subsequent to the reporting date, in January 2022, Neptunus Fuyao has reached a settlement with the customer and the customer has withdrawn the lawsuit. The related cost incurred for the dispute was approximately RMB840,000. Details of which are disclosed in the Company's announcements dated 8 December 2021 and 17 March 2022.

* For identification purpose only

Based on the invoice dates, the ageing analysis of the trade and bills payables was as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	67,705	63,728
4 to 6 months	5,721	401
7 to 12 months	9,798	1,779
Over 1 year	13,047	1,747
	96,271	67,655

12. Interest-Bearing Bank Borrowings

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Short-term bank loans	101,137	–

As at 31 December 2021, the interest-bearing bank borrowings were denominated in RMB, repayable within one year and were secured by:

- (a) Bank borrowings of RMB61,000,000 were secured by a pledge of the Group's buildings with a carrying amount of RMB78,972,000 and prepaid lease payment with a carrying amount of RMB84,631,000.
- (b) Bank borrowings of RMB10,000,000 were secured by a guarantee from a director of a subsidiary and pledge of his property and bank borrowings of RMB30,000,000 were secured by a guarantee from a non-controlling shareholder of a subsidiary and pledge of his properties.

13. Goodwill

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At the beginning of year		
Gross carrying amount	–	–
Accumulated impairment	–	–
	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>
Net carrying amount at 1 January	–	–
Acquisition of a subsidiary (<i>Note 14</i>)	96,524	–
	<u>96,524</u>	<u>–</u>
Net carrying amount at 31 December	96,524	–
	<u>96,524</u>	<u>–</u>
At the end of year		
Gross carrying amount	96,524	–
Accumulated impairment	–	–
	<u>–</u>	<u>–</u>
	<u>96,524</u>	<u>–</u>

14. Business Combinations

On 1 June 2021, the Group acquired 51% interest in Beijing Neptunus Zhongxin Pharmaceutical Co., Limited (formerly known as Beijing Zhongxin Pharmaceutical Co., Limited) (“Neptunus Zhongxin”) from three independent third parties, at a cash consideration of RMB76,500,000. Neptunus Zhongxin is a company principally engaged in production and sales of medicine. Neptunus Zhongxin was acquired so as to continue the expansion of the Group’s manufacturing and selling of medicines operations by setting up a new production base in Beijing, the PRC.

Assets acquired and liabilities recognised at the date of acquisition

	<i>RMB'000</i>
Property, plant and equipment	64,558
Right-of-use assets	39,068
Intangible assets	26,044
Deposit for acquisition of land use rights	9,817
Inventories	46,903
Trade and other receivables	33,156
Bank balances and cash	2,217
Trade and other payables	(163,948)
Contract liabilities	(25,336)
Lease liabilities	(6,657)
Interest-bearing bank borrowings	(50,000)
Tax payables	(74)
Deferred tax liabilities	(15,010)
	<u>(39,262)</u>
Total identifiable net liabilities at fair value	<u><u>(39,262)</u></u>

Goodwill arising on acquisition

RMB'000

Consideration transferred	76,500
Non-controlling interests (49%)	(19,238)
Fair value of identifiable net liabilities acquired	<u>39,262</u>
Goodwill arising on acquisition	<u><u>96,524</u></u>

15. Deferred Tax

The movement during the year in the deferred tax liabilities/(assets) is as follows:

	2021 RMB'000	2020 RMB'000
At 1 January	8,516	12,898
Acquisition of a subsidiary (Note 14)	15,010	–
Recognised in profit or loss (Note 7)	<u>(4,136)</u>	<u>(4,382)</u>
At 31 December	<u><u>19,390</u></u>	<u><u>8,516</u></u>

The amounts recognised in the consolidated statement of financial position are as follows:

	2021 RMB'000	2020 RMB'000
Deferred tax assets recognised in the consolidated statement of financial position	(6,730)	(2,986)
Deferred tax liabilities recognised in the consolidated statement of financial position	<u>26,120</u>	<u>11,502</u>
	<u><u>19,390</u></u>	<u><u>8,516</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year, the Group was principally engaged in the research and development, manufacturing and selling of medicines, and the purchase and sales of medicines and healthcare food products in the PRC. The medicines being sold by the Group mainly cover several therapeutic areas which are oncology, cardiovascular system, respiratory system, digestive system and mental disorders.

Research and Development, Manufacturing and Selling of Medicines and Medical Devices

The Group has two pharmaceutical production bases, which are respectively located in Jin'an District, Fuzhou, Fujian Province, the PRC ("Fuzhou Production Base") and Miyun Economic Development Zone, Beijing City, the PRC ("Beijing Production Base"). The Fuzhou Production Base possesses nearly 500 Guo Yao Zhun Zi approval documents for Chinese medicines (including more than a dozen of dosage forms such as tablets, capsules, granules, oral solutions and tinctures) and chemical medicines (which include various dosage forms namely tablets, capsules, granules, small volume injections and large volume injections), of which, approximately 170 varieties have been included into the "Catalogue of Drugs for Basic National Medical Insurance" (國家基本醫療保險藥品目錄). In addition, the Fuzhou Production Base is the only narcotic production base in Fujian Province designated by the State. The Beijing Production Base mainly produces chemical medicines (tablets, hard capsules and powders) and holds approximately 140 Guo Yao Zhun Zi approval documents, of which approximately 90 products are included in the "Catalogue of Drugs for Basic National Medical Insurance" (國家基本醫療保險藥品目錄) and approximately 60 products are included into the "National Essential Drug List" (國家基本藥品目錄).

The Group's research and development work mainly fulfills the internal development demands of the Group through conducting independent research and development and cooperation with external research and development institutions. Two pharmaceutical manufacturing subsidiaries of the Company are recognized as high-tech enterprises in Fujian Province and another pharmaceutical manufacturing subsidiary of the Company is recognized as national high-tech enterprise and all of which are entitled to enjoy preferential corporate income tax treatment for high-tech enterprises. The said three subsidiaries currently possess various new drugs and exclusive products with self-owned intellectual property rights, including Tegafur, Gimeracil and Oteracil Potassium Tablets (the "TGOP Tablets" or 替吉奧片, a drug for anti-gastric cancer), Xiaozheng Yigan Tablets (消症益肝片, an anti-liver-cancer drug), Proteoglycan Tablets (多糖蛋白片, for enhancing the immune system), Biyuan Capsules (鼻淵膠囊, an anti-rhinitis medicine), Amaranth Berberine Capsules (莧菜黃連素膠囊, a drug for acute diarrhea), Disodium Glycyrrhizinate (甘草酸二鈉, a drug for anti-inflammatory and liver protection), Spironolactone Tablets (螺內酯片, a drug for auxiliary diuresis), Ligustrazine Phosphate Tablets (磷酸川芎嗪片, a drug for ischemic cerebrovascular disease), Pre-filled Catheter Flusher (預充式導管沖洗器, a Class III medical device) and HTK Myocardial Protection Cardioplegic Solution (HTK 心肌保護停跳液, a Class III medical device). During the Year, the Group's two new drug products were approved for registration and passed the drug GMP compliance inspection before their launch.

During the Year, owing to more stringent national regulations and product inspection in the market, the monopoly of active ingredients became more severe with prices of Chinese medicinal materials rising noticeably with high volatility, leading to increase in manufacturing costs. Combined with that certain raw and auxiliary materials were not available for procurement, related products were not sufficiently manufactured to meet demand with increased operational stress experienced by the two pharmaceutical subsidiaries of the Group in Fuzhou. To ensure the results for the Year were on track and reach targets, those subsidiaries actively reinforced their management by developing direct cooperation with active ingredient manufacturers, striving to source monopolized raw materials through the Group's own resources and others to meet manufacturing needs, properly planning manufacturing activities according to the Company's catalog of key products to fully utilize its capacity in meeting market demand, making timely adjustment to maintain buffer inventory according to market changes to minimize losses and accelerating product sales efforts such as developing the Group's health segment and manufacturer-vendor collaboration. To date, the promotion of key products by these subsidiaries has been effective, resulting in higher sales of high-margin products and higher income from assignment of product franchise. Therefore, continuous business growth has been reported, which helped maintain our steady development.

Neptunus Zhongxin (北京海王中新藥業股份有限公司), following its merger into the Group, remained in a stage of business restructuring and was striving to eliminate legacy adverse effects and actively expand the market. In addition, by closely following the China's medical reform policies and the Group's pharmaceutical strategy, it has been making adjustments to create a product mix that highlights differentiated features of its products and is competitive in the market. Combined with stronger business cooperation within and outside the Shenzhen Neptunus Group Company Limited* (深圳海王集團股份有限公司 “Neptunus Group”) and backed by the Group's resources, efforts were made to reach breakeven as soon as possible.

Fuzhou Neptunus Fuyao Pharmaceutical Company Limited* (福州海王福藥製藥有限公司 “Neptunus Fuyao”), an 80%-owned subsidiary of the Company, was served with a notice of response to action issued by the People's Superior Court of Beijing of the PRC during the Year, Lawsuit (2021) Jing Min Chu No.14 ((2021) (京民初14號, the “Lawsuit”). The plaintiff of the Lawsuit claimed a total of approximately RMB153,270,800 from Neptunus Fuyao (the “Defendant”) pursuant to the “Declaration, Authorization of Patent Use, Production and Sales Management Cooperation Agreement” (《申報、專利授權使用、生產和銷售管理合作協議書》) about the myocardial protection cardioplegic solution (HTK) (心肌保護停跳液(赫特金)), and Neptunus Fuyao made active response with a counterclaim. The parties have now reached a settlement. For details, please refer to the announcements of the Company dated 8 December 2021 and 17 March 2022.

Purchase and Sales of Medicines and Healthcare Food Products

Currently, the main products distributed and sold by the Group are medicines and healthcare food products manufactured by itself and the Group headed by its parent company, which include the well-known product series of the Neptunus Ginkgo Leaves Tablets (海王銀杏葉片) and Neptunus Jinzun (海王金樽). Such products are mainly distributed to the end medical institutions through professional sales promotion companies and to the end users through large and medium-sized chain pharmacies.

* For identification purpose only

During the Year, in line with developmental trends of pharmaceuticals, the Group's purchase and sales segment of medicines and healthcare food products reduced the distribution of several prescription products. In addition, sales in the OTC market were affected to a certain extent by the decline in the overall growth rate of the pharmaceutical retail industry, the impact of centralized procurement of national drugs and the impact of "Internet + Medicine". Therefore, the revenue of this segment declined during the Year.

In order to stabilize its business and maintain growth, the Group's purchase and sales segment of medicines and healthcare food products continues to expand its product line by proactively adopting a diversified development strategy, increasing efforts in regional market development, keeping up with market trends, launching a series of promotional activities, conferences, team training, and introducing Neptunus Zhongxin's products and market demand products. During the Year, faced with intensifying market competition, the Group's purchase and sales segment of medicines and healthcare food products reorganized the OTC sales team, put more effort into market development, increased customer loyalty and initiated large-scale training, and gradually developed other distribution models. As at the end of 2021, our dedicated OTC sales team has formed partnerships of direct supply with over 300 trading companies and over 200 pharmaceutical retail chain stores across China, and the team's professional marketing campaigns and end-market promotions have succeeded in maintaining sales of the key product series Neptunus Ginkgo Leaves Tablets (海王銀杏葉片) and sales of Neptunus Jinzun Oral Solutions (海王金樽口服液) increased significantly. Going forward, Shenzhen Neptunus Changjian Pharmaceutical Company Limited* (深圳海王長健醫藥有限公司 "Neptunus Changjian") will continue its focus on team building, designation of responsible persons for key customers and making its product selling policies more competitive in a bid to attain higher performance.

Environmental, Social and Governance

The Group has been giving emphasis and taking actions in the aspects of environment, society and governance, including: constantly improving production efficiency, conserving resources and enhancing employees' awareness of environmental protection. Regarding production, the output corresponding to unit carbon emission increases, the pollution and the emission of hazardous substance which are in violation of laws and regulations are banned, and old equipment is replaced to reduce energy consumption and enhance production efficiency. Regarding office management, office supplies and energy consumption are conserved. Also, the Group actively improves the working environment by transiting to a paperless office and is committed to social responsibility by taking part in charitable activities.

During the Year, the Company engaged a professional third-party institution to assist in conducting comprehensive communication (from various dimensions) with stakeholders by way of face-to-face communication, telephone interview, questionnaire and survey. The relevant results not only serve as an important reference for the Company to review and promote the sustainability agenda of the Group, but also provide a powerful basis for the content selection and preparation of our environmental, social and governance report. The environmental, social and governance report prepared by the Company pursuant to Appendix 20 of the GEM Listing Rules will be published within two months following the release of the Company's annual report but not later than 31 May 2022.

* For identification purpose only

Events after the Year

During the Year, the Group received a notice of response to action issued by the People's Superior Court of Beijing* (北京市高級人民法院) for a dispute with a customer of Neptunus Fuyao for a claim of RMB153,270,800 and the related litigation costs arising from the dispute. In January 2022, Neptunus Fuyao has reached a settlement with the customer and the customer has withdrawn the lawsuit. The related cost incurred for the dispute was approximately RMB840,000. Details of which are disclosed in the Company's announcements dated 8 December 2021 and 17 March 2022.

On 21 March 2022, Mr. Xu Yan He, a non-executive director of the Company, passed away because of illness. Details of which are set out in the Company's announcement dated 22 March 2022.

Save as disclosed above, from 1 January 2022 up to the date of this announcement, there are no other significant events occurred after the Year that may affect the Group.

* *For identification purpose only.*

PROSPECTS AND OUTLOOK

With the PRC government continuously driving reform of the pharmaceutical industry, pharmaceutical enterprises will face more stringent regulations. Although this may create short-term operating pressures, the Group believes that a better regulated market will ultimately bring opportunities to pharmaceutical enterprises in the PRC and keep the pharmaceutical industry in the PRC growing in the long term. The Group believes that the growth of the pharmaceutical industry in the PRC is supported by a combination of favorable factors, including the ageing population, the universal three-child policy, PRC government's continual investment of funds and resources in the pharmaceutical industry, and the rising income level and purchasing power of domestic consumers. Going forward, the Group will leverage on the opportunities and challenges in the pharmaceutical and healthcare industry brought by the national policies. Meanwhile, the Group will also allocate more resources to the research and development of new drugs, quality consistency evaluation for generic drugs and production capacity and product quality assurance system, increase investment in the promotion of retail pharmacies and primary medical institutions, and cultivate core varieties that are competitive in terms of efficacy, brand or cost, to eliminate the adverse effects and ensure the sustainable and healthy development of the Group's pharmaceutical manufacturing and sales business.

FINANCIAL REVIEW

The Group's total revenue for the Year was approximately RMB838,805,000 (2020: approximately RMB1,031,369,000), representing a decrease of approximately 18.67% as compared with the corresponding period of last year. In relation to the revenue, approximately RMB510,221,000, which amounted to approximately 60.83% of the Group's total revenue, was derived from the manufacturing and selling of medicines segment, while approximately RMB328,584,000, which amounted to approximately 39.17% of the Group's total revenue, was derived from the sales and distribution of medicines and healthcare products segment. During the Year, the Group's revenue from the manufacturing and selling of medicines segment increased by approximately 15.62% as compared with the corresponding period of last year, while the revenue of the sales and distribution of medicines and healthcare products segment decreased by approximately 44.32% as compared with the corresponding period of last year. Therefore the overall revenue of the Group decreased.

During the Year, the Group's gross profit margin was approximately 45% (2020: approximately 56%), representing a decrease of approximately 11% as compared with the corresponding period of last year. The decrease in gross profit margin was mainly because the gross profit margin of the newly acquired subsidiary Neptunus Zhongxin was low and the Group reduced several agent products whose gross profits were high.

The Group's gross profit during the Year was approximately RMB374,103,000 (2020: approximately RMB574,360,000), representing a decrease of approximately 34.87% as compared with the corresponding period of last year. The decrease in gross profit was mainly attributable to the decrease in the overall revenue and the gross profit margin of the Group.

During the Year, the Group's selling and distribution expenses were approximately RMB238,115,000 (2020: approximately RMB420,578,000), representing a decrease of approximately 43.38% from the corresponding period of last year. The decrease in selling and distribution expenses was mainly due to the decrease of revenue and the adjustment of varieties and structure of products sold as agent.

The Group's administrative expenses for the Year were approximately RMB80,536,000 (2020: approximately RMB64,456,000), representing an increase of approximately 24.95% from the corresponding period of last year. The increase in administrative expenses was mainly attributable to the expiry of the periodical deduction and exemption of social insurance premium measures during the pandemic, the increase in labor costs and the acquisition of Neptunus Zhongxin.

During the Year, the Group's other operating expenses (including impairment losses trade and other receivables, net) amounted to approximately RMB40,468,000 (2020: approximately RMB53,471,000), representing a decrease of approximately 24.32% as compared with the corresponding period of last year. The decrease in other operating expenses was mainly because there had no impairment loss from the intangible assets during the Year, whereas there was a provision for impairment loss of approximately RMB13,588,000 for intangible assets for the corresponding period of last year.

The Group's finance costs for the Year amounted to approximately RMB4,596,000 (2020: approximately RMB830,000), representing an increase of approximately 453.73% as compared with the corresponding period of last year. The increase in finance costs was mainly due to the interest expenses newly incurred from Neptunus Zhongxin's banking loans.

For the reasons above, the Group's profit after tax decreased from approximately RMB38,742,000 of the corresponding period of last year to approximately RMB34,306,000 of the Year, representing a decrease of approximately 11.45%. Profit attributable to the owners of the Company decreased from approximately RMB36,592,000 of the corresponding period of last year to approximately RMB35,958,000 of the Year, representing a decrease of approximately 1.73%.

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 2021, the Group had short-term bank borrowings of RMB101,137,000. Details of banking facilities please refer to note 12 of this announcement.

NET CURRENT ASSETS

As at 31 December 2021, the Group had net current assets of approximately RMB404,489,000. Current assets comprised bank balances and cash of approximately RMB227,144,000, short-term bank deposits of approximately RMB84,000,000, inventories of approximately RMB157,954,000 and trade and other receivables of approximately RMB270,881,000. Current liabilities comprised trade and other payables of approximately RMB206,449,000, current taxation of approximately RMB6,578,000, contract liabilities of approximately RMB16,938,000, lease liabilities of approximately RMB3,937,000, interest-bearing banking loan of RMB101,137,000 and deferred revenue of RMB451,000. The net current assets decreased approximately by RMB192,595,000 as compared with that of approximately RMB597,084,000 as at 31 December 2020. The decrease in net current assets as compared to that on 31 December 2020 was mainly due to the fact that bank balances and cash and short-term bank deposits decreased by approximately RMB107,186,000 in total.

PLEDGE OF ASSETS

As at 31 December 2021, the utilized banking facilities of RMB61,000,000 and the available banking facilities of RMB100,000,000 of the Group were secured by pledge of its buildings and prepaid lease payments and the pledged buildings and prepaid lease payments were stated at an aggregate value of approximately RMB163,603,000.

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 2021, 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 4 of this announcement.

CAPITAL COMMITMENTS

As at 31 December 2021, the Group has contracted commitments for future capital expenditure of approximately RMB1,337,000. 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 2021, the Group had no significant contingent liability.

MAJOR INVESTMENT PLANS

As at the date of this announcement, the Group does not have any plan for material investments or purchase of capital assets.

HUMAN RESOURCES

As at 31 December 2021, the Group employed a total of 1,401 staff (2020: 1,217).

During the Year, the staff costs including directors' remuneration which amounted to approximately RMB120,083,000 (2020: approximately RMB99,351,000). The Group raised the salaries and improved fringe benefits for its employees to maintain competitiveness and broaden appeal of the Group. 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 2020, the movement in the number of employees of the Group at the end of the Year was mainly due to the increase of 236 employees resulted from the acquisition of Neptunus Zhongxin.

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 (2020: Nil).

DISTRIBUTABLE RESERVES

As at 31 December 2021, 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 RMB81,072,000.

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 did not redeem, purchase or cancel any of their redeemable securities either.

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 2021, 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 ("SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the 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 shares of associated corporations of the Company:

Director/Supervisor	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 <i>(Note (a))</i>	Beneficial owner	Personal	Shenzhen Neptunus Bio-engineering Company Limited ("Neptunus Bio-engineering")	1,331,093	0.05%
Ms. Yu Lin <i>(Note (b))</i>	Beneficial owner	Personal	Neptunus Bio-engineering	900,000	0.03%
Mr. Shen Da Kai <i>(Note (c))</i>	Beneficial owner	Personal	Neptunus Bio-engineering	2,000,000	0.07%
Ms. Cao Yang <i>(Note (d))</i>	Beneficial owner	Personal	Neptunus Bio-engineering	200,000	0.01%

Notes:

- (a) Mr. Zhang Feng, chairman of the Board of the Company and deputy chairman and non-independent director of the 8th session of the board of directors and president of Neptunus Bio-engineering, was beneficially interested in approximately 0.05% 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 73.51% of the entire issued share capital of the Company, of which 70.38% was directly held and 3.13% was indirectly held through Shenzhen Neptunus Oriental Investment Company Limited ("Neptunus Oriental").
- (b) Ms. Yu Lin, non-executive Director of the Company, was beneficially interested in approximately 0.03% 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 73.51% of the entire issued share capital of the Company, of which 70.38% was directly held and 3.13% was indirectly held through Neptunus Oriental.
- (c) Mr. Shen Da Kai, non-executive director of the Company, 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 73.51% of the entire issued share capital of the Company, of which 70.38% was directly held and 3.13% was indirectly held through Neptunus Oriental.
- (d) Ms. Cao Yang, employee representative supervisor and human resources director of the Company and vice general manager, supervisor and head of human resources of Neptunus Changijian, was beneficially interested in approximately 0.01% of the entire issued share capital of Neptunus Bio-engineering, the Company's controlling shareholder, which in turn held directly and indirectly the beneficial interest in approximately 73.51% of the entire issued capital of the Company, of which 70.38% was directly held and 3.13% was indirectly held through Neptunus Oriental.

Save as disclosed above, as at 31 December 2021, 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as the Directors and supervisors of the Company are aware, as at 31 December 2021, 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:

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 (<i>Note (a)</i>)	Beneficial owner	1,181,000,000	94.33%	70.38%
	Interest in controlled corporation	52,464,500	4.19%	3.13%
Bank of Changsha Co., Ltd. – Guangzhou Branch (<i>Note (a)</i>)	Person having a security interest in shares	1,181,000,000	94.33%	70.38%
Neptunus Group (<i>Note (b)</i>)	Interest in controlled corporation	1,233,464,500	98.52%	73.51%
Shenzhen Neptunus Holding Group Company Limited (“Neptunus Holding”) (Previously known as “Shenzhen Yinhetong Investment Company Limited”) (<i>Note (c)</i>)	Interest in controlled corporation	1,233,464,500	98.52%	73.51%
Mr. Zhang Si Min (<i>Note (d)</i>)	Interest in controlled corporation	1,233,464,500	98.52%	73.51%

Notes:

- (a) Neptunus Bio-engineering was deemed to be interested in the 52,464,500 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 1,233,464,500 domestic shares of the Company.

On 25 March 2021, Neptunus Bio-engineering pledged 1,181,000,000 domestic shares in the Company to Bank of Changsha Co., Ltd. – Guangzhou Branch as a security of a loan provided by Bank of Changsha Co., Ltd. – Guangzhou Branch. Therefore, Bank of Changsha Co., Ltd. – Guangzhou Branch was deemed to be interested in 1,181,000,000 domestic shares of the Company. The aforesaid share pledge did not fall within the scope of Rule 17.19 of the GEM Listing Rules as it is not for the purpose to secure the Company’s debt or to secure guarantee or other support of the Company’s obligations. On 14 January 2022, the aforesaid share pledge has been terminated.

- (b) Neptunus Group was deemed to be interested in the 1,233,464,500 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 44.22% of the entire issued share capital of Neptunus Bio-engineering.
- (c) Neptunus Holding was deemed to be interested in 1,233,464,500 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 Holding was beneficially interested in approximately 59.68% of the entire issued share capital of Neptunus Group, which in turn was beneficially interested in approximately 44.22% of the entire issued share capital of Neptunus Bio-engineering.
- (d) Mr. Zhang Si Min (“Mr. Zhang”) was deemed to be interested in 1,233,464,500 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 Neptunus Holding and the entire issued share capital of Shenzhen Haihe Investment and Development Company Limited (“Haihe”), which in turn was beneficially interested in approximately 59.68% and 20% of the entire issued share capital of Neptunus Group respectively. Neptunus Group was beneficially interested in approximately 44.22% of the entire issued share capital of Neptunus Bio-engineering.

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 2021.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

COMPETING INTERESTS

On 21 August 2005, Neptunus Bio-engineering, the controlling shareholder of the Company, 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 of the Stock Exchange:

1. 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 produce 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
2. 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 shall have a preferential rights of investments in such new investment projects.

Neptunus Bio-engineering has confirmed with the Company that it has complied with the Non-competing Undertakings during the Year.

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 the then applicable 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 audited consolidated financial statements of the Group for the Year have been reviewed by the audit committee of the Company (the “**Audit Committee**”) together with the management and the Group’s auditor, Grant Thornton Hong Kong Limited (the “**Auditor**”). The Audit Committee is satisfied that such statements comply with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures had been made.

There are no material differences between the unaudited consolidated financial information of the Group contained in the announcement of the Company dated 31 March 2022 and the audited consolidated final results of the Group for the Year contained in this announcement.

The figures in this announcement of the Group’s results for the Year have been agreed by the Auditor, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by the Auditor 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 the Auditor on this announcement.

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

Shenzhen, the PRC, 8 April 2022

* *For identification purpose only*

As at the date of this announcement, the executive Directors are Mr. Zhang Feng and Mr. Huang Jian Bo; the non-executive Directors are Mr. Zhang Yi Fei, Ms. Yu Lin and Mr. Shen Da Kai; 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 LISTED COMPANY INFORMATION” 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.