



Venturepharm Laboratories Limited
萬全科技藥業有限公司*
(incorporated in the Cayman Islands with limited Liability)

3rd Quarterly Report 2005

* for identification only

3RD QUARTERLY REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2005

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This report, for which the directors of Venturepharm Laboratories Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; (3) all opinions expressed in this report have been arrived at after due and careful consideration and founded on bases and assumptions that are fair and reasonable.



Venturepharm Laboratories Limited

萬全科技藥業有限公司*

(incorporated in the Cayman Islands with limited Liability)

(Stock Code: 8225)

The Directors are pleased to announce the unaudited third quarterly results of the Company and its subsidiaries (the “Group”) for the three and nine months ended 30 September 2005 respectively, together with the comparative figures.

FINANCIAL HIGHLIGHTS

1. The Group is continually demonstrating its successfulness in business transformation by achieving a turnover of approximately RMB29,156,000 for the nine months ended 30 September 2005, representing an increase of approximately 53% compared with that for the corresponding period in 2004.
2. During the aforesaid period, the Group’s gross profit attained approximately RMB14,543,000, representing a 42% increase as compared with the corresponding period in 2004.
3. During the aforesaid period, the Group accomplished a net profit of approximately RMB6,590,000, representing a 13% increase with the corresponding period in 2004.
4. Basic earning per share amounted to RMB1.83 cents for the nine months ended 30 September 2005.

* *for identification only*

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The group organized into full services business models that cover the entire gamut of pharmaceutical chain while maintaining the leading position on R&D sector. For the period ended 30 September 2005, the Group achieved a turnover of approximately RMB29,156,000, which represented an increase of 53% as compared with that of the corresponding period in 2004. The Group enjoyed a substantial increase in revenue from both technology transfer and clinical research services (“CRS”) during the period.

Set out below is a breakdown in turnover from six lines of services of the Group during the nine-month period and corresponding growth rate from the same period last year:

	Nine months ended		Growth from the
	30 September		corresponding
	2005	2004	period last year
	RMB'000	RMB'000	%
Technology Transfer	9,234	3,468	166%
Contracted pharmaceutical development and clinical research services associated with technology transfer (“PDS”)	8,099	10,090	-20%
Contracted pharmaceutical development and clinical research services outsourced by customers (“CRS”)	8,765	3,985	120%
Royalty income (Net Profit from Sales and Marketing)	1,019	813	25%
Import registration services	186	686	-73%
Active pharmaceutical ingredient (“API”)	1,853	—	—
	<u>29,156</u>	<u>19,042</u>	<u>53%</u>

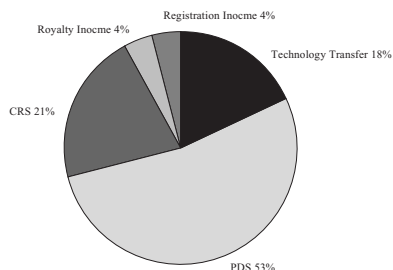
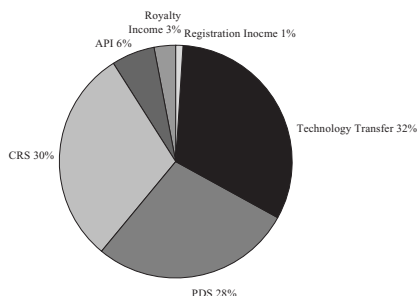
The Group achieved a gross profit of approximately RMB14,543,000, which represented a increase of 42% compared with the corresponding period in 2004. As compared with the same period of 2004, the overall gross profit margin fell to 49.9% from 53.7% in 2004. The decline in gross profit margin was mainly attributable to our business transforming strategy which result in the decreasing proportion from PDS, a line of service which has high profit margin but limited revenue and profit scalability.

Turnover contribution from 6 lines of services of the Group:

Revenue Breakdown for 30 September 2005 Revenue Breakdown for 30 September 2004

Unit: '000/RMB

Unit: '000/RMB



Total general and administrative expenses amounted to approximately RMB7,763,000, increased by 23% compared with the corresponding period last year. The increase was attributable to the increase in staff cost as a result of increasing staff number and increasing of general office expenses caused by expansion of organization. Both of these increases are coincident with our transforming strategy.

For the period ended 30 September 2005, the Group recorded a profit attributable to shareholders of approximately RMB6,590,000, 13% higher as compared to that of approximately RMB5,825,000 for the nine-month period in 2004. This increase was mainly attributable to the operation transactions; such as technology transfer income increased by 166% compared with the corresponding period last year.

BUSINESS REVIEW

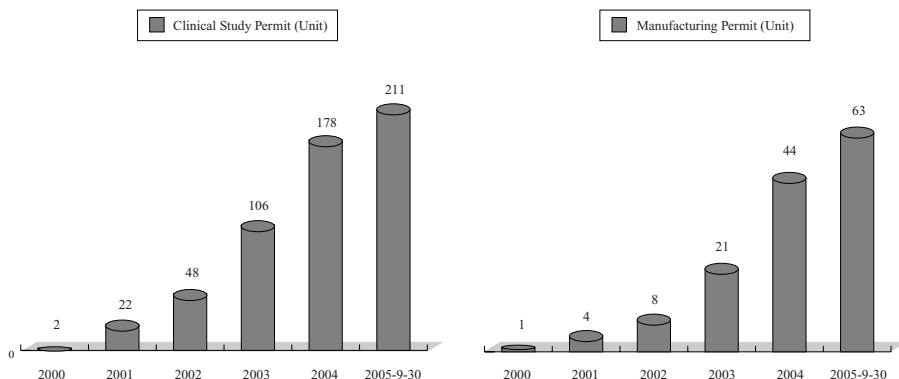
During the period, the Group continued to actively transform its business platform to be one of the full scale and integrated pharmaceutical enterprises and to emphasize on drug development, product commercialization and pipeline building.

Research and Development

The Group's portfolio covers all major and high growth therapeutic areas such as diabetes, CNS (精神神經系統), cardiovascular disease, dermatosis, cancer, AIDS and allergy.

The Group's R&D strength still remained the leading position in the industry. The Group initiated 71 new projects from beginning of the year 2005 and till now, the Group has 123 products under development. During the period, the Group has 92 new products were submitted to the State Food and Drug Administration ("SFDA") for Clinical Study Permits ("CSP's") while there are 41 new products were submitted in the same period last year. By the end of 30 September 2005, the SFDA granted 33 new Clinical Study Permits and 19 new Manufacturing Permits to the Group. The total number of CSP's accumulated by the Group climbed to 211 and the total number of Manufacturing Permits accumulated by the Group climbed to 63.

The following graph sets out the total numbers of clinical permits and manufacturing permits obtained by the Group during the past years:



Sales and Marketing

During the nine months ended 30 September 2005, the Group successfully signed 32 technology transfer and PDS contracts with total value of approximately RMB20,871,000, and entered into 22 CRS contracts amounting to total value of approximately RMB20,626,000, which represented 41% and 142% respective increases in term of contract value compared with the corresponding period in 2004.

Meanwhile, the Group continued to invest in building up its marketing capacity and sales network, and launched new drug products under Venturepharm (萬全) brand name into the PRC market.

The Group launched the API service line both in the PRC and overseas markets. In the reporting period, the Group has contracted with 52 clients including 8 overseas clients.

Several services contracts were signed with foreign companies pertaining to drug and medical device registration services.

Patents

The Group always places great emphasis on the protection of intellectual property rights. Up to 30 September 2005, the Group had submitted 68 patent applications.

PROSPECTS

The Directors believe that the result increase indicates the Group's success in its attempt to transform into an integrated pharmaceutical enterprise. The Group will continue to take full advantage of its own strengths in respect of R&D and technologies to establish its diversified service models, manufacturing and marketing network. The profit earning potential and market performance will continue to grow with introduction of new prescription products in several therapeutic fields into the domestic market. Substantial revenue is expected to materialize in remaining periods of 2005.

The Group will continue to put emphasis on the CRS sector, improve its service level by encouraging all staff to improve work efficiency and enrich their marketing skills, so that company can make full use of its own strengths in research area to improve attractiveness of the service to client and contribute to a business growth and profit earnings.

The Group's international business department utilizes various channels to explore cooperative partners overseas and also new customers in need of technical services in products development.

The Group will continue to capitalize on various resources to maintain its leading position in new drugs R&D and PDS services in China. The Group expects to strength its advantages in the competition so as to enhance its profitability and overall competitiveness in the remaining periods of 2005.

DIVIDEND

The Directors have not recommended payment of any interim dividend for the nine months ended 30 September 2005.

SIGNIFICANT INVESTMENTS

The Company invested its surplus fund through its principal bank in investment grade target redemption bond and such balance was RMB22,226,920 as at 30 September 2005.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARY AND ASSOCIATED COMPANIES

No material acquisition or material disposal of subsidiaries and associated companies were made by the Group during the reporting period.

CONTINGENT LIABILITIES

As at 30 September 2005, the Group did not have any contingent liabilities.

CHARGE ON ASSETS

As at 30 September 2005, the Group pledged its bank deposits of RMB15,374,800 and investment in securities of RMB5,664,400 as securities for the general banking facilities granted to the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Other than those disclosed in the Company's prospectus dated 30 September 2003, the Group does not have any other plans for material investments or capital assets.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has maintained a sound financial position for the nine months ended 30 September 2005. During the period, the Group financed its operations mainly with its operating revenue, internal resources and net proceeds from placement on 2003. As at 30 September 2005, the Group's current assets amounted to about RMB92,049,784 of which approximately RMB27,784,930 was cash and bank deposits. The Group did not have any bank and other borrowings during the period under review, the gearing ratio as measured by bank and other borrowings over total assets was zero.

CAPITAL STRUCTURE

There has not been any change to the capital structure of the Company since that date.

FOREIGN EXCHANGE EXPOSURE

During the period under review, the Group's transactions were substantially denominated in Renminbi ("RMB") and about 58% of the cash and bank deposits were in either Hong Kong or United States dollars. Since RMB is pegged to both the Hong Kong and United State dollars, the Board considers that the potential foreign exchange exposure of the Group is limited. The Group closely monitors its foreign currency exposure from time to time and will engage appropriate hedging activities when needed.

DIRECTORS' INTEREST IN SECURITIES

As at 30 September 2005, the interests and short positions of the directors, chief executives of the Group and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provision of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.41 to 5.49 of the GEM Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

(1) The Company

Name	Type of Interest	Capacity	Number of shares in which interested (other than under equity derivatives)	Number of shares in which interested under physically settled equity derivatives (Note 3)	Total number of shares	Approximate percentage of interest
William Xia GUO	Personal	Beneficial owner	9,110,377	7,560,000	16,670,377	4.63
William Xia GUO	Corporate	Interest of a controlled Corporation (Note 1)	149,432,583	–	149,432,583	41.51
William Xia GUO	Corporate	Interest of a controlled corporation (Note 2)	15,966,073	–	15,966,073	4.44

Note 1: The controlled corporation, Venturepharm Holdings Inc. is 47.63% directly held by Mr. Guo Xia and 34.68% held by Mr. Guo Xia through Winsland Agents Limited, his wholly and beneficially owned company incorporated in British Virgin Islands.

Note 2: The controlled corporation, Bright Excel Assets Limited, is 100% beneficially owned by Venturepharm Holdings Inc.

Note 3: Various interests of the directors and chief executives pursuant to physically settled equity derivatives are through share options granted under the Pre-IPO share option scheme. Details of which are set forth as follows:

Name	Number of shares in which interested under physically settled equity derivatives as at 20 June 2003 and 30 June 2005	Date of Grant	Exercise Price
William Xia GUO	7,200,000	20 June 2003	HK\$0.32
William Xia GUO	360,000	02 March 2005	HK\$0.52

Options granted to Mr. William Xia GUO contain a vesting schedule, pursuant to which may be exercised up to 30% of the underlying shares after 31 December 2003, up to another 30% of the underlying shares after 31 December 2004 and the remaining balance after 31 December 2005. These options will expire ten years after the date of grant. Mr. GUO has also undertaken to the Stock Exchange that he will not exercise his options granted under the Pre-IPO share option scheme within the first 12 months from the listing date.

- (2) A subsidiary of the Company – Beijing Dezhong-Venture Pharmaceutical Technology Development Company Limited

Name	Type of Interest	Capacity	Capital contribution on a Sino-foreign co-operative joint venture	Approximate percentage of interest in joint venture
William Xia GUO	Corporate	Interest of a controlled Corporation (Note 1)	US\$111,000	12.83

Note 1: The interest is held by Beijing Venturepharm Biotech Pharmaceutical Technology Company Limited, a limited liability company incorporated in the PRC, for which 99% of its shareholding is beneficially held by Mr. William Xia GUO and 1% held by Dr. Maria Xue-mei SONG.

Save as disclosed above, as at 30 September 2005, none of the directors and chief executive had any interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the rules 5.41 to 5.49 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS

So far as it is known to any directors, chief executives of the Company, as at 30 September 2005, the interests and short positions of persons in the shares and underlying shares of the Company which would fall to be disclosed pursuant to Division 2 and 3 of Part XV of the SFO or which were required, pursuant to section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Long positions in shares and underlying shares of the Company

Name	Capacity	Number of Shares	Approximate percentage of interest
Venturepharm Holdings Inc. (Note 1)	Beneficial owner	149,432,583	41.51
Venturepharm Holdings Inc. (Note 2)	Interest of a controlled corporation	15,966,073	4.44
Bright Excel Assets Limited (Note 2)	Beneficial owner	15,966,073	4.44
C Tech Fund	Beneficial owner	80,736,558	22.43
William Xia GUO (Note 1,2 &3)	Beneficial owner and interest of controlled corporations	182,069,033	50.57

Note 1: Venturepharm Holdings Inc. is 47.63% directly held by Mr. Guo Xia and 34.68% held by Mr. Guo Xia through Winsland Agent Limited, his wholly and beneficially owned company incorporated in the British Virgin Islands.

Note 2: The controlled corporation, Bright Excel Assets Limited, is 100% beneficially owned by Venturepharm Holdings Inc.

Note 3: Apart from shares held through Venturepharm Holdings Inc., the interest 16,310,377 shares comprising of 7,200,000 and 360,000 shares underlying the options granted to him under the Pre-IPO Share Option Scheme and Share Option Scheme respectively are beneficially owned by Mr. William Xia GUO.

Save as disclosed above, as at 30 September 2005, there was no other persons who recorded in the register of the Company as having interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to section 336 of Part XV of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEMES

1. Pre-IPO Share Option Scheme

Pursuant to the written resolution passed by the shareholder on 31 March 2003, the Company adopted a share option scheme (the “Pre-IPO Share Option Scheme”) in order to recognize and reward the contribution of certain directors, senior management and advisers, the details of which are set out in the paragraph head “Share Option Scheme” in Appendix IV to the Prospectus. As at 20 June 2003, options comprising a total of 11,520,000 underlying shares were granted. As at 30 September 2005, the options outstanding are 11,520,000 and no options granted pursuant to the Pre-IPO Share Option Scheme had been exercised, cancelled or lapsed. Particulars of the outstanding options that had been granted under the Pre-IPO Share Option Scheme as at 30 September 2005 are as follows:

Name of grantees	Period during which the options remain exercisable after the date of grant	Exercise price per shares	Number of underlying shares under the option as at 20.6.2003 and 30.9.2005
William Xia GUO (Note 1&2)	10 years	HK\$0.32	7,200,000
2 other participants (Note 1&2)	10 years	HK\$0.32	2,520,000
1 other participant (Note 3)	10 years	HK\$0.40	1,800,000
			<u>11,520,000</u>

Note 1: Options granted to each of them contain a vesting schedule, pursuant to which may exercise up to 30% of the underlying shares after 31 December 2003, (subject to Note 2), up to another 30% of the underlying shares after 31 December 2004 and the balance after 31 December 2005.

Note 2: Each of the grantees has undertaken to the Stock Exchange that they will not exercise their options granted under the Pre-IPO Share Options Scheme within the first 12 months from the Listing Date.

Note 3: Options granted to an advisor contain a vesting schedule, pursuant to which may exercise up to 30% of the underlying shares after 31 December 2002, up to another 30% of the underlying shares after 31 December 2003 and the balance after 31 December 2004. The respective grantee has undertaken to the Stock Exchange that he will not exercise his options granted under the Pre-IPO Share Options Scheme within the first 6 months from the Listing Date.

2. Share Option Scheme

Pursuant to the written resolutions by the shareholders of the Company on 23 May 2003, the Company adopted a new share option scheme.

As at 2 March 2005, options comprising a total of 4,042,000 underlying shares were granted. As at 30 September 2005, the options outstanding are 4,042,000 and no options granted pursuant to the Share Option Scheme had been exercised, cancelled or lapsed. Particulars of the outstanding options which have been granted under the Share Option Scheme as at 30 September 2005 are as follows:

Name of grantees	Period during which the options remain exercisable after the date of grant	Exercise price per shares	Number of underlying shares under the option at 2.3.2005 and 30.9.2005
William Xia GUO	10 years	HK\$0.52	360,000
Other directors	10 years	HK\$0.52	1,152,000
Other participant	10 years	HK\$0.52	2,530,000
			<u>4,042,000</u>

COMPETING INTERESTS

As at 30 September 2005, none of the Directors or the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business that competes or may compete with the business of the Group.

SPONSOR'S INTEREST

As at 30 September 2005, neither the sponsor of the Company, China Everbright Capital Limited ("China Everbright"), nor its directors, employees or any of their associates (as defined in the GEM Listing Rules), had any interest in any securities of the Company.

Pursuant to the agreement dated 27 May 2004, entered into between the Company and the Sponsor, China Everbright received and will receive a fee for acting as the Company's sponsor for the period commencing from (and including) 27 May 2004 and ending on (and including) 31 December 2005 or the date the Agreement is terminated.

BOARD PRACTICE AND PROCEDURES

Since the listing of the Company, the Company has complied with Board Practices and Procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company or any of its subsidiaries didn't purchase, sell or redeem any of the Company's listed shares during the nine months ended 31 September 2005.

AUDIT COMMITTEE

The Company has established an audit committee in July 2003 with written terms of reference in compliance with Rules 5.23 to 5.25 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and provide advice and comments to the Board. The audit committee has three members comprising the three Independent Non-Executive Directors, Mr. Wu Ming Yu and Mr. Paul Contomichalos, and Mr. Wang Hong Bo. Mr. Wu Ming Yu is the chairman of the audit committee.

The audit committee has reviewed the unaudited third quarterly results for the nine months ended 30 September 2005.

CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2005	2004	2005	2004
		RMB'000	RMB'000	RMB'000	RMB'000
Turnover	3	13,036	6,475	29,156	19,042
Cost of sales		(7,122)	(3,457)	(14,613)	(8,809)
Gross profit		5,914	3,018	14,543	10,233
Other operating income		264	617	471	2,284
Administrative expenses		(2,875)	(2,165)	(7,763)	(6,310)
Profit before taxation		3,303	1,470	7,251	6,207
Taxation	5	(180)	(51)	(705)	(427)
Profit after taxation before minority interest		3,123	1,419	6,546	5,780
Minority interests		10	28	44	45
Profit attributable to shareholders		3,133	1,447	6,590	5,825
Earnings per share (cent)	7				
– basic		0.87	0.4	1.83	1.62
– diluted		0.86	0.4	1.81	1.6

NOTES TO THE FINANCIAL STATEMENTS

1. Group reorganization

The Company was incorporated in the Cayman Islands on 21 May 2002 as an exempted company with limited liability under the Companies Law (2002 Revision) of the Cayman Islands. Its shares have been listed on the GEM of the Stock Exchange since 10 July 2003 (the “Listing Date”).

Pursuant to a group reorganization to rationalize the structure of the Group in preparation for the listing of the Company’s shares on the GEM of the Stock Exchange, the Company became the holding company of the companies now comprising the Group on 31 March 2003 (the “Group Reorganisation”).

2. Accounting policies and basis of preparation

The unaudited condensed finance statements have been prepared in accordance with the Statements of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants (“HKSA”) and the disclosure requirements set out in Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The accounting policies adopted are consistent with those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 December 2004.

The accounts have been prepared on a consolidated basis and include the financial statements of the Company and its subsidiaries. All inter-company transactions, balances and unrealized gains on transactions eliminated. The combined results for the nine months ended 30 September 2005 were prepared as if the current group structure had been in existence throughout the period.

3. Turnover and revenue

The Group is principally engaged in the research, development and commercialization of drug products. Following the objective of increasing own product commercialization, there is a substantial increase in revenue from both technology transfer and clinical research services (“CRS”) during the period. Revenues recognized during the periods were as follows:

	Unaudited three months ended 30 September		Unaudited nine months ended 30 September	
	2005	2004	2005	2004
	RMB'000	RMB'000	RMB'000	RMB'000
Turnover				
– Transfer of technology for new drug and new drug development.	4,972	4,740	9,234	3,468
– Contracted pharmaceutical development and clinical research services associated with technology transfer	1,717	2,167	8,099	10,090
– Contracted pharmaceutical development and clinical research services outsourced by customers	4,201	1,040	8,765	3,985
– Import registration services	15	–	186	686
– Royalty income	426	–	1,019	813
– Active pharmaceutical ingredient	1,705	–	1,853	–
	<u>13,036</u>	<u>7,947</u>	<u>29,156</u>	<u>19,042</u>

4. Segment information

No geographical segment analysis is presented as all assets and operations of the Group for the periods are located in the PRC.

No business segment analysis is presented as the operations of the Group for the periods are principally related to pharmaceutical research and development, registration, application and testing.

5. Taxation

	Unaudited three months ended 30 September		Unaudited nine months ended 30 September	
	2005	2004	2005	2004
	RMB'000	RMB'000	RMB'000	RMB'000
Company and subsidiaries				
PRC income tax	180	51	705	427
	<u>180</u>	<u>51</u>	<u>705</u>	<u>427</u>

No Hong Kong Profits tax has been provided for, as the Group had no estimated assessable profits in Hong Kong for the nine months ended 30 September 2005 (2004: nil). The Company’s subsidiaries are subject to PRC income tax on their assessable profits.

6. Dividends

The board has not recommend the payment of an interim dividend for the nine months ended 30 September 2005. (2004: Nil)

7. Earnings per share

The calculation of basic earnings per share for the nine and three months ended 30 September 2005 is based on the unaudited net profit of approximately RMB6,590,000 and RMB3,133,000 respectively (2004: approximately RMB5,825,000 and RMB1,447,000 respectively), and the weighted average number of approximately 360,000,000 ordinary shares in issue during the period (2004: 360,000,000).

The calculation of the diluted earnings per share for the nine months and three months ended 30 September 2005 is based on the unaudited net profit of approximately RMB6,590,000 and RMB3,133,000 respectively (2004: approximately RMB5,825,000 and RMB1,447,000 respectively), and the weighted average of approximately 363,631,304 shares (2004: approximately 363,008,000) (after adjusting for the effect of the outstanding dilutive options under the share option schemes of the Company).

8. Shareholders' fund

	Share capital <i>RMB '000</i>	Share premium <i>RMB '000</i>	Special reserve <i>RMB '000</i>	Capital reserve <i>RMB '000</i>	Statutory reserve <i>RMB '000</i>	Statutory enterprise expansion reserve <i>RMB '000</i>	Accumulated profit <i>RMB '000</i>	Total <i>RMB '000</i>
At 1 January 2005	38,160	–	6,039	903	3,334	6,517	43,992	98,945
Dividend	–	–	–	–	–	–	–	–
Contribution from Minority shareholder	–	–	–	–	–	–	–	–
Profit for the period	–	–	–	–	–	–	6,590	6,590
	<u>38,160</u>	<u>–</u>	<u>6,039</u>	<u>903</u>	<u>3,334</u>	<u>6,517</u>	<u>50,582</u>	<u>105,535</u>
At 30 September 2005	<u>38,160</u>	<u>–</u>	<u>6,039</u>	<u>903</u>	<u>3,334</u>	<u>6,517</u>	<u>50,582</u>	<u>105,535</u>

By Order of the Board
Guo Xia
Chairman

Beijing, the PRC, 10th November 2005

Executive Directors:

William Xia GUO
Maria Xuemei SONG
David Xuesong GAO

Non-Executive Directors:

FENG Tao
WU Xin
Nathan Xin ZHANG

Independent Non-Executive Directors:

WU Ming Yu
Paul CONTOMICHALOS
WANG Hong Bo