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 2022

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.

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*

ANNUAL RESULTS

The board (the "Board") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2022 (the "Year") together with the comparative figures for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Revenue	*3*	**986,691**	838,805
Cost of sales		**(542,549)**	(464,702)
Gross profit		**444,142**	374,103
Other revenue	*5*	**20,617**	24,524
Other net income	*5*	**3,425**	4,198
Selling and distribution expenses		**(244,231)**	(238,115)
Administrative expenses		**(93,733)**	(80,536)
Other operating expenses		**(38,096)**	(37,466)
Impairment of trade and other receivables, net		**(2,831)**	(3,002)
Profit from operations		**89,293**	43,706
Finance costs	*6(a)*	**(7,032)**	(4,596)
Profit before taxation	*6*	**82,261**	39,110
Income tax expense	*7*	**(18,431)**	(4,804)
Profit and total comprehensive income for the year		**63,830**	34,306
Profit and total comprehensive income/(expenses) for the year attributable to:			
Owners of the Company		**54,346**	35,958
Non-controlling interests		**9,484**	(1,652)
		63,830	34,306
Earnings per share			
Basic and diluted	*9*	**RMB3.24 cents**	RMB2.14 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**207,674**	215,395
Right-of-use assets		**91,830**	92,421
Intangible assets		**110,400**	115,754
Goodwill	*13*	**96,524**	96,524
Deposits for acquisition of property, plant and equipment		**1,435**	950
Deposits for acquisition of land use right		**9,817**	9,817
Deferred tax assets	*14*	**5,461**	6,730
Time deposits		**30,000**	30,000
		553,141	567,591
Current assets			
Inventories		**203,023**	157,954
Trade and other receivables	*10*	**341,968**	270,881
Short-term bank deposits		**60,000**	84,000
Bank balances and cash		**290,098**	227,144
		895,089	739,979
Current liabilities			
Trade and other payables	*11*	**267,483**	206,449
Contract liabilities		**43,578**	16,938
Interest-bearing borrowings	*12*	**85,028**	101,137
Deferred revenue		**401**	451
Lease liabilities		**3,181**	3,937
Current taxation		**13,052**	6,578
		412,723	335,490
Net current assets		**482,366**	404,489
Total assets less current liabilities		**1,035,507**	972,080

	Notes	2022 RMB'000	2021 RMB'000
Non-current liabilities			
Interest-bearing borrowings	*12*	**2,909**	–
Deferred revenue		**589**	940
Lease liabilities		**1,574**	620
Deferred tax liabilities	*14*	**25,131**	26,120
		30,203	27,680
Net assets		**1,005,304**	944,400
EQUITY			
Equity attributable to owners of the Company			
Share capital		**167,800**	167,800
Reserves		**716,242**	661,896
		884,042	829,696
Non-controlling interests		**121,262**	114,704
Total equity		**1,005,304**	944,400

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to owners of the Company							
	Share capital	**Share premium**	**Statutory reserve fund**	**Capital reserve**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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	–	–	–	–	–	–	(19,238)	(19,238)
Transfer to statutory reserve fund	–	–	675	–	(675)	–	–	–
At 31 December 2021	167,800	554,844	49,611	(188,494)	245,935	829,696	114,704	944,400
At 1 January 2022	**167,800**	**554,844**	**49,611**	**(188,494)**	**245,935**	**829,696**	**114,704**	**944,400**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**54,346**	**54,346**	**9,484**	**63,830**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(2,926)**	**(2,926)**
Transfer to statutory reserve fund	**–**	**–**	**1,721**	**–**	**(1,721)**	**–**	**–**	**–**
Release of statutory reserve upon deregistration of a subsidiary	**–**	**–**	**(250)**	**–**	**250**	**–**	**–**	**–**
At 31 December 2022	**167,800**	**554,844**	**51,082**	**(188,494)**	**298,810**	**884,042**	**121,262**	**1,005,304**

1. General Information

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 1702, Neptunus Yinhe Technology Mansion, 1 Keji Middle 3rd Road, Maling Community, Yuehai Sub-district, Nanshan District, Shenzhen, the PRC and its principal place of business is the PRC. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited.

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. Basis of Preparation and Adoption of New and Amended Hong Kong Financial Reporting Standards ("HKFRSs")

(a) Basis of preparation

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

These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited ("GEM Listing Rules").

These consolidated financial statements are presented in Renminbi ("RMB") which is also the functional currency of the Company. All amounts are rounded to the nearest thousand except where otherwise indicated.

The consolidated financial statements have been prepared on the historical cost basis except for principal protected deposits which is stated at fair values.

(b) Adoption of new and amended HKFRSs that are effective for annual periods beginning on 1 January 2022

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, 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 2022:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020

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[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 Effective date not yet determined

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. Other new and amended HKFRSs are not expected to have a material impact to the Group's consolidated financial statements.

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 and Amendments to HKAS 1 "Non-current Liabilities with Covenants" ("2022 Amendments")

The amendments provide further guidance to clarify how to classify debt and other liabilities as current or non-current which are summarised as follows:

- It clarifies that a liability is non-current if an entity has a right (instead of unconditional right as stated before the amendments) to defer settlement of the liability for at least twelve months from the end of the reporting period. This right has to be existed at the end of the reporting period, regardless of whether the lender tests for compliance at the date or at a later date;

- Any expectations about events after the reporting period do not impact the assessment made at the end of the reporting period as to the classification of the liability; and

- "Settlements" are newly defined as a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of cash, other economic resources (e.g. goods or services), or entity's own equity instruments. Thus, if the counterparty conversion option is classified as liability under HKAS 32 "Financial Instruments: Presentation", the transfer of equity instruments by exercising the conversion option constitute settlement of liability for the purpose of current or non-current classification of liabilities. One exception to the definition is that if the counterparty conversion option is classified as equity in accordance with HKAS 32, the transfer of equity instruments by exercising the conversion option does not constitute settlement of liability and would be disregarded when determining whether the liability is current or non-current.

2022 Amendments issued in 2022 clarified that only covenants of a liability arising from a loan arrangement, which an entity must comply with on or before the reporting date (even if the covenant is only assessed after the reporting date) affect the classification of that liability as current or non-current. Those covenants to be complied with after the reporting date do not affect the classification of loan arrangements as current or non-current at the reporting date.

Besides, the 2022 Amendments required an entity to provide additional disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The information provided should enable users of financial statements to understand the risk that the liability could become repayable within twelve months of the reporting period, including:

- the carrying amount of the related liabilities;

- information about the covenants (including the nature of the covenants and when the entity is required to comply with them); and

- facts and circumstances, if any, that indicate that an entity may have difficulty complying with covenants. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants based on its circumstances at the end of the reporting period.

The 2022 Amendments also deferred the effective date of the 2020 Amendments to the annual reporting periods beginning on or after 1 January 2024, in which both amendments are to be applied as a package and apply retrospectively. Earlier application is permitted. The directors expect that the amendments have no material impact on the 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 the 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.

Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments clarify how entities should distinguish changes in accounting policies from changes in accounting estimates by introducing a definition for accounting estimates, which is now defined as "monetary amounts in the financial statements that are subject to measurement uncertainty".

Besides, the amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. Accounting estimates typically involve the use of judgements or assumptions based on latest available reliable information. A change in accounting estimate that results from new information or new development is not correction of an error. Therefore, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. In addition, two illustrative examples are added to illustrate how to apply the new definition of accounting estimates.

The amendments are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. The directors expect that the amendments have no material impact on the consolidated financial statements.

Amendments to HKAS 12" Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption of deferred tax in HKAS 12 "Income Taxes" does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12 "Income Taxes".

The amendments are effective for annual reporting period beginning on or after 1 January 2023. Earlier application is permitted. The directors expect that the amendments have no material impact on the consolidated financial statements.

3. Revenue

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

	2022	2021
	RMB'000	*RMB'000*
Manufacturing and selling of medicines	**694,840**	510,221
Sales and distribution of medicines and healthcare products	**291,851**	328,584
	986,691	838,805

For the Year's revenue from manufacturing and selling of medicines included sales of medical devices of RMB113,600,000 (2021: RMB55,951,000).

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 and healthcare 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	
	2022	2021	**2022**	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue						
Revenue from external customers	**694,840**	510,221	**291,851**	328,584	**986,691**	838,805
Inter-segment revenue	**29,932**	37,580	**35,113**	8,734	**65,045**	46,314
Reportable segment revenue	**724,772**	547,801	**326,964**	337,318	**1,051,736**	885,119
Reportable segment profit	**83,937**	34,022	**5,662**	9,157	**89,599**	43,179
Write-down of inventories	**(1,439)**	(5,604)	**(2,110)**	(615)	**(3,549)**	(6,219)
Reversal of write-down of inventories	**3,089**	–	**–**	249	**3,089**	249
Impairment of:						
– trade receivables	**(180)**	(3,137)	**(3,586)**	(386)	**(3,766)**	(3,523)
– other receivables	**–**	(16)	**–**	(700)	**–**	(716)
Reversal of impairment of:						
– trade receivables	**923**	562	**–**	534	**923**	1,096
– other receivables	**–**	128	**12**	13	**12**	141
Bank interest income	**6,256**	1,224	**215**	1,465	**6,471**	2,689
Principal protected deposits interest income	**–**	5,533	**–**	**–**	**–**	5,533
Depreciation and amortisation of non-financial assets	**(32,057)**	(27,559)	**(3,887)**	(2,709)	**(35,944)**	(30,268)
Reversal of impairment of intangible assets	**–**	858	**–**	–	**–**	858
Loss on disposal/write-off of property, plant and equipment	**(2,610)**	(105)	**(28)**	(472)	**(2,638)**	(577)
Write-back of trade and other payables	**–**	578	–	–	**–**	578
Finance costs	**(6,957)**	(4,516)	**(75)**	(80)	**(7,032)**	(4,596)
Reportable segment assets	**1,059,172**	922,969	**657,589**	505,032	**1,716,758**	1,428,001
Additions to non-current segment assets (other than deferred tax assets) during the year	**20,614**	112,177	**5,097**	3,211	**25,711**	115,388
Reportable segment liabilities	**545,283**	408,754	**133,449**	48,879	**678,732**	457,633

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 2022 and 2021.

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

	2022	2021
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**1,051,736**	885,119
Elimination of inter-segment revenue	**(65,045)**	(46,314)
Consolidated revenue	**986,691**	838,805
Profit before taxation		
Reportable segment profit	**89,599**	43,179
Elimination of inter-segment profit	**(4,361)**	(1,351)
Reportable segment profit derived from the Group's external customers	**85,238**	41,828
Unallocated corporate expenses	**(2,977)**	(2,718)
Consolidated profit before taxation	**82,261**	39,110
Assets		
Reportable segment assets	**1,716,758**	1,428,001
Elimination of inter-segment receivables	**(273,989)**	(127,161)
	1,442,769	1,300,840
Deferred tax assets	**5,461**	6,730
Consolidated total assets	**1,448,230**	1,307,570
Liabilities		
Reportable segment liabilities	**678,732**	457,633
Elimination of inter-segment payables	**(273,989)**	(127,161)
	404,743	330,472
Current taxation	**13,052**	6,578
Deferred tax liabilities	**25,131**	26,120
Consolidated total liabilities	**442,926**	363,170

(c) Revenue from major products and services

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

	2022	2021
	RMB'000	*RMB'000*
Sales of medicines and healthcare products	**873,091**	782,854
Sales of medical devices	**113,600**	55,951
	986,691	838,805

(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 at a point in time from the following types of customers:

	Hospital	**Pharmacy**	**Others**	**Total**
2022	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Manufacturing and selling of medicines	**68,349**	**621,307**	**5,184**	**694,840**
Sales and distribution of medicines and healthcare products	**–**	**291,851**	**–**	**291,851**
	68,349	**913,158**	**5,184**	**986,691**

	Hospital	Pharmacy	Others	Total
2021	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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
	68,613	765,206	4,986	838,805

5. Other Revenue and Other Net Income

	2022 *RMB'000*	2021 *RMB'000*
Other revenue		
Interest income from bank deposits	**6,471**	2,689
Interest income from principal protected deposits	**–**	5,533
Government subsidies:		
– released from deferred revenue	**401**	451
– directly recognised in profit or loss	**5,383**	5,014
Licence fee income	**7,547**	9,434
Others	**815**	1,403
	20,617	24,524
Other net income		
Reversal of write-down of inventories	**3,089**	249
Over-provision of expenses in prior years	**–**	2,230
Net foreign exchange gains	**24**	27
Write-back of trade and other payables	**–**	578
Reversal of impairment of intangible assets	**–**	858
Others	**312**	256
	3,425	4,198

6. Profit before Taxation

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

	2022 *RMB'000*	2021 *RMB'000*
(a) Finance costs		
Interest on bank loans, amount due to a non-controlling shareholder and other borrowings	**6,375**	4,117
Finance charges on lease liabilities	**657**	479
	7,032	4,596
(b) Staff costs (including directors' emoluments) (note)		
Contributions to defined contribution retirement plans	**19,901**	15,408
Salaries, wages and other benefits	**131,367**	104,675
	151,268	120,083

Note:

– Staff costs of RMB47,107,000, RMB38,847,000, RMB45,445,000 and RMB19,869,000* (2021: RMB35,972,000, RMB28,357,000, RMB39,367,000 and RMB16,387,000*) are included in cost of sales, selling and distribution expenses, administrative expenses and other operating expenses respectively.

– At 31 December 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2021: RMB nil).

		2022	2021
		RMB'000	*RMB'000*
(c)	**Other items**		
	Depreciation of right-of-use assets	**6,901**	4,799
	Amortisation of intangible assets*	**4,751**	3,436
	Depreciation of property, plant and equipment	**24,292**	22,033
	(Reversal of impairment of)/Impairment of:		
	– trade receivables, net	**2,843**	2,427
	– other receivables, net	**(12)**	575
	Reversal of impairment loss of intangible assets*	**–**	(858)
	Loss on disposal/write-off of property, plant and equipment*	**2,638**	577
	Auditor's remuneration:		
	– Audit services	**1,331**	1,232
	– Non-audit services	**650**	474
	Lease charges in respect of short term leases	**42**	1,372
	Cost of inventories	**442,902**	453,737
	Write-down of inventories*	**3,549**	6,219
	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	**(3,089)**	(249)
	Research and development costs* (including salaries, wages and other benefits of RMB19,869,000 (2021: RMB16,387,000) in note 6(b))	**28,723**	25,203
	Net foreign exchange gains	**(24)**	(27)

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

7. Income Tax Expense

	2022	2021
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax ("EIT")		
Current year	**18,151**	8,940
Deferred tax		
Current year	**280**	(4,136)
	18,431	4,804

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 2022 and 2021.

During the year ended 31 December 2022, three (2021: three) subsidiaries of the Group established in the PRC are qualified as "High and New Technology Enterprise". In accordance with the applicable EIT 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 engage 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 (2021: Three) subsidiaries of the Group are eligible to such Super Deduction in ascertaining its assessable profits for the year ended 31 December 2022.

The Company and other PRC subsidiaries are subject to the PRC EIT at a rate of 25% (2021: 25%) for the year ended 31 December 2022.

8. Dividends

The directors do not propose the payment of any dividend for the year ended 31 December 2022 (2021: RMB 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 RMB54,346,000 (2021: RMB35,958,000) and the weighted average number of 1,678,000,000 (2021: 1,678,000,000) ordinary shares in issue during the year.

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

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**177,007**	144,351
Less: ECL allowance	**(24,120)**	(25,520)
	152,887	118,831
Bills receivables	**52,134**	67,966
	205,021	186,797
Amounts due from fellow subsidiaries	**60,288**	32,210
Amounts due from related companies	**4,487**	5,589
Amount due from an intermediate parent company	**330**	214
Amount due from immediate parent company	**2**	–
Other receivables	**8,796**	8,396
Value-added tax recoverable	**–**	5
Prepayment and deposits	**64,869**	39,590
Less: ECL allowance	**(1,825)**	(1,920)
	136,947	84,084
	341,968	270,881

Ageing analysis

Trade and bills receivables are due within 30-180 days (2021: 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:

Trade receivables

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**120,856**	90,804
4 to 6 months	**13,485**	7,185
7 to 12 months	**8,247**	10,600
Over 1 year	**10,299**	10,242
	152,887	118,831

Bills receivables

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**17,582**	30,790
4 to 6 months	**34,301**	37,176
7 to 12 months	**251**	–
	52,134	67,966

11. Trade and Other Payables

		2022	2021
	Notes	***RMB'000***	*RMB'000*
Trade and bills payables		**114,003**	96,271
Other payables and accruals	*(i)*	**125,191**	95,337
Consideration payable		**–**	10,600
Amounts due to fellow subsidiaries	*(ii)*	**4,935**	2,008
Amount due to an intermediate parent company	*(ii)*	**607**	772
Amounts due to related companies	*(ii)*	**2,500**	56
Amount due to a non-controlling shareholder	*(iii)*	**20,247**	1,405
		267,483	206,449

Notes:

(i) Other payables and accruals mainly represent security deposits, VAT payable, selling expense payable, other tax payables and final payment of construction of building of RMB21,260,000, RMB14,367,000, RMB29,662,000, RMB10,047,000 and RMB3,065,000 (2021: RMB18,430,000, RMB7,056,000, RMB22,649,000, RMB3,868,000 and RMB9,668,000) respectively.

(ii) The amounts due are unsecured, interest-free and repayable on demand.

(iii) As at 31 December 2022, the amount due was unsecured, interest-bearing at 6% per annum and repayable in June 2023. As at 31 December 2021, the amount due was unsecured, interest-free and repayable on demand.

All amounts are short term and hence the carrying amounts of the Group's trade and other payables are considered to be a reasonable approximation of fair value.

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

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**53,404**	67,705
4 to 6 months	**16,090**	5,721
7 to 12 months	**31,125**	9,798
Over 1 year	**13,384**	13,047
	114,003	96,271

12. Interest-bearing Borrowings

	2022 *RMB'000*	2021 *RMB'000*
Non-current liabilities		
Other borrowings	**2,909**	–
Current liabilities		
Short-term bank loans	**83,106**	101,137
Other borrowings	**1,922**	
	87,937	101,137

As at 31 December 2022, other borrowings of RMB4,831,000 from a third party were secured by a pledge of the Group's furniture, fixtures and equipment. The effective interest rate was 6.5% and the other borrowings were repayable as follows:

	2022 *RMB'000*	2021 *RMB'000*
Carrying amount repayable:		
Within one year	**1,922**	–
In the second year	**1,922**	–
In the third to fifth year	**987**	–
	4,831	–

As at 31 December 2022, the short-term bank borrowings were denominated in RMB, repayable within one year and the securities were as follows:

(a) Bank borrowings of RMB20,023,000 were secured by a pledge of the Group's buildings. The effective interest rate was 3.70%.

(b) Bank borrowings of RMB37,047,000 was secured by a guarantee from a non-controlling shareholder of a subsidiary and a pledge of the Group's buildings. The effective interest rate was 4.05% to 4.35%.

(c) Bank borrowings of RMB15,021,000 was secured by a guarantee from a non-controlling shareholder of a subsidiary and a subsidiary of the Group. The effective interest rate was 4.8% to 5%.

(d) Bank borrowings of RMB5,007,000 was secured by a guarantee from a non-controlling shareholder of a subsidiary. The effective interest rate was 4.5%.

(e) Bank borrowings of RMB6,008,000 was unsecured. The effective interest rate was 4.5%.

As at 31 December 2021, the short-term bank borrowings were denominated in RMB, repayable within one year and the securities were as follows:

(a) Bank borrowings of RMB61,000,000 were secured by a pledge of the Group's buildings and prepaid lease payments. The effective interest rate was 3.95% to 4.55%.

(b) Bank borrowings of RMB10,000,000 was secured by a guarantee from a director of a subsidiary and pledge of his property.

(c) Bank borrowings of RMB30,000,000 was secured by a guarantee from a non-controlling shareholder of a subsidiary and pledge of his properties. The effective interest rate was 4.05% to 6.18%.

13. Goodwill

	2022	2021
	RMB'000	*RMB'000*
At the beginning of year		
Gross carrying amount	**96,524**	–
Accumulated impairment	**–**	–
	96,524	–
Net carrying amount at 1 January	**96,524**	–
Acquisition of a subsidiary	**–**	96,524
Net carrying amount at 31 December	**96,524**	96,524
At the end of year		
Gross carrying amount	**96,524**	96,524
Accumulated impairment	**–**	–
	96,524	96,524

14. Deferred Tax

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

	2022	2021
	RMB'000	*RMB'000*
At 1 January	**19,390**	8,516
Acquisition of a subsidiary	**–**	15,010
Recognised in profit or loss (note 7)	**280**	(4,136)
At 31 December	**19,670**	19,390

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

	2022	2021
	RMB'000	*RMB'000*
Deferred tax assets recognised in the consolidated statement of financial position	**(5,461)**	(6,730)
Deferred tax liabilities recognised in the consolidated statement of financial position	**25,131**	26,120
	19,670	19,390

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 medical devices, 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 366 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) in total, of which 235 varieties 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 146 products are included in the "National Essential Drug List" (國家基本藥品目錄). 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 137 Guo Yao Zhun Zi approval documents, of which 89 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 60 products are included in the "National Essential Drug List".

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. Three pharmaceutical manufacturing subsidiaries of the Company are recognized as high-tech enterprises and all of which are entitled to enjoy preferential corporate income tax treatment for high-tech enterprises. Over the years, the Group has consistently promoted its research and development innovation strategy and continued to invest in the consistency evaluation of generic medicine and the research and development of new medicines. Currently, the Group owns a total of 35 patents for inventions. In respect of consistency evaluation, four of the Group's products have passed the consistency evaluation, including Sodium Bicarbonate Tablets (碳酸氫鈉片), Norfloxacin Capsules (諾氟沙星膠囊), Metformin Hydrochloride Tablets (鹽酸二甲雙胍片) and Propranolol Hydrochloride Tablets (鹽酸普萘洛爾片). The consistency evaluation of several other products is being carried out in an orderly manner, including Vitamin B6 Tablets (維生素B6片), which evaluation have been completed and are still pending approval, and Vitamin B1 Tablets (維生素B1片), which have completed the pilot test for consistency evaluation and methodological transfer of quality standards. In the aspect of research and development of new medicines, Doxofylline Injection (多索茶碱注射液), which was commissioned by the Company's pharmaceutical subsidiary, has been approved and its supplementary application for change of quality standard is currently under review. Concentrated Sodium Potassium Magnesium Calcium Injection (鈉鎂鉀鈣注射用濃溶液) has also obtained approval. The Group also possesses various new drugs and exclusive products with self-owned intellectual property rights, including

Tegafur, Gimeracil and Oteracil Potassium Tablets (the "TGOP Tablets" or 替吉奥片, 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 pharmaceutical industry continued to undergo accelerated changes and restructuring, with the new healthcare reform policies tending to diversify and normalise, and the survival and development of pharmaceutical companies gradually stabilized under the dual test of challenges and opportunities. However, at the same time, the repeated outbreaks and strict preventive and control measures of COVID-19 took place across China had a significant impact on the operations of enterprises. As a result, two pharmaceutical subsidiaries of the Group located in Fuzhou experienced relatively pressure as a result. In order to ensure steady business development, these subsidiaries have adjusted and planned their overall business in accordance with national policy guidelines and the Group's strategic policy of pharmaceutical mass manufacturing. In terms of sales channels, they actively participated in the bidding of drugs in various provinces and cities, accelerated distribution and sales to medical institutions through pharmaceutical companies, fully secured market allocation and circulation of pharmaceutical commercial companies, and expanded direct sales to terminal chain pharmacies. In terms of product strategy, they classified their products, featuring ten categories of products and grouping them into key products and potential products, and selected suitable sales channels according to product characteristics. In terms of pricing strategy, a pricing committee was established to set reasonable prices by taking into account product costs, expected gross profit and market demand, thus enhancing competitiveness. In terms of resource integration, the Group fully relied on and leveraged the advantages of the system platform of the Neptunus Group to continuously expand sales channels and extend coverage to hospital terminals. During the Year, these subsidiaries successfully achieved rapid and steady growth.

In order to promote stable and high quality development and strive to turn loss into profit as soon as possible, Beijing Neptunus Zhongxin Pharmaceutical Co., Ltd.* (北京海王中新藥業股份有限公司, "Neptunus Zhongxin") further implemented the objectives and policies of cost reduction and efficiency enhancement and compliant operation during the Year, striving to realize diversified marketing, expand its sales team and increase the coverage of distributors. At the same time, Neptunus Zhongxin vigorously integrated and utilized the Group's platform and resources to focus on developing advantageous products. In addition, due to the outbreak of COVID-19 in China in the fourth quarter, sales of some of Neptunus Zhongxin's pharmaceutical products surged, which had a large positive impact on Neptunus Zhongxin's results, and therefore, overall, the magnitude of loss of Neptunus Zhongxin reduced significantly for the Year.

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 the Group and its parent company group, 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.

During the Year, retail drug consumption continued to decline due to the impact of the pandemic and restrictions on pandemic prevention measures in various regions. At the same time, there was a prolonged suspension and delay in the receipt and delivery of goods by the Group's medicines and healthcare food purchase and sales division, which had a significant impact on sales. In addition, the Group's medicines and healthcare food distribution division reduced its distribution of certain prescription products in 2021, resulting in a significant decrease in revenue as compared to previous years. In order to stabilize its business and safeguard its long-term development, the Group's medicines and healthcare food products division focused on integrated planning and timely adjusted its sales strategies, focusing on the sales of key products and vigorously developing the health food products market to actively drive its performance recovery. During the Year, the segment basically maintained business stability and its year-on-year decrease in revenue for the full Year was much smaller than the year-on-year decrease in revenue for the first half of the Year.

Environmental, Social and Governance

The Group has been placing 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 increased, the pollution and the emission of hazardous substance which are in violation of laws and regulations were banned, and old equipment was replaced to reduce energy consumption and enhance production efficiency. Regarding office management, office supplies and energy consumption were conserved. Also, the Group actively improves the working environment by transforming into 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 at the same time as the publication of the annual report of the Company for the Year.

PROSPECTS AND OUTLOOK

In face of the complex and changing macroeconomic environment and the comprehensive change and restructuring of the industry condition, companies in the pharmaceutical industry have examined the situation in a timely manner and continuously adjusted and optimized their business according to their own characteristics in order to adapt to the reforms for stable development. The Group also closely monitors the uncertainties of the external situation, proactively adjusts its risks, continuously improves its development strategies and tactics, and further increases its investment in product manufacturing and quality assurance systems, research and development of new medicines, consistency evaluation of generic medicines and marketing network. Meanwhile, in the sector of traditional Chinese medicine business, in order to further enhance its core competitiveness and strengthen the construction of the modern full industrial chain of traditional Chinese medicine, the Group has increased its heritage innovation, seized opportunities to make strategic investments, developed classical recipes of traditional Chinese medicine, effectively promoted the optimization and renewal of varieties, searched for more potential value, and improved product quality. We believe that through the concerted efforts of our management and staff in all positions, the Group will be able to grow its business rapidly in the long run.

FINANCIAL REVIEW

The Group's total revenue for the Year was approximately RMB986,691,000 (2021: approximately RMB838,805,000), representing an increase of approximately 17.63% as compared with the corresponding period of last year. In relation to the revenue, approximately RMB694,840,000, which accounted for approximately 70.42% of the Group's total revenue, was derived from the manufacturing and selling of medicines segment, while approximately RMB291,851,000, which accounted for approximately 29.58% 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 36.18% 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 11.18% as compared with the corresponding period of last year. Therefore the overall revenue of the Group increased.

During the Year, the Group's gross profit margin was approximately 45% (2021: approximately 45%), basically the same as compared with the corresponding period of last year.

The Group's gross profit during the Year was approximately RMB444,142,000 (2021: approximately RMB374,103,000), representing an increase of approximately 18.72% as compared with the corresponding period of last year. The increase in gross profit was mainly attributable to the increase in the overall revenue of the Group.

During the Year, the Group's selling and distribution expenses were approximately RMB244,231,000 (2021: approximately RMB238,115,000), representing an increase of approximately 2.57% from the corresponding period of last year. The increase in selling and distribution expenses was mainly due to the corresponding increase in selling and distribution expenses with the increase in revenue and the increase in selling and distribution expenses as a result of the acquisition of Neptunus Zhongxin in June 2021.

The Group's administrative expenses for the Year were approximately RMB93,733,000 (2021: approximately RMB80,536,000), representing an increase of approximately 16.39% from the corresponding period of last year. The increase in administrative expenses was mainly attributable to the increase in staff costs and the acquisition of Neptunus Zhongxin in June 2021 resulted in an increase in administrative expenses.

During the Year, the Group's other operating expenses (including impairment losses on trade and other receivables, net) amounted to approximately RMB40,927,000 (2021: approximately RMB40,468,000), representing an increase of approximately 1.13% as compared with the corresponding period of last year. The increase in other operating expenses was mainly attributed to the increase in research and development expenses from Neptunus Zhongxin, which was acquired in June 2021, and the increase in tax overdue penalty.

The Group's finance costs for the Year amounted to approximately RMB7,032,000 (2021: approximately RMB4,596,000), representing an increase of approximately 53% as compared with the corresponding period of last year. The increase in finance costs was mainly due to the increase in interest expenses incurred from the banking loans of Neptunus Zhongxin, which was acquired in June 2021.

For the reasons above, the Group's profit after tax increased from approximately RMB34,306,000 for the corresponding period of last year to approximately RMB63,830,000 for the Year, representing an increase of approximately 86.06%. Profit attributable to the owners of the Company increased from approximately RMB35,958,000 for the corresponding period of last year to approximately RMB54,346,000 for the Year, representing an increase of approximately 51.14%.

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 2022, the Group had short-term bank borrowings of RMB83,106,000. For details of banking facilities, please refer to note 12 of this announcement.

NET CURRENT ASSETS

As at 31 December 2022, the Group had net current assets of approximately RMB482,366,000. Current assets comprised bank balances and cash of approximately RMB290,098,000, short-term bank deposits of approximately RMB60,000,000, inventories of approximately RMB203,023,000 and trade and other receivables of approximately RMB341,968,000. Current liabilities comprised trade and other payables of approximately RMB267,483,000, current taxation of approximately RMB13,052,000, contract liabilities of approximately RMB43,578,000, lease liabilities of approximately RMB3,181,000, interest bearing loan of approximately RMB85,028,000 and deferred revenue of approximately RMB401,000. The net current assets increased approximately by RMB77,877,000 as compared with that of approximately RMB404,489,000 as at 31 December 2021. The increase in net current assets as compared to that on 31 December 2021 was mainly due to the fact that bank balances and cash and short-term bank deposits increased by approximately RMB38,954,000 in total and inventories increased by approximately RMB45,069,000.

PLEDGE OF ASSETS

As at 31 December 2022, the utilized banking facilities of RMB57,070,000 and the available banking facilities of RMB3,930,000 of the Group were secured by pledge of its buildings and the pledged buildings were stated at an aggregate value of approximately RMB24,387,000.

At 31 December 2022, the Group's future, fixtures and equipment with a carrying amount of RMB1,822,000 (2021: RMB nil) were pledged to secure the Group's other borrowings.

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 2022, 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.

GEARING RATIO

As at 31 December 2022, the gearing ratio of the Group, calculated by dividing the total borrowings by total equity and multiplied by 100%, was approximately 44.06% (2021: 38.46%).

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.

SIGNIFICANT INVESTMENT HELD

Save as disclosed in this report, there was no other significant investment held by the Company during the Year.

CAPITAL STRUCTURE

During the Year, there has been no change in the capital structure of the Company. The capital of the Company comprises its shares and other reserves.

CAPITAL COMMITMENTS

As at 31 December 2022, the Group has contracted commitments for future capital expenditure of approximately RMB990,000. The Board believes that such capital expenditure can be financed by the Group's bank deposits and bank borrowings.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had not made any material acquisitions and disposals of subsidiaries, associates, and joint ventures during the Year.

CONTINGENT LIABILITY

As at 31 December 2022, the Group had no significant contingent liability.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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 2022, the Group employed a total of 1,458 staff (2021: 1,401).

During the Year, the staff costs including directors' remuneration which amounted to approximately RMB151,268,000 (2021: approximately RMB120,083,000). 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 2021, there was no significant movement in the number of employees of the Group at the end of the Year.

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

DIVIDEND

The Board did not recommend the payment of any dividend for the Year (2021: Nil).

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company had no distributable reserves, while its accumulated losses, calculated in accordance with the Company's articles of association and relevant rules and regulations, amounted to approximately RMB64,912,000.

CAPITALIZED INTEREST

The Group has no capitalized interest during the Year.

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 2022, 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 *(Note (a))*	Beneficial owner	Personal	Neptunus Bio-engineering	1,331,093	0.05%
Ms. Yu Lin *(Note (b))*	Beneficial owner	Personal	Neptunus Bio-engineering	900,000	0.03%
Mr. Shen Da Kai *(Note (c))*	Beneficial owner	Personal	Neptunus Bio-engineering	2,000,000	0.07%
Ms. Cao Yang *(Note (d))*	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 9th 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, 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 2022, 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 2022, 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 *(Note (a))*	Beneficial owner	1,181,000,000	94.33%	70.38%
	Interest in controlled corporation	52,464,500	4.19%	3.13%
Shenzhen Neptunus Group Company Limited ("Neptunus Group") *(Note (b))*	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") *(Note (c))*	Interest in controlled corporation	1,233,464,500	98.52%	73.51%
Mr. Zhang Si Min *(Note (d))*	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, and Neptunus Oriental was interested in the 52,464,500 domestic shares of the Company. 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.

(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 2022.

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 (previously known as the Growth Enterprise Market):

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 preferential rights of investments in such new investment projects.

Neptunus Bio-engineering has confirmed with the Company that it has complied with the Non-Competition 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" 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.

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 opinion or assurance conclusion has been expressed by the Auditor on this announcement.

On behalf of the Board
Shenzhen Neptunus Interlong Bio-technique Company Limited
Zhang Feng
Chairman

Shenzhen, the PRC, 23 March 2023

* *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, Mr. Shen Da Kai and Mr. Jin Rui; 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.