

# VENTUREPHARM

Annual Report 2005  
二〇〇五年年報



**Venturepharm Laboratories Limited 萬全科技藥業有限公司**

(Incorporated in the Cayman Islands with limited liability)(stock code:8225)

(於開曼群島註冊成立之有限公司)(股份代號:8225)

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## CORPORATE INFORMATION

### 公司資料

#### BOARD OF DIRECTORS

*Executive directors:*

Mr. William Xia GUO  
Dr. Maria Xue Mei SONG

*Non-executive Directors:*

Dr. FENG Tao  
Mr. WU Xin  
Dr. Nathan Xin ZHANG

*Independent Non-executive Directors:*

Mr. WU Ming Yu  
Mr. Paul CONTOMICHALOS  
Mr. WANG Hong Bo

#### REGISTERED OFFICE

Scotia Centre  
4th Floor, P.O. Box 2804  
George Town, Grand Cayman  
Cayman Islands

#### HEAD OFFICE

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Si Ji Qing, Haidian District  
Beijing, PC 100089

#### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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17-19 Chatham Road South  
Tsimshatsui, Kowloon  
Hong Kong

#### COMPANY WEBSITE

<http://www.venturepharm.com>

#### COMPANY SECRETARY

Ms. ZHANG Ling ACCA

#### AUTHORISED REPRESENTATIVES

Mr. William Xia GUO  
Ms. ZHANG Ling ACCA

#### 董事會

*執行董事:*

郭夏先生  
宋雪梅博士

*非執行董事:*

馮濤博士  
吳欣先生  
張欣博士

*獨立非執行董事:*

吳明瑜先生  
Paul CONTOMICHALOS先生  
王紅波先生

#### 註冊辦事處

Scotia Centre  
4th Floor, P.O. Box 2804  
George Town, Grand Cayman  
Cayman Islands

#### 總辦事處

北京  
海淀區四季青  
金莊3號  
郵編: 100089

#### 香港主要營業地點

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九龍尖沙咀  
漆咸道南17-19號  
帝后廣場707室

#### 公司網址

<http://www.venturepharm.com>

#### 公司秘書

張玲女士ACCA

#### 授權代表

郭夏先生  
張玲女士ACCA

## CORPORATE INFORMATION

### 公司資料

#### COMPLIANCE OFFICER

Mr. William Xia GUO

#### QUALIFIED ACCOUNTANTS

Ms. ZHANG Ling ACCA

#### AUDIT COMMITTEE MEMBERS

Mr. WU Ming Yu

Mr. Paul CONTOMICHALOS

Mr. WANG Hong Bo

#### PRINCIPAL BANKERS

Royal Bank of Canada (Asia) Limited

Agricultural Bank of China, Beijing Branch

Shenzhen Development Bank, Beijing Branch

#### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Butterfield International (Cayman) Ltd.

Butterfield House, Fort Street

P.O. Box 705

George Town, Grand Cayman

Cayman Islands

#### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Standard Registrars Limited

Level 28

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#### LEGAL ADVISOR

Beijing Dayang Law Firm

#### AUDITORS

HLB Hodgson Impey Cheng

Chartered Accountants

Certified Public Accountants

#### GEM STOCK CODE

8225

#### 監察主任

郭夏先生

#### 合資格會計師

張玲女士ACCA

#### 審核委員會成員

吳明瑜先生

Paul CONTOMICHALOS先生

王紅波先生

#### 主要往來銀行

加拿大皇家銀行(亞洲)有限公司

中國農業銀行·北京分行

深圳發展銀行·北京分行

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George Town, Grand Cayman

Cayman Islands

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香港

皇后大道東1號

太古廣場3座

28樓

#### 法律顧問

北京大洋律師事務所

#### 核數師

國衛會計師事務所

英國特許會計師

香港執業會計師

#### 創業板股份代號

8225

## CHAIRMAN'S STATEMENT

### 主席報告

For the Group (Venturepharm Laboratories Ltd. (the "Company") and its subsidiaries) 2004 was a year of transition, while 2005 was a year of execution and accomplishment. The Group had made tremendous progress toward further establishing itself as an Asia's leading CPO (Contract Pharmaceutical Organization) evolving from a pharmaceutical technology company.

Three years' ago, with the mission of becoming the world-class pharmaceutical power-house, the Company's executive management team initiated a long-term 5-year business transition plan aiming at transforming the Group from a domestic leading provider of new drug licenses into a global pharmaceutical full service company, integrating drug development service with manufacturing and product distribution services. The new full-integrated service business model will allow company to enjoy service profits not only from R&D but also from contract manufacturing and contract commercialization. The new platform for growth will break through the previous bottleneck at which the company enjoyed a high profit margin but limited scale of revenues and profits.

To that end, over the past year, we have focused primarily on improving the infrastructure throughout our organization. During the transformation period, we have to go through the proverbial period of short-term pain for long term gain. The majority of profits derived from our rich pipelines will experience a delay in profit earning before going through the commercialization stage. The achievements and the resulting challenging opportunities of the past year demonstrated that we are on the right track to greater success.

本集團(萬全科技藥業有限公司(「本公司」)及其附屬公司)經過二零零四年的業務蛻變,於二零零五年則付諸實踐,得享豐盛成果。本集團由製藥技術公司轉型為亞洲領先之合約製藥機構(CPO)。

三年前,本公司行政管理人員在成為世界級製藥公司之前題下,推行為期五年之長遠業務轉型計劃,旨在將本集團由本地領先新藥物特許權供應商,蛻變為將藥物開發服務融匯於製藥及產品分銷服務之全球全面製藥服務公司。全新的全面整合服務業務模式讓本公司透過研發工作,以至合約製藥及合約商品化服務獲取服務利潤。全新的業務增長模式將解決本公司先前享有較高毛利但收益及溢利增長有限之問題。

就此,本集團於去年主要集中改善公司整體基礎設施。本集團於轉型期間必須經歷短暫的艱難時期,方可長遠得益。本集團於踏入商品化階段前,不會即時獲取源自高利潤業務之大部分溢利。去年各項成就及隨之而來的富挑戰性機遇,均印證本集團業務已踏入升軌。

## CHAIRMAN'S STATEMENT

### 主席報告

#### FINANCIAL REVIEW

In 2005, Venturepharm moved with priority purpose to achieve growth of markets share and branding building. The Group recorded a turnover of approximately RMB42,157,000 for the year ended 31 December 2005, representing an increase of approximately 16.6% as compared to RMB36,157,000 that was recorded last year. And a drop of net profit from RMB10,599,000 as at 31 December 2004 to RMB5,516,000 as at 31 December 2005. This was partially due to the applying of new accounting standards and partially due to the transforming strategy. Basic earnings per share were RMB0.0157 (2004: RMB0.0297).

#### BUSINESS REVIEW AND ACHIEVEMENTS OF YEAR 2005

After great efforts of five years, the Company started offering integrated services of pharmaceutical development, manufacturing and commercialization from 2004. Integrated services enable the Group to bring drug candidates from pre-clinical stages through to clinical trials, and ultimately, commercialization.

#### RESEARCH & DEVELOPMENT

1. Consolidate the leading position in pharmaceutical development service (PDS) and new product supplier.

Our steadfast commitment to R&D is critical to our long-term success in the pharmaceutical industry. Hainan Sinican Research Institute of the Group cooperated with other research labs of Venturepharm Group all over the world and was the first in China to complete the basic R&D work in manufacturing Tamiflu, a branded drug from Roche. According to WTO intellectual laws, if there is a crisis of avian flu, Venturepharm can rapidly manufacture Tamiflu by noticing the patent holding owner.

#### 財務回顧

萬全於二零零五年以提升市場佔有率及建立品牌為首要目標。本集團於截至二零零五年十二月三十一日止年度錄得營業額約人民幣42,157,000元，較去年所錄得人民幣36,157,000元增加約16.6%。純利由二零零四年十二月三十一日人民幣10,599,000元減少至二零零五年十二月三十一日人民幣5,516,000元，主要由於應用新會計準則及推行革新策略所致。每股基本盈利為人民幣0.0157元（二零零四年：人民幣0.0297元）。

#### 業務回顧及二零零五年各項成就

經過五年以來的不懈努力，本公司自二零零四年開始提供藥物開發、生產及商品化綜合服務，讓本集團就新藥提供自臨床前階段至臨床測試期間，以至最終商品化階段之一條龍服務。

#### 研究及發展

1. 鞏固其於藥物開發服務(PDS)之領導地位及成為新產品供應商。

本集團對研發工作堅定不移之決心，乃我們於製藥行業長遠成就之關鍵。本集團之海南盛科研究院與萬全集團位於全球各地之其他研究實驗室通力合作，領先中國同儕，率先完成生產羅氏品牌藥物達菲基本研發工作。根據世貿組織知識法例，倘出現禽流感危機，萬全於知會專利權持有人後可迅速生產達菲。



## CHAIRMAN'S STATEMENT

### 主席報告

Hainan Sinican Research Institute is filing the production permit in Hainan and is preparing the manufacture both the API (Active Pharmaceutical Ingredient) and dosages. The Institute is also preparing filing patent for the research outcome overseas and to develop better drugs against influenza on the basis of the research on oseltamivir phosphate, the API of Tamiflu.

2. *Expanded our R&D capabilities as a leading institution in nature therapeutic products by establishing Sinican TCM Research Institute.*

Venturepharm has substantially expanded our R&D capabilities. We successfully completed the establishment of Sinican TCM Research Institute and built a new drug discovery platform from natural products. In this way, we will be able to expand our product line that covers both synthetic chemical drugs and those made from natural products. The success of this strategy is evidenced by the several filings of patents in this field by Sinican TCM Research Institute.

3. *Our clinical research base-VPS is China's leading clinical research organization.*

Our clinical research base-VPS is among the firsts to adopt good clinical practice (GCP) in China. It is currently a leading CRO (clinical research organization) in China. It is also the most prestigious CRO in traditional Chinese medicine. Its commitment of most valuable and cost effective services has attracted many clients both in China and overseas. It had completed over 80 projects covering 13 therapeutic areas and got approvals from SFDA for over 10 imported drug license application. Currently it is conducting over 50 projects among which 4 are for new drugs.

海南盛科研究院正於海南省申請生產許可證，籌備生產有效藥劑成份(API)與劑量。該研究院另準備就海外研究成果申請專利權，按照達菲有效藥劑成份 oseltamivir phosphate之研究結果，研製更有效對抗流感之藥物。

2. *成立Sinican TCM Research Institute，擴充作為領天然治療產品公司之研發能力。*

萬全已大大提升研發能力，成功完成設立 Sinican TCM Research Institute，建立開發新天然產品藥物之渠道。本公司將擴充產品系列，覆蓋合成化學藥品及天然產品，而 Sinican TCM Research Institute已就此範疇申請多項專利權，足證此項策略成效理想。

3. *我們的臨床研究基地—VPS乃中國領先之臨床研究機構。*

臨床研究基地VPS乃中國首批採納優良臨床試驗(GCP)準則之先驅，現為中國領先臨床研究機構(CRO)，亦為聲名最佳之傳統中藥臨床研究機構。VPS矢志提供最具價值及成本效益之服務，吸引眾多來自中國及海外地區之客戶。該公司已完成逾80項涵蓋13個治療範疇之項目，並得到國家食品藥品監管局批准超過10項進口藥物特許權申請，現進行超過50個項目，當中4項涉及新藥物。



## CHAIRMAN'S STATEMENT

### 主席報告

The VPS services not only include Phase I - IV clinical trials and bio-equivalence studies, but also preclinical studies of pharmacology, pharmaco-dynamics, toxicity and drug safety assessment.

#### 4. Global R&D Services or Technology Transfer

In the recent years, the global pharmaceutical industry is facing challenges resulting from competition and increased R&D expenditure. In order to strengthen its competition edge, the pharmaceutical industry desperately needs strategies to bring down the cost of drug discovery/development. Therefore, outsourcing has become one of the most favored strategies being adopted.

Facing such opportunities, Venturepharm adjusted its marketing strategy to strengthen and implement overseas business by establishment of the Global Business Development Division, which targets oversea pharmaceutical companies by providing fully integrated pharmaceutical services that include PDS (Pharmaceutical Development Service), API (Active Pharmaceutical Ingredient), CRS (Contract Research Service), RAS (Regulatory Affairs Service), CMS (Contract Manufacturing Service) and marketing/sales of foreign pharmaceutical products in China.

The success of this strategy move is evident and the year of 2005 became an international expanding year for the Group. We have signed a number of contracts with leading pharmaceutical company in US for ANDA. We also signed contracts in formulation/API technologies, clinical trial service to global pharmaceutical companies.

VPS服務除涵蓋第一至第四個臨床試驗階段及生物等效性試驗外，更包括藥理學、藥效學及毒性之臨床前研究與藥物安全評估。

#### 4. 全球研發服務或技術轉讓

全球製藥行業近年因競爭激烈及研發開支上升而面對重重挑戰。為加強其競爭優勢，製藥行業迫切謀求削減藥物開發／研發成本之策略。因此，外判已成為全球首選策略之一。

面對此等機遇，萬全成立國際業務發展部 (Global Business Development Division) 調整其市場策略，從而壯大及經營海外業務。該部門專為海外製藥公司而設，於中國提供涵蓋藥物開發服務(PDS)、有效藥劑成份(API)、合約研究服務(CRS)、監管事宜服務(RAS)及合約生產服務(CMS)之全面綜合製藥服務，以及推廣／銷售外國藥品。

此項業務策略成果顯著，而二零零五年乃本集團跨國擴張的一年。本集團除與美國領先製藥公司就ANDA簽訂多份合約外，同時也與全球性製藥公司就制定藥物／有效藥劑成份技術及提供臨床試驗服務訂立了多份合約。

## CHAIRMAN'S STATEMENT

### 主席報告

#### Contract Manufacturing Services

With the implementation of the Company's strategy and the infrastructure improvements that have been put into place, Venturepharm had achieved significant success in contract manufacturing services. First, we had entered into strategic alliances with 7 new contract manufactory organizations which are under the Group's total quality control. Second, we had successfully transferred 6 products to more appropriate manufactory sites by overcome all difficulties. These moves had greatly improved the supply chain and cost structure of Venturepharm.

#### Contract Commercialization Services

VP-Mart(Venturepharm-Mart), the commercialization unit of the Company, is a commercial solutions provider that offers sales and marketing services designed to accelerate the success of pharmaceutical products. VP-Mart has developed an innovative business model that enables us to "actively" search specific regions of the country for qualified, "on-profile" marketing and sales partners or agents both quickly and cost-effectively.

In 2005, VP-Mart has built more than 12 territory sales forces, and teamed up with more than 15 sales agents to help launch more than 8 products for leading pharmaceutical companies in China.

VP-Mart employed a strategy that strengthen the business in certain therapeutic areas, allowing us to fully take advantage of the most valuable resources. For example, CNS and dermatology therapeutic products were emphasized as the leading products to the franchised partners or agents. This strategy had evidenced major success. For example, the profadine, which is currently producing by Sinoway, had become top domestic made products in replacing Loratadine.

#### 合約生產服務

隨著本公司推行轉型策略及改善基礎設施，萬全於合約生產服務方面成績斐然。本集團先與質量由其全權控制之7家新合約生產公司締結策略聯盟，其後排除所有困難，轉讓6項產品予更多合適生產商。此等做法顯著改善萬全之供應鏈及成本架構。

#### 合約商品化服務

本公司商品化單位萬全市場(VP-Mart)乃商業解決方案供應商，就促進藥品成績提供銷售及市場推廣服務。萬全市場開發創新業務模式，讓本公司以具成本效益方式迅速地於資料庫積極搜尋各國特定地區合資格之市場推廣及銷售夥伴或代理。

萬全市場於二零零五年建立超過12隊地區銷售隊伍，並夥拍超過15名銷售代理協助中國領先製藥公司推出逾8款產品。

萬全市場推行可加強若干治療範疇業務之策略，讓本集團充分善用最珍貴的資源。舉例來說，向專營權夥伴或代理強調精神神經系統(CNS)及皮膚治療產品為首屈一指之產品，而賽諾維現時生產之 profadine 已成為代替 Loratadine 之領先本地製藥產品。

## CHAIRMAN'S STATEMENT

### 主席報告

In addition, we had teamed up with a leading marketing company in dermatologic products, Profex Inc to form a company, namely, Novarderm Inc. that is dedicated to the promotion of our dermatologic product line.

#### OPPORTUNITIES FOR GROWTH

In the recent years, the global pharmaceutical industry is facing challenges resulting from the loss of sales to generics due to the best-selling blockbuster drugs going off patent. In order to strengthen its drying product pipelines, the global pharmaceutical industry has to conduct more R&D activities in drug discovery.

Under such serious situation, the pharmaceutical industry desperately needs strategies to bring down the cost of drug discovery and outsourcing has become one of the most favored strategies being adopted globally. There are dramatically increase for pharmaceutical outsourcing. Pharmaceutical companies are spending US\$90 billion on drug development, with over US\$13 billion being outsourced.

The most important cost-benefit of outsourcing is that global majors can outsource processes related to biology, chemistry, screening, and lead optimization, manufacture, to name a few. Herein lie the opportunities for a spate of companies focusing on contract research in drug discovery.

Our commitment to quality, efficiency and service innovation fit the business model of R&D and manufacturing outsourcing market as evidence that we have win many new business that are reflected in our steady growth in backlog.

此外，本集團與一家領先皮膚產品市場推廣公司 Profex Inc 合作，成立專責推廣皮膚產品系列之公司 Novarderm Inc.。

#### 增長機會

全球製藥行業近年因喪失最暢銷藥物之專利權，導致整體銷售額下降而面對不少挑戰。為壯大其日漸式微之產品系列，全球製藥行業須進行更多有關開發藥物之研發工作。

鑑於情況嚴峻，製藥行業迫切謀求可削減藥物開發成本之策略，而外判已成為全球首選策略之一，製藥外判情況因而顯著增加。製藥公司就藥物開發耗資900億美元，其中逾130億美元乃外判所涉及金額。

外判最重要之成本效益乃全球各大公司向數家公司外判生物、化學、篩選、商機優化及生產等相關程序。這種情況正好為大批專注於藥物開發合約研究之公司締造商機。

訂貨量穩步上揚，可見本集團爭取多項新業務，印證我們追求質素、效率及創新服務之決心，可配合研發業務模式及生產外判市場。

## CHAIRMAN'S STATEMENT

### 主席報告

#### DRIVING FORWARD

As the Group had made significant progress with the growth of market shares and company brand building in 2005, it was clear that the Company has entered a new stage for financial growth as the business transaction is approaching the final stage. In order to achieve financial growth, first, we will focus on creating an immediately profitable commercial platform and infrastructure: Venturepharm-Mart. Second, we will strengthen the measures for global expansion by providing R&D and manufacturing services.

There many challenges facing the participants of the global drug discovery contract research markets. Among them are credibility, culture fit, strategic fit and moving up the value chain. However, we understand what an exciting and compelling opportunity lay ahead. The global life sciences markets are one of the most robust and exciting markets in the world. We could see how strongly Venturepharm can be positioned in this market.

Venturepharm's R&D strategies to the outsourcing opportunities are "me-too" in generics, "me-better" in specialty, and "me-only" in innovation. In the R&D short-term strategy, Venturepharm focuses on innovation rather the invention, improving the version of marketed compounds. In the R&D long term goal, Venturepharm strive to create a series of new drugs.

Another important strategy of Venturepharm in meeting the outsourcing opportunities is to move up the value chain. Our drug discovery contract research work not only provide chemistry-related work, preclinical studies, formulation, clinical trials, but also move up to more lucrative areas such as discovery of new chemical entities (NCEs). Venturepharm has 6 NCEs that constitute the platform for cooperation or alliance in a higher profile.

#### 前景

由於本集團於二零零五年在提升市場佔有率及建立公司品牌方面進展理想，隨著業務交易踏入最後階段，本公司之財務增長亦昂然邁向新里程。為達致財務增長，本集團先集中建立可即時獲利之商業平台與基礎設施：萬全市場，其後透過提供研發及生產服務，加強全球擴充力度。

全球藥物開發合約研究市場同業面對重重挑戰，當中包括信譽、文化及策略方面之配合，以及提供上游價值鏈服務。儘管如此，本集團瞭解到此乃未來令人振奮及具吸引力的機遇。全球生命科學市場乃全球最強大而又機遇最多的市場之一。本集團視此為萬全穩佔優勢之市場。

萬全針對不同外判機會採取多項研發策略，分別以「一般研發」（「me-too」）、「勝人一籌」（「me-better」）及「唯我獨創」（「me-only」）三項策略處理一般、專門及創新外判範疇。就短期研發策略而言，萬全專注創新而非創造藥物，改善推出市場的合成藥品。就長期研發目標而言，萬全致力開拓新藥物系列。

為配合外判商機，萬全另一項重要策略乃提供上游價值鏈服務。本集團之藥物開發研究工作不單提供化學相關工作、臨床前研究、配方及臨床試驗外，更升級至開發新化學實體(NCE)等利潤更豐厚之範疇。萬全擁有6項新化學實體，為較高層次之公司或業務聯盟提供服務。

## CHAIRMAN'S STATEMENT

### 主席報告

In summary, the global pharmaceutical industry in the recent past has been under the pressure to strengthen its drying product pipelines by outsourcing its R&D and manufacturing to developing countries to reduce cost. China is a major target for outsourcing service due to its lower cost structure. Therefore, the management team of Venturepharm Group has a vision to be the leading provider of drug development to the international pharmaceutical industry.

#### APPRECIATION

I wish to acknowledge our many partners who provide us with ongoing encouragement of our business strategy. Without the contribution of our employees, the trust of our clients and the support of our shareholders, we could not have progressed this far. With the vision and mission in mind, we are in attempt to build up a world class Chinese's integrated pharmaceutical company.

**William Xia GUO**

*Chairman*

Beijing, the PRC  
27 March 2006

總括而言，近年全球製藥行業飽受壓力，透過向發展中國家外判其研發及生產工作削減成本，從而壯大日漸式微之產品系列。中國成本架構較低，成為外判服務之首要目標。因此，萬全集團管理層以成為國際製藥行業之領先藥物開發供應商為長遠發展目標。

#### 感謝

本人謹此感謝各位業務夥伴一直支持本集團的業務策略，此外亦十分感謝員工、客戶及股東對我們的貢獻、信任及支持，本集團才有今日的成就。本集團的長遠目標及使命乃致力成為世界級中國綜合製藥公司。

主席

**郭夏**

中國北京  
二零零六年三月二十七日

## FINANCIAL HIGHLIGHT

### 財務摘要

#### Year ended 31 December

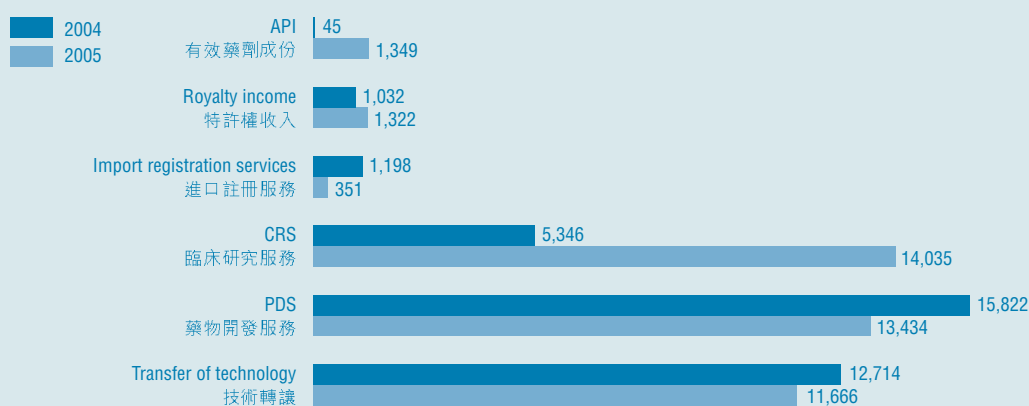
截至十二月三十一日止年度

2005	2004
二零零五年	二零零四年
RMB	RMB
人民幣	人民幣

Results	業績		
Revenue	收益	<b>42,157,000</b>	36,157,000
Profit for the year	年內溢利	<b>5,644,000</b>	10,683,000
<b>Assets and Liabilities</b>			
<b>資產及負債</b>			
Total Assets	總資產	<b>128,465,000</b>	108,305,000
Total Liabilities	總負債	<b>13,490,000</b>	6,170,000
<hr/>			
Shareholders' equity	股東權益	<b>114,975,000</b>	102,135,000

#### REVENUE BY BUSINESS SERVICES (RMB'000)

按商業服務劃分之收益 (人民幣千元)



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### 1. OPERATING RESULTS

#### Financial Review

##### Results

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 year ended 31 December 2005, consolidated turnover increased approximately 16.6% or from RMB36,157,000 to RMB42,157,000, which includes income from approximately RMB25,100,000 technology transfer and contracted pharmaceutical development services and approximately RMB17,057,000 deriving from clinical research services and other business activities. The increase in turnover was primarily from clinical research services ("CRS").

The turnover analysis of Venturepharm for the year 2005 has clearly demonstrated the successful transition of Venturepharm from a company, which has been engaging R&D and technology transfer only, into a fully integrated pharmaceutical services company, which dedicated to R&D, services, manufacturing and sales altogether.

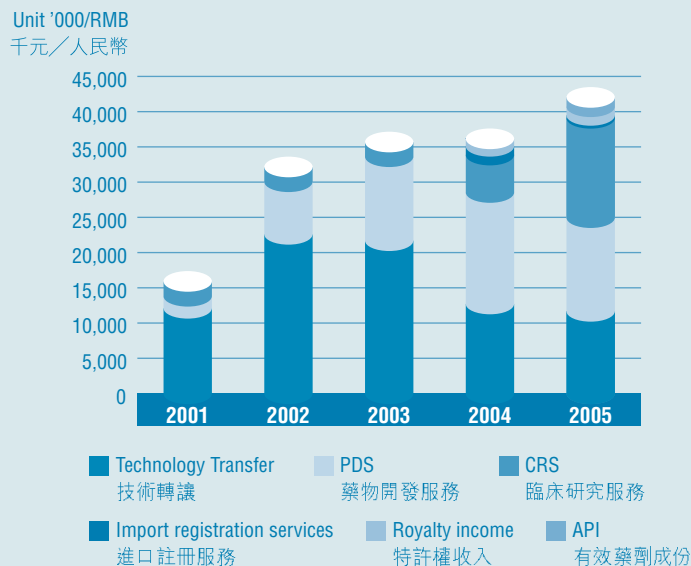
### 1. 經營業績

#### 財務回顧

##### 業績

本集團籌組之全面服務業務模式涵蓋整個製藥鏈，同時維持於研發範疇之領先地位。截至二零零五年十二月三十一日止年度，綜合營業額增加約 16.6% 或由人民幣 36,157,000 元增至人民幣 42,157,000 元，當中包括來自技術轉讓及已訂約藥物開發服務之收入約人民幣 25,100,000 元及來自臨床研究服務及其他業務活動之收入約人民幣 17,057,000 元。營業額增加，主要源自臨床研究服務（「CRS」）。

萬全二零零五年營業額的分析情況充分說明萬全已成功地由單一從事研發及技術轉讓之公司轉型為集研發、服務、生產和銷售業務於一體的全面綜合製藥服務公司。





## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

The Group's overall gross profit margin was 52.3% for the year under review compared with that of 56.3% for the last year. The decrease 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 six lines of services of the Group:

於回顧年度內，本集團之整體毛利率為52.3%，上年度則為56.3%。毛利率減少，主要由於本集團推行業務轉型策略，導致毛利較高但收益及溢利增長有限之藥物開發服務所佔比重減少。

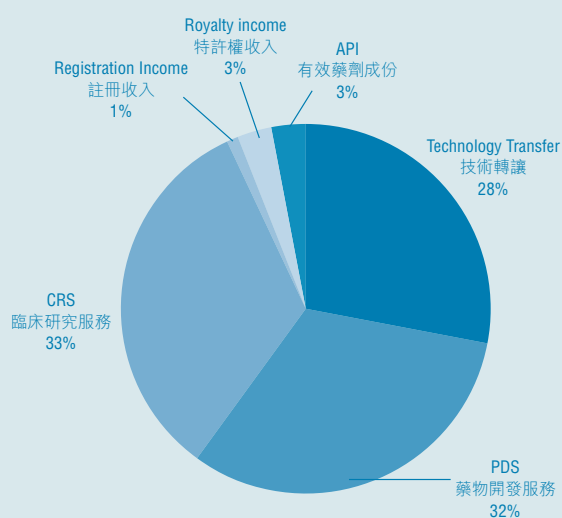
源自本集團六項服務之營業額貢獻：

#### Revenue Breakdown for Year 2005

二零零五年收益劃分

Unit: '000/RMB

千元／人民幣

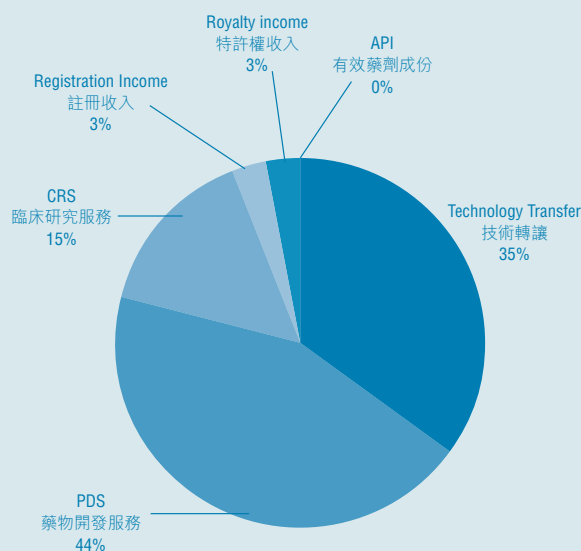


#### Revenue Breakdown for Year 2004

二零零四年收益劃分

Unit: '000/RMB

千元／人民幣



General and administrative expenses increased by 39.8% to approximately RMB16,585,000. The increase was attributable mainly to the increase in staff cost as a result of increasing staff number, increasing of general office expenses caused by expansion of organization and dramatically increase in allowance for trade receivables. Other revenue decreased dramatically by 68.2% to approximately RMB949,000. The decrease was attributable mainly to the decline of interest income.

一般及行政開支增加39.8%至約人民幣16,585,000元，此乃主要由於員工人數增加導致員工成本攀升；機構規模擴充致令一般辦公費用上升及應收貿易賬款撥備大幅增加所致。其他收益大幅減少68.2%至約人民幣949,000元，主要歸因於利息收入的減少。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

For the period ended 31 December 2005, the Group recorded a profit attributable to shareholders of approximately RMB5,644,000, representing a decrease of 47.2% as compared to that of approximately RMB10,683,000 for last year. Basic earnings per share of RMB1.57 cents, compared with RMB2.97 cents per share in previous year. Profitability was adversely affected by self-product commercialization.

#### *Liquidity, financial resources*

During the year ended 31 December 2005, the Group financed its operations mainly with its operating revenue, internal resources and net proceeds from placement on 2003. As at 31 December 2005, the Group's current assets amounted to about RMB77,586,000 of which approximately RMB9,161,000 was cash and bank deposits. The Group had approximately RMB3,000,000 outstanding bank overdrafts pledged by held-to-maturity investment of RMB28,275,000 (31 December 2004: Nil) and has no borrowings stated at fixed interest rates (31 December 2004: Nil).

The debt ratio (defined as total liabilities over total assets) of the Group as at 31 December 2005 was approximately 10.5% (31 December 2004: approximately 5.7%). The financial leverage index for both year 2005 and 2004 was over 1, which indicated a sound financial position of the Group.

#### **Capital Structure**

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

截至二零零五年十二月三十一日止期間，本集團錄得股東應佔溢利約人民幣5,644,000元，較上年度約人民幣10,683,000元減少47.2%。每股基本盈利為人民幣1.57仙，去年每股人民幣2.97仙。盈利受到自有產品商品化之不利影響。

#### *流動資金及財務資源*

截至二零零五年十二月三十一日止年度，本集團主要以其經營收益、內部資源及二零零三年配售所得款項淨額撥付營運資金。於二零零五年十二月三十一日，本集團之流動資產約為人民幣77,586,000元，當中約人民幣9,161,000元為現金及銀行存款。本集團有約人民幣3,000,000元由為數人民幣28,275,000元持至到期之投資作抵押之未償還銀行透支（二零零四年十二月三十一日：無），並無任何以固定利率列值之借貸（二零零四年十二月三十一日：無）。

本集團於二零零五年十二月三十一日按總負債除總資產界定之負債比率約為10.5%（二零零四年十二月三十一日：約5.7%）。二零零五年及二零零四年之財務槓桿指數超過1，顯示本集團財政狀況穩健。

#### **資本結構**

自該日以來，本公司之資本結構並無任何變動。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### Prospects of New Products and Markets

The Group continued its long-term business transition plan in expanding its capacities in clinical research services, manufacturing, marketing and sales and made tremendous progress toward further establishing itself as one of the Asia's leading CPO (contract pharmaceutical Organization) from a pharmaceutical technology company. The year of 2005 is an international expanding year for the Group; we have signed a number of contracts with leading pharmaceutical company in US for ANDA. The Group also entered into strategic alliances with 7 new contract manufactory organizations and transferred 6 products to more appropriate manufactory site successfully. The Group always strengthened its five core business units, VP-Technology Transfer, VP-PDS (Pharmaceutical Development Service), VP-CRS (Clinical Research Service), VP-API (Active Pharmaceutical Ingredient) and VP-Mart (Venturepharm-Mart).

In 2005, VP-Mart has built more than 12 sales territory forces, and teamed up with more than 15 sales agents to help launch more than 8 products for leading pharmaceutical companies in China. A number of new products are scheduled to be launched in the consumer market in 2006 and the sales revenue is expected to grow in line with the business plan. The trends of pharmaceutical outsourcing in the world also create opportunities for the Group.

#### Significant Investment

The Company invested its surplus fund through its principal bank in investment grade target convertible bonds which was RMB28,275,000. In addition to that, the Group had invested into a long-term investment of RMB9,396,000 for a production plant and own 19% of the equity interest of it.

#### 新產品及市場展望

本集團持續推行長遠業務轉型計劃，擴充其於臨床研究服務、生產、市場推廣及銷售方面之能力，由製藥技術公司進一步轉型為亞洲其中一家領先合約製藥公司(CPO)方面進展理想。二零零五年乃本集團跨國擴張的一年，集團除與美國領先製藥公司就ANDA簽訂數份合約外，另與7家新合約生產公司締結策略聯盟，並成功向更多合適生產公司轉移6項產品。本集團一直加強其五個核心業務部門VP—技術轉讓、VP-PDS(藥物開發服務)、VP-CRS(臨床研究服務)、VP-API(有效藥劑成份)及VP-Mart(萬全市場(Venturepharm-Mart))。

於二零零五年，萬全市場成立超過12隊銷售地區隊伍，並夥拍逾15名銷售代理協助中國領先製藥公司推出逾8款產品。多款新產品預計於二零零六年推出消費市場，銷售收益預期與業務計劃同步增長。全球製藥外判趨勢亦為本集團締造商機。

#### 重大投資

本公司已透過其主要往來銀行將盈餘資金投資於為數人民幣28,275,000元之投資級可換股債券。此外，本集團就一生產廠房作出為數人民幣9,396,000元之長期投資，並擁有該廠房19%股本權益。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

There were no material acquisitions and disposals of subsidiaries and affiliated companies during the year.

#### Comments on Segmental 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 all operations of the Group for the periods are related to pharmaceutical research and development, registration, application and testing.

#### Employees

The total number of employees in the Group was 281 as at 31 December 2005 (2004: 205). The Group's remuneration policy is basically determined by the performance of individual employees. In addition to salaries and bonuses, employee benefits included medical and pension contributions and share options schemes.

#### Charge on Assets

As at 31 December 2005, the Group pledged its held-to-maturity investment of RMB28,275,000 as security for the general banking overdraft granted to the Group. (2004: RMB26,364,000).

#### Future Plans for Material Investments or Capital Assets

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

#### 重大收購及出售附屬公司及聯屬公司

年內並無對附屬公司及聯屬公司進行重大收購及出售。

#### 分類資料註釋

由於本集團於期內之所有資產及經營均位於中國，故並未呈列地區分類分析。由於本集團於期內之所有經營均與製藥研究及開發、註冊、申請以及測試有關，故並未呈列業務分類分析。

#### 僱員資料

於二零零五年十二月三十一日，本集團合共有281名僱員（二零零四年：205名）。本集團之薪酬政策基本上按僱員之個人表現釐定。除薪金及花紅外，僱員福利亦包括醫療及退休供款，以及購股權計劃。

#### 資產抵押

於二零零五年十二月三十一日，本集團已抵押其持至到期之投資人民幣28,275,000元，以作為本集團取得一般銀行透支之抵押品（二零零四年：人民幣26,364,000元）。

#### 重大投資或資本資產之未來計劃

除於本公司日期為二零零三年六月三十日之售股章程所披露者外，本集團於來年並無任何重大投資或資本資產計劃。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### Capital Commitments

As at 31 December 2005, the Group had operating lease commitments in respect of rented office premises of approximately RMB16,141,000 (2004: RMB12,886,000). Apart from that, as at 31 December 2005 and 2004, the Group had no other significant capital commitment.

#### Foreign Exchange Exposure

During the period under review, the Group's transactions were substantially denominated in Renminbi ("RMB") and about 12% of the cash and bank deposits were in either Pound Sterling or United States ("US") dollars. As the exchange rate of RMB and US Dollars to HK Dollars is fairly stable, the Directors are of the view that the Group's exposure to foreign currency exchange risk is limited and hence, the Group closely monitors its foreign currency exposure from time to time and will engage appropriate hedging activities when needs arise.

#### Contingent Liabilities

As at 31 December 2005, the Group did not have any contingent liabilities (2004: Nil).

#### 資本承擔

於二零零五年十二月三十一日，本集團就租用辦公室之經營租約承擔約為人民幣16,141,000元（二零零四年：人民幣12,886,000元）。除此之外，於二零零五年及二零零四年十二月三十一日，本集團並無其他重大資本承擔。

#### 外匯風險

於回顧期內，本集團之交易絕大部分以人民幣計值，而約12%之現金及銀行存款為英鎊或美元。由於人民幣及美元兌港元匯率相當穩定，董事認為本集團承受之外匯風險有限。因此，本集團不時密切監察其外幣風險，並將於有需要時進行適當之對沖。

#### 或然負債

於二零零五年十二月三十一日，本集團並無任何或然負債（二零零四年：無）。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### 2. BUSINESS REVIEW

##### General

The Group is principally engaged in the R&D of pharmaceutical products in common therapeutic areas. The Group initiated a long-term 5 year business transition Plan from 2003 and steer Venturepharm, from a domestic leading provider of new drug licenses becoming a global leading full service company from integrated drug development, manufacturing to products commercialization services and pharmaceutical industry. The new full-integrated service business model will allow company to enjoy service profits not only from research but also contract manufactory and contract commercialization.

The year 2005 has been a difficult year due to the gloomy business environment and competition. The market inevitably affected by the Government policy on pharmaceutical industry. To remain competitive, the Group tried to find other value-added services for its five core businesses and focus on the global market.

##### VP-Mart (Venturepharm-Mart)

The Group continued to invest in building up its marketing capacity and sales network, and launched, under Venturepharm (萬全) brand name, into domestic markets. During the reported period, the turnover of VP-Mart obtained obvious growth of approximately 28.1% from RMB1,032,000 in 2004 to approximately RMB1,322,000 in 2005.

#### 2. 業務回顧

##### 概況

本集團主要從事一般治療範疇之藥品研發工作。本集團自二零零三年起推行為期五年之長遠業務轉型計劃，引領萬全由本地領先之新藥品特許權供應商，發展為涵蓋綜合藥品開發、生產以至產品商品化服務及製藥行業之全球領先全面服務公司。全新的全面綜合服務業務模式讓本公司透過研究以至合約生產及合約商品化獲取服務利潤。

鑑於商業環境欠佳及競爭熾熱，二零零五年乃舉步為艱的一年。市場無可避免地受到有關製藥行業之政府政策影響。為保持競爭能力，本集團努力為其五項核心業務物色其他增值服務，並集中發展全球市場。

##### VP-Mart (萬全市場)

本集團繼續投資於建立其市場推廣能力及銷售網絡，並以萬全品牌名稱進軍本地市場。於報告期間，萬全市場營業額由二零零四年人民幣1,032,000元顯著增加約28.1%至二零零五年約人民幣1,322,000元。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

VP-Mart established 7 sales Representatives in Qindao, Zejiang, Tianjin, Jinan, Anhui, Henan and Hainan, 1 subsidiary in Shanghai, and has agents in above 20 areas, such as in Sichuang, Guangdong, Fujian, Zejiang, Guangxi, Jiangxi and Shanxi etc. VP-Mart already launched more than 8 products for leading pharmaceutical companies in China during 2005. Target customers are hospitals and medical institutions, as well as retail drug stores. There are 330,000 medical institutions, 70,000 hospitals, and 120,000 drug stores in China, which translates into huge market potential. The management believes the sales generated from this area will become the major contribution to the future success of the Group.

#### VP-PDS (Pharmaceutical Development Service)

Research-oriented global pharmaceutical companies, have under gone significant changes in the past few years. Many global pharmaceutical companies are relying in the services of contract product development to help them meet growing demand more quickly. As a result, certain competences, such as dosage form development are increasingly being outsourced to third-party service providers such as Venturepharm.

In year 2005, the Group entered into 45 contracts with 26 pharmaceutical companies, which was 16 contracts more than those entered in year 2004. The total contract value reached RMB25,980,000 and revenues obtained from PDS was RMB13,434,000. The Group established relationship with 837 companies on PDS operations and 141 companies paid us a visit and showed much interest in our PDS business.

萬全市場於青島、浙江、天津、濟南、安徽、河南及海南各地有7名營銷代表，於上海設有一家附屬公司，並於上述20個包括四川、廣東、福建、浙江、廣西、江西及山西等地區設有代理。萬全市場於二零零五年為多家中國領先製藥公司推出超過8款產品。目標客戶包括醫院、醫療機構及零售藥行。中國共有330,000家醫療機構、70,000家醫院及120,000家藥行，締造了龐大的市場潛力。管理層相信，來自此業務之銷售額將為本集團日後之成功作出主要貢獻。

#### VP-PDS (藥物開發服務)

全球以研究為主導之製藥公司過去數年經歷重大轉變。大多數全球製藥公司現倚賴合約產品開發服務，協助其更迅速切合不斷增長的需求。因此，向萬全等第三方服務供應商外判劑量式藥物發展等若干項目之情況日漸普遍。

本集團於二零零五年與45家製藥公司訂立26份合約，較二零零四年所訂立合約數目多出16份。合約總值達人民幣25,980,000元，源自藥物開發服務之收益達人民幣13,434,000元。本集團就藥物開發服務與837家公司建立合作關係，當中141家公司曾到訪本集團，顯示其對本集團藥物開發服務業務深感興趣。



## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

It is our extraordinary experience and the full range of expertise in R&D that distinct Venturepharm from the competitors. We can offer clients with various choices from compound selection to patient kit assembly and design, helping clients in every step of the way. With the combined resources of Venturepharm, we can provide single or integrated solutions with capabilities for virtually most of dosage forms. We also possess advanced proprietary delivery technologies and the expertise that can provide solutions to most complex development problems.

#### VP-CRS (Clinical Research Service)

CRS services are playing an increasingly vital role, as it allows pharmaceutical companies to concentrate on other parts of pharmaceutical development. There are 31 clinical development contracts signed with total contract value increased from RMB16,150,000 in 2004 to approximately RMB30,170,000 in this year, which representing 87% increase. The increase was due to the successful of the Group's strategy to expand into this market. At the end of 2005, the Group has contracted with 56 clients and contacted over 700 clients, involving both domestic and multinational companies. The Group is focused on growing the business internally, by expanding the level of business from existing clients, attracting new clients. The Group enjoyed a substantial increase of 162.5% in revenue form CRS, which was RMB14,035,000 in year 2005. Although CRS market is becoming more competitive and sophisticated and growing rapidly, the leading position, efficiency and high quality services will bring more benefit to the Group.

萬全與競爭對手與別不同之處，在於其獨特經驗及全面的專業研發知識。本集團為客戶提供由化合物篩選以至病者用品裝配及設計等不同範疇，務求於每個階段向客戶施予援手。憑藉萬全之合併資源，本集團幾乎可為大部分劑量式藥物提供單一或整合方案。本集團另擁有先進的專利輸送技術及專業知識，為大部分最複雜的開發問題提供解決方案。

#### VP-CRS (臨床研究服務)

臨床研究服務讓製藥公司集中發展其他製藥範疇，所扮演角色因而日益重要。本集團簽訂31份臨床開發合約，合約總值由二零零四年人民幣16,150,000元增加87%至今年約人民幣30,170,000元，此乃由於本集團擴充此市場業務之策略成功。本集團於二零零五年年底與56名客戶訂約，並與超過700名包括本地及跨國公司客戶接洽。本集團透過擴闊現有客戶之業務水平及吸納新客戶，集中內部發展。本集團自臨床研究服務獲取之收益大幅上升162.5%，二零零五年為人民幣14,035,000元。儘管臨床研究服務市場競爭日趨白熱化及日漸成熟，且迅速增長，穩佔領導地位之高效高質素服務將為本集團帶來更多效益。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### VP-API (Active Pharmaceutical Ingredient)

The core competency of VP-API's focuses on its strong R&D capacity, driven by over two hundred scientific elites in chemistry from all over the world. According to the market and customers requirements, the Group has developed production of 16 APIs and entered into 70 contracts with 52 clients including 15 overseas clients during the year. The management team had participated a number of international exhibitions in Spain, Dalian and Shanghai during the period in promoting the API products, building brand, collecting the commercial information, and digging out potential clients. The Group also entered into a consigning contract with an API companies in Korea. As a relatively new business, it has generated RMB1,349,000 of revenue for the Group. During the year, three products in VP-Hanjiang passed the GMP attestation successfully; there are AlendronateSodium, Racecadotril and LANSOPRAZOLE respectively. This is a new start of VP-Hanjiang and at the same time it can create extra profit for API services for our company. The Group will seek to expand the market globally and reduce cost to attract the clients in Southeast Asia. We are ambitiously building our product portfolio to meet the needs of our clients in generic drugs or patent-challenged formula in regulated markets, or the needs of the generic players in today's emerging markets.

#### VP-API (有效藥劑成份)

有效藥劑成份業務之核心優勢在於由逾兩百名全球化學精英匯聚的研發實力。根據市場及客戶需求，本集團於年內開發生產16種有效藥劑成份，與52名客戶（包括15名海外客戶）訂立70份合約。管理層隊伍於期內出席多個於西班牙、大連及上海舉行之國際展覽會，推廣有效藥劑成份產品、建立品牌、收集商業資料及物色潛在客戶。本集團另與韓國有效藥劑成份公司訂立寄售合約。這項相對較新的業務為本集團帶來人民幣1,349,000元收益。年內，VP-Hanjiang三款產品阿侖膦酸鈉、消旋卡多曲及蘭索拉唑分別成功通過GMP認證，可謂VP-Hanjiang之嶄新里程碑，與此同時，亦可為本公司之有效藥劑成份服務帶來額外利潤。本集團將發掘擴充全球市場之機會，並減低成本吸納東南亞客戶。本集團積極建立產品組合，配合受規管市場內一般藥物或專利藥方客戶，或目前新興市場普遍業者之需求。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### VP-Technology Transfer

During the reporting period, the Group has signed technology transfer contracts for 45 drug products with a total contract value of approximately RMB25,981,000. Turnover from technology transfer was amounted to RMB11,666,000 in 2005, a drop of 8% compared with last year. Although this business can create high profit margin for the Group, while the development space for this market is limited. The Group has kept those highly skilled new drugs with potential market in the Group for commercialization so as to get long-term profit return.

#### Research & 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 118 products under development. During the period, the Group has 59 new products were submitted to the State Food and Drug Administration ("SFDA") for Clinical Study Permits ("CSP's"). By the end of year 2005, the SFDA granted 49 new Clinical Study Permits and 28 new Manufacturing Permits to the Group. The total number of CSP's accumulated by the Group climbed to 227 and the total number of Manufacturing Permits accumulated by the Group climbed to 72.

#### VP - 技術轉讓

報告期內，本集團已簽訂涉及45項藥品之技術轉讓合約，合約總值約人民幣25,981,000元。二零零五年源自技術轉讓之營業額為人民幣11,666,000元，較去年減少8%。儘管此項業務可為本集團帶來豐厚毛利，惟相關市場之發展空間始終有限。本集團保留具市場潛力兼採用高技術製成之新藥物，通過商品化長期獲取利潤回報。

#### 研究及開發

本集團之研發工作覆蓋所有主要及高增長之治療範圍，例如糖尿病、精神神經系統疾病、心血管疾病、皮膚病、癌症、愛滋病及過敏症。

本集團一直保持在新藥研發市場之優勢地位。本集團於二零零五年開始已開展71個新專案，目前集團有118項在研藥品。期內，本集團有59種新產品已向國家食品藥品監督管理局（「食品藥品監督局」）申請臨床研究許可證（「臨床研究許可證」）。截至二零零五年年底，本集團已獲食品藥品監督局批出49張新臨床研究許可證及28張新生產許可證。本集團獲發之臨床研究許可證總數已累積至227張，獲發之生產許可證總數已累積至72張。

## MANAGEMENT DISCUSSION AND ANALYSIS

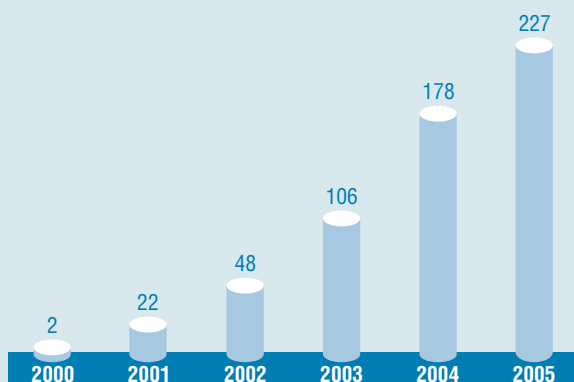
### 管理層討論及分析

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

下圖載列本集團過往年度獲取之臨床研究許可證及生產許可證總數：

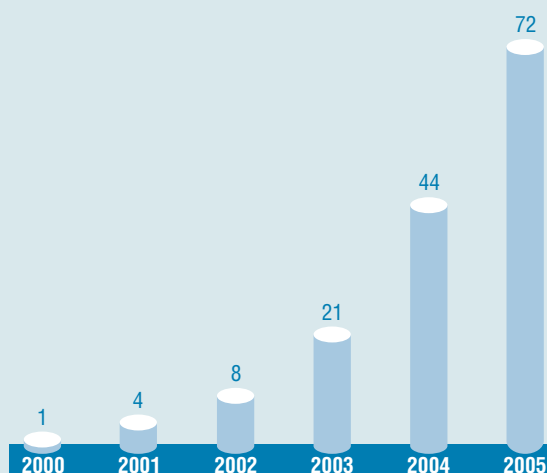
#### Clinical Study Permit (Unit)

臨床研究許可證 (個)



#### Manufacturing Permit (Unit)

生產許可證 (個)



#### Patents

The Group always places great emphasis on the protection of intellectual property rights. For the past twelve months, 20 new patent applications were submitted to the State Intellectual Property Office ("SIPO"), making a total of 68 patents applications as at 31 December 2005 by the Group since the start of its operation.

#### 專利權

本集團一向注重保護知識產權。於過去十二個月內，本集團向國家知識產權局（「國家知識產權局」）提交20項新專利申請，而自本集團投入營運以來至二零零五年十二月三十一日，共已提交68項專利申請。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### International collaboration

The Group also focuses on the establishment of cooperative relationship with overseas practitioners and dedicated to delivering value-added services to the world's pharmaceutical industry. During the period under review, several service agreements were signed with foreign companies pertaining to drug registration services, technology transfer. In April 2005, President of Alpharma HPG visited the Group's Beijing office. This visit helps promote and enhance R&D outsourcing service, import registration service, clinical research service and API development cooperation between Alpharma. On 24 August, the CEO and directors of Estechpharma Co., Ltd., located in Korea, visited Venturepharm Beijing office for the second time, to discuss the collaboration mode in contract R&D, contract manufacturing on specific items. The 5th Generic drug Pharmaceutical Corporation in Canada visited Venturepharm on 22 December discussing cooperation with us in China, especially on API and CRO area. Totally, there were 31 overseas clients paid a visit to us in year 2005, these indicate that the Group has attracted attention of overseas potential partners and enjoyed a reputable image.

During the period the CEO of the Company and the Chief Officer of international commercial department made several business trip overseas to meet with several investors and industry clients to promote Venturepharm's vision and development strategy, and also established status that Venturepharm was one of the leading R&D companies in China.

#### 國際合作

本集團亦集中與海外業者建立合作關係，致力為全球製藥行業提供增值服務。回顧期內，本集團與外資公司簽訂若干有關藥品註冊服務與技術轉讓之服務協議。於二零零五年四月，Alpharma HPG總裁到訪本集團北京辦事處。此行有助推動及提升本集團與Alpharma在研發外判服務、進口註冊服務、臨床研究服務與有效藥劑成份發展方面之合作。於八月二十四日，韓國之愛技特(株)公司行政總裁及董事第二次到訪萬全北京辦事處，討論若干項目合約研發與合約生產之協作模式。加拿大第五大通用名藥製藥公司於十二月二十二日親臨萬全，與本集團商討中國合作計劃，特別以有效藥劑成份及臨床研究機構範疇為探討重點。二零零五年，共有31名海外客戶到訪本集團，顯示本集團備受海外潛在夥伴關注，且信譽昭著。

期內，本公司行政總裁及國際商務部總監數度遠赴海外，與多名投資者及業界客戶會晤，推廣萬全理念及發展策略，並建立萬全乃中國其中一家領先研發公司之地位。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### Brand recognition

To build up a global brand name in order to compete in the worldwide pharmaceutical market, the Group continued to promote its image by all kinds of ways.

Venturepharm was awarded the Entrepreneurship & Innovation Awards by British Chamber of Commerce in China on 20 January. Meanwhile, on 15 March, company's Chairman Mr. William Xia GUO was invited to attend the awarding ceremony at London Stock Exchange and to visit the University of Cambridge to exchange business insights with other managers from top corporations worldwide.

The company's Chairman Mr. William Xia GUO was elected as one of the National Labor Model by State Department of China. On 30 April, Chairman Hu Jin Tao, Prime Minister Wen Jia Bao and other chiefs of the state meet with Mr. Guo and other labor models in the awarding ceremony. This heart-stirring news represents Venturepharm was admitted by our nation and also will enhance our company's image.

The company's Chairman Mr. William Xia GUO was elected as one of the outstanding overseas entrepreneurs and was invited to attend the awarding ceremony of "Beijing Outstanding Overseas Entrepreneur" in Beijing on 23 May. Chiefs of the state addressed in this ceremony and highly praised Mr. GUO and other overseas entrepreneurs' contribution to Beijing.

On 10 September, in the Great Hall of the People, the company's Chairman Mr. William Xia GUO was praised, as one of the "Top Ten Outstanding Manager in China", by the Forth China Economic Development Forum, for his distinguished contribution to China economic development.

#### 品牌知名度

為建立可在國際藥品市場上競爭之全球知名品牌地位，本集團通過不同方式藉以推廣公司品牌形象。

一月二十日，萬全榮獲中國英國商會頒授創業和創新大獎。同時，本公司主席郭夏先生獲邀於三月十五日遠赴英國，參加在倫敦股票交易所舉行的頒獎典禮，並到訪劍橋大學，與世界頂尖公司之其他管理人進行了廣泛的業務交流。

本公司主席郭夏先生榮獲由中國國務院頒發的全國勞動模範最高獎章。四月三十日，國家主席胡錦濤、總理溫家寶及其他國家領導人會見了郭先生及其他勞動模範，並舉行了頒獎表彰大會。這一振奮人心的消息不僅肯定了萬全於國內的地位，也將提升本公司形象。

本公司主席郭夏先生獲選為優秀留學人員企業家之一，並獲邀出席於五月二十三日在北京舉行之「北京市優秀留學人員企業家」頒獎儀式。國家主要領導人出席了頒獎儀式，高度評價了郭先生及其他歸國留學人員對北京之貢獻。

九月十日，本公司主席郭夏先生於人民大會堂榮獲「中國經濟管理十大傑出人物」殊榮。此項大獎是由第四屆中國經濟發展論壇年會頒授，表彰郭夏先生為促進中國經濟發展作出的卓越貢獻。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

On 29 September before the “National Day”, the company’s Chairman Mr. William Xia GUO attended the First Ceremony of “Distinguished Innovation Awarding” in the Great Hall of the People, sponsored by Overseas Chinese Affairs Office of the State Council of the P.R.China. In the ceremony, he was interviewed by the national leaders. The awarding is set up by Overseas Chinese Affairs Office of the State Council of the P.R.China, to honor the overseas Chinese professionals, who have made significant contribution, since the open policy to China science and technology development, as well as economy development.

Chairman Mr. William Xia GUO was elected into “Chinese Entrepreneur of Year 2005” by Chinese Entrepreneur magazine because he turned a new page for the extensive export of drugs. There are totally 33 well-known enterprisers in “Chinese Entrepreneur of Year 2005”.

於「國慶」前九月二十九日，本公司主席郭夏先生出席了中國國務院僑辦在人民大會堂舉行的首屆華僑華人專業人士「傑出創業獎」頒獎儀式，喜獲榮譽稱號，並受到了國家領導人的親切接見。該獎項是中國國務院僑辦為表彰中國改革開放以來，大批海外華僑專業人士為中國科技進步和經濟社會發展作出的重大貢獻而設。

主席郭夏先生因「為中國製劑藥品大規模出口翻開了里程碑式的一頁」，而獲《華商世界》雜誌選為「2005年度華商」，本次共有33位知名企業家入選。



## COMPARISON OF BUSINESS OBJECTIVES TO ACTUAL BUSINESS PROGRESS 業務目標與實際業務進展比較

**Business objectives for the period from  
1 January 2005 to 31 December 2005  
as stated in the Prospectus of the  
Company dated 30 June 2003**

誠如本公司日期為二零零三年六月三十日刊發之  
售股章程所載由二零零五年一月一日  
至二零零五年十二月三十一日止之業務目標

### **Drug product pipeline expansion**

拓展藥品渠道

1. To achieve total number of 400 accumulated drug projects to be carried out to the following stages of development:

進展到下列開發階段之藥品項目總數達400個：

- Pre-Clinical and pending Clinical Study Permits (173).

臨床前研究及待批臨床研究許可證(173)。

- Pending New Drug Certificates/Drug Manufacturing Permits or Approvals for Standardized Drugs (106).

待批新藥證書／藥品生產許可證或標準藥品批文(106)。

- New Drug Certificates/Drug Manufacturing Permits or Approvals for Standardized Drugs obtained (121).

已獲發新藥證書／藥品生產許可證或標準藥品批文(121)。

### **Actual Business Progress**

實際業務進展

During the reporting period, 49 new Clinical Study Permits were obtained. As at 31 December 2005, accumulatively 227 Clinical Study Permits were obtained.

於報告期間，本集團已取得49張新臨床研究許可證。截至二零零五年十二月三十一日，本集團獲得之臨床研究許可證累積總數為227張。

During the reporting period, 28 new Manufacturing Permits were obtained. As at 31 December 2005, accumulatively 72 Manufacturing Study Permits were obtained.

於報告期間，本集團已取得28張新生產許可證。截至二零零五年十二月三十一日，本集團獲得之生產許可證累積總數為72張。

## COMPARISON OF BUSINESS OBJECTIVES TO ACTUAL BUSINESS PROGRESS 業務目標與實際業務進展比較

### Business objectives for the period from 1 January 2005 to 31 December 2005 as stated in the Prospectus of the Company dated 30 June 2003

誠如本公司日期為二零零三年六月三十日刊發之  
售股章程所載由二零零五年一月一日  
至二零零五年十二月三十一日止之業務目標

2. Start 30 new projects for in-house pre-clinical studies. Therapeutic indications for these drug projects are expected to include those principal therapeutic areas identified in earlier period.

開始30個新專案，用於內部臨床前研究。該等藥品專案之治療適應症預期包括較早期間所確定之主要治療範圍。

3. Add 10 R&D professionals to R&D team.  
增聘10名研發專才加入研發隊伍。

4. File 4 product technology patent applications for registering proprietary technologies and processes with the State Intellectual Property Office.

向國家知識產權局提交4項專有技術及工藝之專利申請。

### Commercialization of drug projects and marketing

#### 藥品項目商業化及市場推廣

1. Continue to recruit and train additional marketing and sales professionals, and set up sales support offices in the PRC.

繼續招募及培訓額外專業市場推廣及銷售人員，並在中國設立銷售支援辦事處。

### Actual Business Progress 實際業務進展

The Group initiated 71 new projects in the reporting period.

於報告期間，本集團展開71個新項目。

So far there are 49 R&D professionals added.  
至今，已增聘49名研發專才。

The Group had submitted 68 patent applications since its inception to 31 December 2005.

本集團由成立至二零零五年十二月三十一日止共提交68份專利申請。

The Group has recruited 55 marketing professionals focusing on different regions of the market.

本集團已招募55名專業市場推廣人員，分別負責不同市場區域。

## COMPARISON OF BUSINESS OBJECTIVES TO ACTUAL BUSINESS PROGRESS 業務目標與實際業務進展比較

**Business objectives for the period from  
1 January 2005 to 31 December 2005  
as stated in the Prospectus of the  
Company dated 30 June 2003**

誠如本公司日期為二零零三年六月三十日刊發之  
售股章程所載由二零零五年一月一日  
至二零零五年十二月三十一日止之業務目標

2. Continue to engage in Technology Transfer and the provision of Pharmaceutical Development Services and Clinical Research Services.

繼續進行技術轉讓及提供藥品開發服務及臨床研究服務。

3. Continue to market the drug products of the Group.

繼續推廣本集團藥品。

### **Manufacturing**

#### **製造**

Commence preparation for expansion of the Group's GMP compliant manufacture facilities.

著手籌備，擴展本集團之GMP遵規製造設施。

### **Actual Business Progress**

#### **實際業務進展**

The Group always focus on its core business of Technology Transfer, PDS and CRS, on the basis of these to expand its business to manufacturing and sales so as to create more profit.

本集團一直著眼於其技術轉讓、藥品開發服務及臨床研究服務之核心業務，並據此擴展其業務至製造及銷售，以增闊利潤來源。

VP-Mart already launched more than 8 products for leading pharmaceutical companies in China during 2005.

於二零零五年，萬全市場已向中國領先藥品公司推出超過8類產品。

During the year, the product lines of capsule, troche, granule and powder have passed the GMP attestation successfully. The Group is now focusing on establishing GMP compliant manufacture facilities for other form of prepared drugs.

年內，膠囊、片劑、顆粒及散劑各生產線均成功通過GMP認證。本集團現時集中開設GMP遵規製造設施，以製造其他劑型之成藥。

## COMPARISON OF BUSINESS OBJECTIVES TO ACTUAL BUSINESS PROGRESS 業務目標與實際業務進展比較

### USE OF PROCEEDS FROM THE ISSUING OF THE NEW SHARES

The Company was listed on the GEM on 10 July 2003 by placing 90,000,000 shares. The net proceeds after deduction of related expenses amounted to approximately HK\$28 million.

### 發行新股所得款項用途

本公司透過配售90,000,000股股份於二零零三年七月十日在創業板上市。於扣除有關開支後，所得款項淨額約為28,000,000港元。

#### For the period from the listing date to 31 December 2005

上市日期起至二零零五年十二月三十一日止期間

		<b>Actual</b>	<b>Per Prospectus</b>
		<b>amount used</b>	<b>按售股章程所述</b>
		實際已用金額	按售股章程所述
		HK\$'000	HK\$'000
		千港元	千港元
For R&D activities (note 1)	用於研發(附註1)	7,007	7,500
For marketing activities and brand building (note 2)	用於市場推廣及建立品牌(附註2)	3,149	10,000
For GMP plant establishment	用於成立符合GMP規定之廠房	8,426	7,000
For overseas market expansion (note 3)	用於進軍海外市場(附註3)	2,401	2,500
General working capital	一般營運資金	1,000	1,000
<b>Total</b>	<b>合計</b>	<b>21,983</b>	<b>28,000</b>

#### Notes:

- Lower expenditure incurred as at end of 31 December 2005 was a result of management being more cautious in screening suitable partners for the projects and in assessing the market development of respective therapeutic areas. Project spending will increase as planned once suitable partners are identified and appropriate market condition established.
- During the period, the marketing activities and brand building activities were focused in PRC and thus less cost was incurred. Such expenses in this area will increase when more overseas activities are incurred in coming periods.
- Overseas expansion activities will be activated in coming periods.

The balance of the proceeds raised will continue to be used in the projects disclosed in the Company's Prospectus and is currently deposited in banks. The Directors consider that the net proceeds will be sufficient for the requirement of future business objectives as stated in the Company's Prospectus.

#### 附註:

- 由於管理層更審慎篩選項目之適當夥伴及評估有關治療領域之市場開發，故於二零零五年十二月三十一日完結時產生之支出較低。於物色適當夥伴而又具備合適市場條件時，項目開支將按計劃增加。
- 期內，市場推廣活動及建立品牌活動集中在中國，故所產生之成本較低。當往後期間進行更多海外活動時，此方面之開支將有所增加。
- 進軍海外市場之行動將於往後期間展開。

籌得之所得款項餘額現正存放在銀行，將繼續用於本公司之售股章程所披露項目。董事認為所得款項淨額將足以應付本公司之售股章程所述未來業務目標所需。

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

### 董事及高級管理層簡歷

#### EXECUTIVE DIRECTORS

Mr. William Xia GUO, is the Chairman, Chief Executive Officer, Managing Director and Joint Chief Technology Officer of the Group. Mr. Guo is responsible for strategic planning and development, overall management and R&D activities of the Group. Mr. Guo obtained with a Master degree in science from University of Toronto in March 1997. Mr. Guo has also completed various approved courses for the degree of Master of Business Administration in the Heriot-Watt University. Before establishing the Group in December 1998, Mr. Guo had worked for two pharmaceutical companies in Canada, namely Ortho-McNeil Inc. and Novopharm Limited, both are pharmaceutical companies in Canada as research scientist and process development manager, respectively. Mr. Guo has over 10 years experience in research, pharmaceutical development and management in the pharmaceutical industry. Mr. Guo is a member of the American Association of Pharmaceutical Scientists and the National Pharmaceutical Sciences Group Inc.

Dr. Maria Xue Mei SONG, is an executive Director. Dr. Song is responsible for Clinical Research (R&D) and also the head of the Human Resources Management Department of the Group. Dr. Song graduated from China Concord Medical University with a Doctorate degree in clinical medicine in July 1995. She is also a Registered Pharmacist in the PRC. Prior to joining the Group in February 2000, Ms. Song had served as general manager of Beijing Tiancifu Biopharmaceutical Co. Ltd.

#### 執行董事

郭夏先生，本集團主席、首席執行官、董事總經理兼聯席首席技術官。郭先生負責本集團之策略規劃及發展、整體管理及研發業務。郭先生於一九九七年三月取得多倫多大學理學碩士學位，亦在 Heriot-Watt University 完成工商管理碩士學位之多個認可課程。於一九九八年十二月成立本集團之前，郭先生曾於兩間加拿大製藥公司 (Ortho-McNeil Inc. 及 Novopharm Limited) 分別擔任研究科學家及工序開發經理。郭先生於製藥行業之研究、製藥開發及管理方面擁有逾十年經驗。郭先生乃美國藥學科學家協會及 National Pharmaceutical Sciences Group Inc. 之會員。

宋雪梅博士，執行董事。宋博士負責本集團之臨床研究 (研發) 服務，並為人力資源管理部主管。宋博士畢業於中國協和醫科大學，於一九九五年七月獲頒臨床醫藥博士學位。彼亦為中國註冊藥劑師。於二零零零年二月加盟本集團之前，宋女士曾於北京天賜福生物醫藥有限公司擔任總經理。

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

### 董事及高級管理層簡歷

#### NON-EXECUTIVE DIRECTORS

Mr. FENG Tao, is nominated as a non-executive Director by C Tech Fund. Mr. Feng obtained a Master degree in Science from the Department of Statistics and Applied Probability from the University of Alberta in June 1992. Mr. Feng has been serving as the Vice President Officer of the The Foundation of Science and Technology for Development of the State Planning Committee, State Economic and Trade Commission of the PRC and China Science Academy since September 1999. He was appointed as non-executive Director in August 2002.

Mr. WU Xin, is a non-executive Director nominated by C Tech Fund. Mr. Wu is a vice-president of NewMargin. Mr. Wu obtained his Master of Science degree from Stanford University in Engineering-Economic Systems in 1994 and a Bachelor of Science degree in Electrical Engineering from University of Illinois in May 1993. Prior to joining NewMargin, Mr. Wu worked in Chase Capital Partners, an investment firm, and at Robertson Stephens & Company, an investment firm based in San Francisco. He was appointed as non-executive Director in August 2002.

Dr. Nathan Xin ZHANG, is a non-executive director. Dr. Zhang is the former chief executive officer of Chipscreen Biosciences Ltd., a leading Chinese biotech company specialized in innovated cancer, diabetes, and osteoporosis drug discovery. Dr. Zhang had worked with KPMG LLP and Credit Suisse First Boston. Dr. Zhang holds an M. D from Tianjin Medical University, Ph. D from University of Pennsylvania, and an MBA from the University of Chicago, USA.

#### 非執行董事

馮濤先生，獲C Tech Fund提名出任非執行董事。馮先生於一九九二年六月在University of Alberta統計及應用概率學系取得理學碩士學位。馮先生自一九九九年九月起一直出任國家計委、國家經貿委及中國科學院科技促進經濟部基金委員會副主任。彼於二零零二年八月獲委任為非執行董事。

吳欣先生，獲C Tech Fund提名為非執行董事。吳先生為NewMargin之副總裁，彼於一九九四年在史丹福大學獲得工程經濟系統理學碩士學位，及於一九九三年五月在伊利諾伊大學取得電力工程理學士學位。於加盟NewMargin前，吳先生曾任職一間投資公司Chase Capital Partners及三藩市之投資公司Robertson Stephens & Company。彼於二零零二年八月獲委任為非執行董事。

張欣博士，非執行董事。張博士曾任深圳微芯生物公司總裁，該公司是一家中國致力於治療II型糖尿病、腫瘤等的知名創新生物醫藥公司。彼也曾就職於KPMG紐約公司、瑞士信貸第一波士頓紐約投資銀行部。彼持有天津醫學院博士學位、美國賓西法尼亞大學藥理學博士學位及芝加哥大學商學院工商管理碩士。

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

### 董事及高級管理層簡歷

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WU Ming Yu, is an independent non-executive Director and is the chairman of the audit committee. Mr. Wu is a member of the education committee of the China (Hainan) Reform Development Research Institute, a member of Standing Committee of China Association of Science and Technology; President of Chinese Society of Technology Economics; Honorary President of China Society of Science and Science Technology Policy Research and Vice-President of China Society of Land Economics Research. Mr. Wu has held the post of Vice Minister of the Development Research Center of the State Council, Vice Minister of the State Science and Technology Commission; President of China Technology Economic Research Institute; Vice President of China Society of Science and Science Technology Policy; Economist of Economy Research Institute of the State Council and President of Asia-Pacific Research Institute. He was appointed as independent non-executive Director in August 2002.

Mr. Paul CONTOMICHALOS, is an independent non-executive Director. He holds an MBA from the Columbia University in May 1985. Mr. Contomichalos had worked for Bristol-Myers Squibb (BMS). His first position in China was to start up the consumer over-the-counter business of Bristol-Myers Squibb in 1994. He became Chairman and President of Bristol-Myers Squibb China from 1997 to 2000. Prior to working in China, Mr. Contomichalos held various key consumer marketing and business development positions with Bristol-Myers Squibb in the USA and Canada and has about 18 years of experience in this field. He was appointed as independent non-executive Director in August 2002.

Mr. WANG Hong Bo, is an independent non-executive director. He is a member of the Association of Chartered Certified Accountants and the Chinese Institute of Certified Public Accountants. Mr. Wang graduated from Nan Kai University with a master degree. Mr. Wang is presently a company secretary of TCL Group Limited. Mr. Wang has over 10 years of experience in auditing. He was appointed as independent non-executive Director in September 2004.

#### 獨立非執行董事

吳明瑜先生，獨立非執行董事兼審核委員會主席。吳先生為中國（海南）改革發展研究院學術委員會委員、中國科學技術協會全國委員會委員、中國技術經濟研究會理事長、中國科學與科技政策研究會名譽理事長及中國國土經濟學研究會副理事長。吳先生曾任國務院發展研究中心副主任、國家科學技術委員會副主任、中國技術經濟研究會理事長、中國科學與科技政策研究會副理事長、國務院經濟研究中心經濟學家及Asia-Pacific Research Institute理事長。彼於二零零二年八月獲委任為獨立非執行董事。

Paul CONTOMICHALOS先生，獨立非執行董事，於一九八五年五月獲哥倫比亞大學頒授工商管理碩士學位。Contomichalos先生曾任職於Bristol-Myers Squibb (BMS)，在中國首項工作為於一九九四年開辦Bristol-Myers Squibb之消費者場外業務。彼於一九九七年至二零零零年間出任Bristol-Myers Squibb China之主席兼總裁。於中國工作之前，Contomichalos先生曾在美國及加拿大Bristol-Myers Squibb擔任多個主要消費者市場推廣及業務開發職位，在該範疇積逾約十八年經驗。彼於二零零二年八月獲委任為獨立非執行董事。

王紅波先生，獨立非執行董事。彼為英國特許公認會計師公會及中國註冊會計師協會之會員。王先生畢業於南開大學，獲頒碩士學位。彼現為TCL集團股份有限公司公司秘書。彼擁有逾10年審計經驗。彼於二零零四年九月獲委任為獨立非執行董事。



## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

### 董事及高級管理層簡歷

#### SENIOR MANAGEMENT

The Group's senior management comprises the following employees:

Dr. Tom Tuo Jin, is the Joint Chief Technology Officer. Dr. Jin holds M. D from University of Toronto and Ph. D from Hokkaida University. Dr. Jin engaged in education and pharmaceutical R&D in Japan, USA Novartis and Canada for years. Dr. Jin was a researcher with Aventis-Pasteur (USA), Supervisor of Formulation Division with BioDelivery Science (USA), as well as Associate Professor with Long Island University. Dr. Jin is the dean of Sinican Institute. Dr. Jin published 25 articles in periodical and applied for 10 patents. Dr. Jin is a member of American Association of Pharmaceutical Scientists.

Dr. CHEN Mingwei, is the Director of Marketing of the Group. Dr. Chen has obtained MBA from Purdue University in 2003 and Ph. D. in Food Science and Technology from University of Georgia in 1997. He has more than 10 years of variety working experiences in biotech both industry and academic environment. He worked with several well known companies and Universities in USA. Before joining Venturepharm, he worked for Beijing MYS S&T Development LLC as Chief Technical Consultant Officer for over 2 years. The unique background makes him a scientist/manager type of person, who is strong on initiating and managing projects in the world market, leading professional team to develop innovated products, leading marketing and sales teams to launch the products/services worldwide.

Mr. Michael Kun LIU, is the head of the Medicinal Drug Entity Division, (Pharmaceutical Development, R&D). Mr. Liu obtained a Master degree in Pharmaceutical Science from Osaka University in Japan in March 1998. He worked for Number 6 Northeastern Pharmaceutical Factory between 1991 and 1994 in the area of new product development and was involved in several new product programs. Mr. Kun joined the Group in June 2002 and has 13 years of experience in the field of pharmaceutical industry.

#### 高級管理層

本集團之高級管理層由以下僱員組成：

Tom Tuo Jin博士，為聯席技術總監。Jin博士持有多倫多大學醫學博士及日本北海道大學博士學位。Jin博士多年來於日本、美國Novartis及加拿大從事教育及藥劑研發工作，曾經擔任Aventis-Pasteur (USA)的研究員、BioDelivery Science (USA)配方部的主管，以及美國長島大學副教授。Jin博士為Sinican Institute的院長。Jin博士曾於學報發表25篇文章及擁有10項專利發明。Jin博士為美國藥學科學家協會成員。

CHEN Mingwei博士，為本集團市場部主管。Chen博士於二零零三年獲得美國普渡大學工商管理學碩士學位，並於一九九七年獲得美國喬治亞大學食品科學和技術學博士學位。彼在生物科技工業領域和學術領域擁有逾10年不同工作經驗。彼曾在美國多家知名公司及大學任職。加盟萬全之前，Chen博士曾出任北京美益生科技開發有限責任公司之總技術顧問逾2年。憑藉其獨特的背景，彼成為科學與管理知識兼備之人士。彼優於推行及管理世界市場項目；領導專業隊伍開發創新產品，並引領市場推廣及銷售隊伍於全球各地推出各項產品／服務。

劉昆先生，研發部藥品開發之藥品實體分部主管。劉先生於一九九八年三月獲日本大阪大學頒授藥劑科學碩士學位。彼於一九九一年至一九九四年間任職於東北第六製藥廠，從事新產品開發，並參與若干新產品項目。劉先生在二零零二年六月加盟本集團，彼在製藥行業擁有13年經驗。

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

### 董事及高級管理層簡歷

Mr. Tim Ting GUO, is the Chief Financial Officer and the head of the Accounting & Finance department of the Group. Mr. Guo holds a Bachelor degree from Financial and Economics University of Nanjing. He has about 10 years working experience in accounting and financial management. Mr. Guo worked for a number of pharmaceutical companies as head of financial department. Prior to joining the Group, he was the Chief Financial Officer about 2 years and Vice-president about 1 year for one of Beijing Pharmaceutical Corporation Limited. Mr. Guo joined the Group in 9 May 2005.

郭霆先生，本集團財務總監兼會計及財務部主管。郭先生持有南京財經大學學士學位，於會計及財務管理方面擁有近10年工作經驗。郭先生曾於多家醫藥公司出任財務部主管之職。於加盟本集團前，他曾於北京某制藥公司出任財務總監約兩年及副總裁約一年。郭先生於二零零五年五月九日加入本集團。

## DIRECTORS' REPORT

### 董事會報告

The directors of the Company present their annual report and the audited financial statements of the Company and of the Group for the year ended 31 December 2005.

#### PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries and associate are set out in notes 7 and 8, respectively, to the financial statements.

An analysis of the Group's performance for the year by business sectors is set out in note 20 to the financial statement.

#### RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in note 16 to the financial statements.

#### RESULTS

The results of the Group for the year ended 31 December 2005 are set out in the consolidated income statement on page 62 of the annual report.

The directors do not recommend the payment of final dividend for the year ended 31 December 2005.

#### PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company during the year are set out in note 5 to the financial statements.

#### SHARE CAPITAL

Details of the share capital of the Company are set out in note 15 to the financial statements.

本公司董事謹此呈報本公司及本集團截至二零零五年十二月三十一日止年度之年度報告及經審核財務報表。

#### 主要業務

本公司為一間投資控股公司。本公司之附屬公司及聯營公司之主要業務分別載於財務報表附註7及8。

本集團年內表現按業務單元分析，載於財務報表附註20。

#### 儲備

本集團及本公司儲備於年內之變動詳情載於財務報表附註16。

#### 業績

本集團截至二零零五年十二月三十一日止年度之業績載於本年報第62頁綜合收益表。

董事不建議就截至二零零五年十二月三十一日止年度派發末期股息。

#### 物業、廠房及設備

本公司物業、廠房及設備於本年度之變動詳情載於財務報表附註5。

#### 股本

本公司股本之詳情載於財務報表附註15。

## DIRECTORS' REPORT

### 董事會報告

#### FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 135.

#### DIRECTORS

The directors of the Company during the year and up to the date of this report are:

##### Managing Director:

William Xia GUO

##### Executive Directors:

Maria Xuemei SONG  
David Xuesong GAO (resigned on 27 March 2006)

##### Non-Executive Directors:

FENG Tao  
WU Xin  
Philip Pak Yiu YUEN (resigned on 18 March 2005)  
Nathan Xin ZHANG (appointed on 2 February 2005)

##### Independent Non-Executive Directors:

WU Ming Yu  
Paul CONTOMICHALOS  
WANG Hong Bo

Apart from Nathan Xin ZHANG and WANG Hong Bo, which do not have a service contract, each of the executive directors has entered into a service contract with the Company for three years from 10 July 2003 (the "Listing Date"). Each of the executive directors and non-executive directors was appointed as director of the Company respectively subject to termination in certain circumstances as stipulated in the relevant service contracts, if applicable.

#### 五年財務概要

本集團於過去五個財政年度之業績及資產與負債概要載於第135頁。

#### 董事

年內及截至本報告日期止本公司之在任董事為：

##### 董事總經理：

郭夏

##### 執行董事：

宋雪梅  
高雪松 (於二零零六年三月二十七日辭任)

##### 非執行董事：

馮濤  
吳欣  
阮北耀 (於二零零五年三月十八日辭任)  
張欣 (於二零零五年二月二日獲委任)

##### 獨立非執行董事：

吳明瑜  
Paul CONTOMICHALOS  
王紅波

除張欣及王紅波並無訂立服務合約外，各執行董事已與本公司訂立自二零零三年七月十日（「上市日期」）起計為期三年之服務合約。各執行董事及非執行董事獲委任為本公司董事均受限於在有關服務合約（如適用）訂明之若干情況下予以終止。

## DIRECTORS' REPORT

### 董事會報告

In accordance with Articles 95 and 112 of the Company's Articles of Association, WU Xin, Nathan Xin ZHANG and WANG Hong Bo retire and, being eligible, offer themselves for re-election.

Save as disclosed above, no directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

#### DIRECTORS' INTEREST IN SECURITIES

As at 31 December 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:

根據本公司之公司組織章程細則第95及112條，吳欣、張欣及王紅波退任並合資格膺選連任。

除上文披露者外，擬於應屆股東週年大會膺選連任之董事，概無訂立任何本集團於一年內不作出補償（法定補償除外）而不能予以終止之服務合約。

#### 董事於證券之權益

於二零零五年十二月三十一日，本集團之董事、主要行政人員及彼等之聯繫人士於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債券中，擁有(a)須根據證券及期貨條例第XV部第7及第8分部知會本公司及聯交所之權益及淡倉（包括彼等根據證券及期貨條例該等條文被當作或視為擁有之權益或淡倉）；或(b)根據證券及期貨條例第352條，須列入該條所述登記冊之權益及淡倉；或(c)根據創業創業板上市規則第5.41至5.49條所述之權益及淡倉如下：

## DIRECTORS' REPORT

### 董事會報告

#### Long positions in shares and underlying shares of the Company

於本公司股份及相關股份之好倉

##### (1) The Company

(1) 本公司

Name 姓名	Type of Interest 權益類別	Capacity 身份	Number of shares in which interested (other than under equity derivatives) 持有權益之股份數目 (股本衍生工具除外)	Number of shares interested under physically settled equity derivatives 根據實物結算 股本衍生工具 持有權益之股份數目 (Note 3) (附註3)	Total number of shares 股份總數	Approximate percentage of interest 權益概約 百分比
William Xia GUO 郭夏	Personal 個人	Beneficial owner 實益擁有人	9,110,377	7,560,000	16,670,377	4.63
William Xia GUO 郭夏	Corporate 公司	Interest of a controlled corporation (Note 1) 受控制法團權益(附註1)	149,432,583	–	149,432,583	41.51
William Xia GUO 郭夏	Corporate 公司	Interest of a controlled corporation (Note 2) 由受控制法團權益(附註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 44.94% held by Mr. Guo Xia through Winsland Agents Limited, his wholly and beneficially owned company incorporated in British Virgin Islands.

附註1: 受控制法團 Venturepharm Holdings Inc. 由郭夏先生直接持有47.63%股權, 以及由郭夏先生透過 Winsland Agents Limited (於英屬處女群島註冊成立, 由郭先生全資實益擁有) 持有44.94%股權。

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

附註2: 受控制法團 Bright Excel Assets Limited 全部股權由 Venturepharm Holdings Inc. 實益擁有。

## DIRECTORS' REPORT

### 董事會報告

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:

附註3: 董事及主要行政人員於實物結算股本衍生工具項下之多項權益為透過根據首次公開售股前購股權計劃授出之購股權持有。詳情載列如下:

Name 姓名	Number of shares in which interested under physically settled equity derivatives as at 20 June 2003 and 31 December 2005 於二零零三年六月二十日 及二零零五年十二月三十一日		Date of Grant 授出日期	Exercise Price 行使價
	根據實物結算股本衍生工具 持有權益之股份數目			
William Xia GUO 郭夏	7,200,000	7,200,000	20 June 2003 二零零三年六月二十日	HK\$0.32 0.32港元
William Xia GUO 郭夏	360,000	360,000	02 March 2005 二零零五年三月二日	HK\$0.52 0.52港元

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.

郭夏先生獲授之購股權均附帶歸屬時間，據此，彼可於二零零三年十二月三十一日後行使不多於相關股份30%之購股權，於二零零四年十二月三十一日後行使不多於相關股份其餘30%之購股權，及於二零零五年十二月三十一日後行使餘下之購股權。有關購股權將於授出日期後十年屆滿。郭夏先生亦已向聯交所承諾，於上市日期起計首12個月內，彼不會行使彼根據首次公開發售前購股權計劃獲授之購股權。

## DIRECTORS' REPORT

### 董事會報告

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

(2) 本公司之附屬公司－北京德眾萬全藥物技術開發有限公司

Name 姓名	Type of interest 權益類別	Capacity 身份	Capital contribution on a Sino-foreign co-operative joint venture 於一間中外合作 合營企業之出資額	Approximate percentage of interest of shareholding in joint venture 於合營企業股權 之權益概約百分比
William Xia GUO 郭夏	Corporate 公司	Interest of a controlled corporation (Note 1) 受控制法團權益(附註1)	US\$111,000 111,000美元	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.

附註1: 股權由北京萬全生物醫藥科技有限公司持有。該公司為一家於中國註冊成立之有限公司，其99%股權由郭夏先生實益持有，另1%則由宋雪梅博士持有。

Save as disclosed above, as at 31 December 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.

除上文所披露者外，於二零零五年十二月三十一日，董事及主要行政人員概無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之證券中，擁有須(a)根據證券及期貨條例第XV部第7及第8分部知會本公司及聯交所之任何權益或淡倉（包括彼等根據證券及期貨條例該等條文被當作或視為擁有之權益或淡倉）；或(b)根據證券及期貨條例第352條列入該條例所述登記冊之任何權益或淡倉；或(c)根據創業板上市規則第5.41至5.49條之規定之任何權益或淡倉。



## DIRECTORS' REPORT

### 董事會報告

#### SUBSTANTIAL SHAREHOLDERS

So far as it is known to any directors, chief executives of the Company, as at 31 December 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 名稱	Capacity 身份	Number of Shares 股份數目	Approximate percentage of interest 權益概約百分比
Venturepharm Holdings Inc. (Note 1) (附註1)	Beneficial owner 實益擁有人	149,432,583	41.51
Venturepharm Holdings Inc. (Note 2) (附註2)	Interest of a controlled corporation 受控制法團權益	15,966,073	4.44
Bright Excel Assets Limited (Note 2) (附註2)	Beneficial owner 實益擁有人	15,966,073	4.44
C Tech Fund	Beneficial owner 實益擁有人	80,736,558	22.43
William Xia GUO (Note 1, 2 & 3) 郭夏(附註1、2及3)	Beneficial owner and interest of controlled corporations 實益擁有人及受控制法團權益	182,069,033	50.57

Note 1: Venturepharm Holdings Inc. is 47.63% directly held by Mr. Guo Xia and 44.94% 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.

#### 主要股東

據本公司董事及主要行政人員所知，於二零零五年十二月三十一日，以下人士持有本公司之股份及相關股份中的權益及淡倉而須根據證券及期貨條例第XV部第2及第3分部作出披露，或須根據證券及期貨條例第XV部第336條須列入該條所述登記冊之權益及淡倉：

#### 於本公司股份及相關股份之好倉

附註1: Venturepharm Holdings Inc.分別由郭夏先生直接持有47.63%股權，以及由郭夏先生透過Winsland Agent Limited（於英屬處女群島註冊成立，由郭先生全資實益擁有）持有44.94%股權。

附註2: 受控制法團Bright Excel Assets Limited全部股權由Venturepharm Holdings Inc.實益擁有。

附註3: 除透過Venturepharm Holdings Inc.持有之股份外，郭夏先生實益擁有16,310,377股股份權益，其中包括根據首次公開招股前購股權計劃及購股權計劃授予彼之購股權所涉及分別7,200,000股股份及360,000股股份。

## DIRECTORS' REPORT

### 董事會報告

Save as disclosed above, as at 31 December 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.

#### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 32 to the financial statements, no other contracts of significance to which the Company and any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

#### CONNECTED TRANSACTIONS

Venturepharm Inc. ("VP Inc."), a subsidiary of the Company's shareholder, engages the Group to research and develop seven new drugs and provide related pharmaceutical application, registration and testing services. According to the agreements entered into by VP Inc. and the Group, approximately 20 to 40 per cent. of the contract sum is payable by VP Inc. within seven days after the application to The State Food and Drug Administration of the People's Republic of China (the "SFDA") for clinical study permit is accepted; approximately 30 per cent. within seven days after obtaining clinical study permit from the SFDA; approximately 20 to 40 per cent. after completion of clinical trial with submission of a full report to VP Inc.; and approximately 10 per cent. within seven days after obtaining new drug certificate from the SFDA. The total contract value is RMB6.6 million, which were, in the opinion of the directors of the Company, conducted in the normal course of business at prices and terms no less than those charged to and contracted with other third party customers of the Group. During the year, the Group received RMB357,000 from VP Inc. for these services provided. The Group was granted a waiver covering the period from the Listing Date to 31 December 2005 from strict compliance with the GEM Listing Rules.

除上文所披露者外，於二零零五年十二月三十一日，按本公司登記冊記錄，概無任何其他人士於本公司之股份或相關股份中持有須根據證券及期貨條例第XV部第2及第3分部披露之權益或淡倉，或須根據證券及期貨條例第XV部第336條列入該條所述登記冊之權益或淡倉。

#### 董事於重大合約之權益

除財務報表附註32披露者外，於年結日或年內任何時間，概無存在本公司及其任何附屬公司為其中訂約方及本公司董事於當中直接或間接擁有重大權益之重大合約。

#### 關連交易

本公司股東之附屬公司Venturepharm Inc. (「VP Inc.」) 委聘本集團研究及開發七種新藥及提供相關製藥申請、註冊及測試服務。根據VP Inc.與本集團訂立之協議，VP Inc.須於中華人民共和國國家食品藥品監督管理局(「食品藥品監督局」)受理臨床研究許可證之申請後七日內，支付合約總金額約20至40%；取得食品藥品監督局之臨床研究許可證後七日內支付約30%；於完成臨床試驗並向VP Inc.提交完整報告後支付約20至40%；並於取得食品藥品監督局之新藥證書後七日內支付約10%。合約總值人民幣6,600,000元。本公司董事認為有關合約乃於日常業務過程中按不遜於支付予本集團其他第三方客戶之價格及與其訂立之條款而訂立。年內，本集團就提供之該等服務收取VP Inc.人民幣357,000元。本集團獲授豁免，由上市日期起計至二零零五年十二月三十一日止期間，毋須嚴格遵守創業板上市規則。

# DIRECTORS' REPORT

## 董事會報告

### 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 31 December 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 31 December 2005 are as follows:

Name of grantees 承授人姓名	Period during which the options remain exercisable after the date of grant 購股權於授出 日期後可予行使期限	Exercise price per shares 每股行使價	Number of underlying shares under the option as at 20.6.2003 and 31.12.2005 於二零零三年六月二十日 及二零零五年十二月三十一日 購股權涉及之相關股份數目
William Xia GUO (Note 1&2) 郭夏(附註1及2)	10 years 十年	HK\$0.32 0.32港元	7,200,000
2 other participants (Note 1&2) 兩名其他參與者(附註1及2)	10 years 十年	HK\$0.32 0.32港元	2,520,000
1 other participant (Note 3) 一名其他參與者(附註3)	10 years 十年	HK\$0.40 0.40港元	1,800,000
			11,520,000

### 購股權計劃

#### 1. 首次公開售股前購股權計劃

本公司根據股東於二零零三年三月三十一日通過之書面決議案採納購股權計劃(「首次公開售股前購股權計劃」)，以肯定及嘉獎若干董事、高級管理層及顧問之貢獻，詳情載於售股章程附錄四「購股權計劃」一段。於二零零三年六月二十日，本公司已授出涉及合共11,520,000股相關股份之購股權。於二零零五年十二月三十一日，11,520,000份購股權尚未行使，且根據首次公開售股前購股權計劃授出之購股權概無獲行使、註銷或失效。於二零零五年十二月三十一日，根據首次公開售股前購股權計劃已授出但尚未行使之購股權詳情如下：

## DIRECTORS' REPORT

### 董事會報告

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.

附註1: 彼等獲授之購股權均附帶歸屬時間, 據此, 彼等可於二零零三年十二月三十一日後行使不多於相關股份30%之購股權 (在附註2之規限下), 於二零零四年十二月三十一日後行使不多於相關股份其餘30%之購股權, 及於二零零五年十二月三十一日後行使餘下之購股權。

附註2: 各承授人已向聯交所承諾, 於上市日期起計首12個月內, 彼等將不會行使根據首次公開售股前購股權計劃獲授之購股權。

附註3: 授予一名顧問之購股權附帶歸屬時間, 據此, 彼可於二零零二年十二月三十一日後行使不多於相關股份30%之購股權, 於二零零三年十二月三十一日後行使不多於相關股份其餘30%之購股權, 及於二零零四年十二月三十一日後行使餘下之購股權。有關承授人已向聯交所承諾, 於上市日期起計首6個月內, 彼將不會行使根據首次公開售股前購股權計劃獲授之購股權。

## DIRECTORS' REPORT

### 董事會報告

#### 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 31 December 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 31 December 2005 are as follows:

Name of grantees 承授人姓名	Period during which the options remain exercisable after the date of grant 授出日期後購股權 仍然可予行使之期間	Exercise price per shares 每股行使價	Number of underlying shares under the option at 2.3.2005 and 31.12.2005 於二零零五年三月二日及 二零零五年十二月三十一日 購股權所涉及 相關股份數目
William Xia GUO 郭夏	10 years 十年	HK\$0.52 0.52港元	360,000
Other directors 其他董事	10 years 十年	HK\$0.52 0.52港元	1,152,000
Other participant 其他參與者	10 years 十年	HK\$0.52 0.52港元	2,530,000
			4,042,000

#### 2. 購股權計劃

根據本公司股東於二零零三年五月二十三日之書面決議案，本公司採納一項新購股權計劃。

於二零零五年三月二日，已授出涉及合共4,042,000股相關股份之購股權。於二零零五年十二月三十一日，有4,042,000份購股權尚未行使，而購股權計劃項下亦無任何購股權獲行使、註銷或失效。於二零零五年十二月三十一日，有關根據購股權計劃授出之尚未行使購股權詳情如下：

## DIRECTORS' REPORT

### 董事會報告

#### 3. 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 14 December 2005, options comprising a total of 1,098,000 underlying shares were granted. As at 31 December 2005, the options outstanding are 1,298,000 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 31 December 2005 are as follows:

Name of grantees 承授人姓名	Period during which the options remain exercisable after the date of grant 授出日期後購股權仍然可予行使之期間	Exercise price per shares 每股行使價	Number of underlying shares under the option at 14.12.2005 and 31.12.2005 於二零零五年十二月十四日及二零零五年十二月三十一日購股權所涉及相關股份數目
11 participants 11名參與者	10 years 十年	HK\$0.45 0.45港元	1,098,000
			1,098,000

#### COMPETING INTERESTS

As at 31 December 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.

#### 3. 購股權計劃

根據本公司股東於二零零三年五月二十三日之書面決議案，本公司採納新購股權計劃。

於二零零五年十二月十四日，已授出涉及合共1,098,000股相關股份之購股權。於二零零五年十二月三十一日，有1,298,000份購股權尚未行使，而購股權計劃項下亦無任何購股權獲行使、註銷或失效。於二零零五年十二月三十一日，有關根據購股權計劃授出之尚未行使購股權詳情如下：

#### 競爭權益

於二零零五年十二月三十一日，本公司之董事或管理層股東及彼等各自之聯繫人士（定義見創業板上市規則）概無於任何與本集團業務構成或可能構成競爭的業務中擁有權益。

## DIRECTORS' REPORT

### 董事會報告

#### SPONSOR'S INTEREST

As at 31 December 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 twelve months ended 31 December 2005.

#### MAJOR SUPPLIERS AND CUSTOMERS

During the year, the five largest customers of the Group accounted for approximately 20% of the Group's sales. The largest customer accounted for approximately 5% of the sales of the Group.

Aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases.

None of the directors, their associates or any shareholders which, to the knowledge of the directors, own more than 5% of the Company's issued share capital had any interest in the five largest customers of the Group.

#### 保薦人權益

於二零零五年十二月三十一日，本公司保薦人中國光大融資有限公司（「中國光大」）、其董事、僱員或彼等任何聯繫人士（定義見創業板上市規則）概無於本公司之證券中擁有任何權益。

根據本公司與保薦人中國光大所訂立日期為二零零四年五月二十七日之協議，中國光大將於二零零四年五月二十七日（包括當日）起至二零零五年十二月三十一日（包括當日）或協議終止當日止期間擔任本公司之保薦人，並就此收取費用。

#### 董事會常規及程序

自本公司上市以來，一直遵守創業板上市規則第5.28至5.39條載列之董事會常規及程序。

#### 購買、出售或贖回本公司股份

截至二零零五年十二月三十一日止十二個月內，本公司或其任何附屬公司概無購買、出售或贖回任何本公司上市股份。

#### 主要供應商及客戶

年內，本集團五大客戶佔本集團銷售額約20%。最大客戶佔本集團銷售額約5%。

本集團五大供應商應佔總購貨額少於本集團總購貨額30%。

就董事所知，擁有本公司已發行股本逾5%之董事、其聯繫人士或任何股東概無於本集團五大客戶中擁有任何權益。

## DIRECTORS' REPORT

### 董事會報告

#### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

#### AUDITORS

HLB Hodgson Impey Cheng were appointed as the auditors of the Company in succession to Deloitte Touche Tohmatsu who resigned from the office with effect from 23 December 2005. HLB Hodgson Impey Cheng will retire and, being eligible, offer themselves for re-appointment as auditors of the Company at the forthcoming annual general meeting.

On behalf of the Board

**William Xia Guo**

*Chairman*

Beijing, the PRC, 27 March 2006

#### 優先購股權

本公司之公司組織章程細則或開曼群島法並無優先購股權之條文，故本公司毋須按比例向現有股東提呈新股份。

#### 核數師

國衛會計師事務所獲委任為本公司核數師，以接替於二零零五年十二月二十三日辭任之德勤•關黃陳方會計師行。國衛會計師事務所將於應屆股東週年大會退任，並合資格獲再次委任為本公司核數師。

代表董事會

*主席*

**郭夏**

中國北京，二零零六年三月二十七日



## CORPORATE GOVERNANCE REPORT

### 企業管治報告

#### (1) CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and fully complied with the Code Provision as set out in Appendix 15 of the GEM Listing Rules ("CG Code") with certain deviations save as disclosed in respect of (1) the roles of chairman and chief executive officer and (2) the remuneration committee. The following summarizes the Company's corporate governance practices and explains of deviations, if any, from the CG Code.

#### (2) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Company Code for Securities Transactions by Directors of Listed Issuers in compliance with the provisions that are set out in the GEM Listing Rules as its own code of conduct for Directors' dealings of securities since 29th June, 2005. Specific enquiries have been made with all Directors and the Directors confirmed that they have complied with the required standard set out in the Company Code in the period from 1 January 2005 to 31 December 2005.

#### (1) 企業管治常規

本公司依循創業板上市規則附錄15所載原則及全面遵守當中所載守則條文(「企業管治常規守則」),當中只有數項偏離,是有關(1)主席與行政總裁之角色及(2)薪酬委員會。下文概述本公司之企業管治常規並闡釋偏離企業管治常規守則之情況(如有)。

#### (2) 董事之證券交易

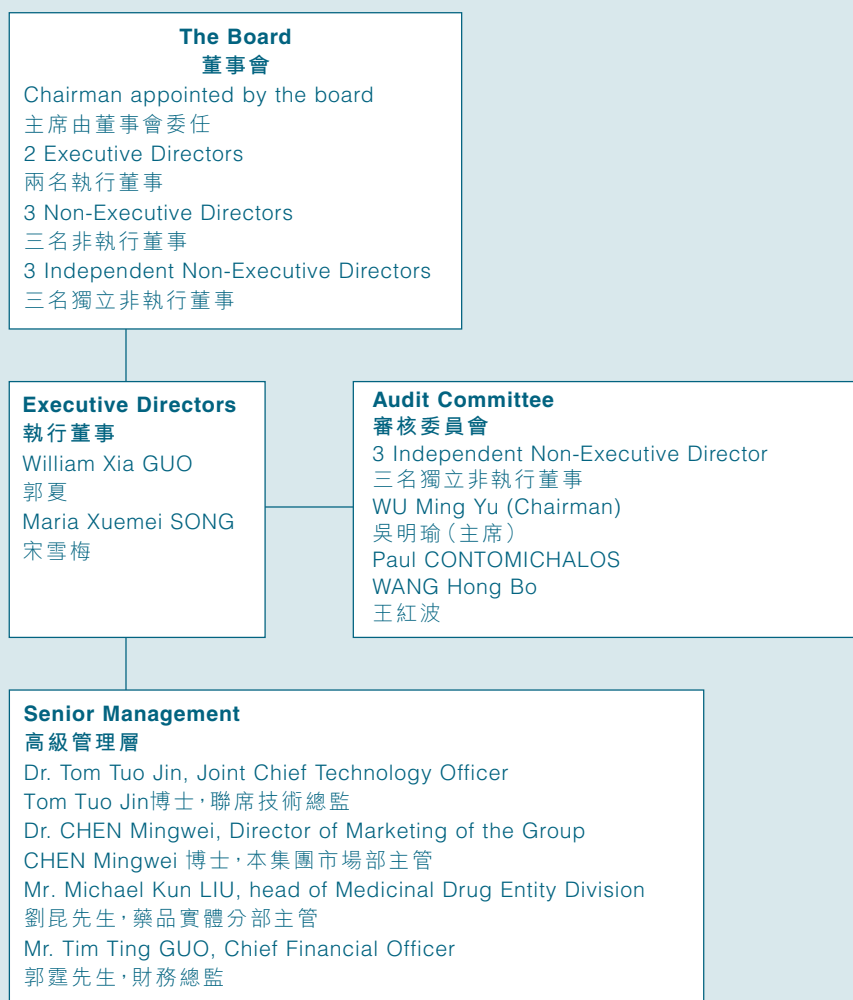
本公司已遵照創業板上市規則所載條文,採納上市發行人董事進行證券交易的公司守則,作為本公司就二零零五年六月二十九日起董事買賣證券之操守準則。經向全體董事作出具體查詢後,董事確認,彼等於二零零五年一月一日至二零零五年十二月三十一日期間,一直遵守公司守則所載規定準則。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### (3) BOARD OF DIRECTORS

The overall governance structure of the Company is set out below:



### (3) 董事會

本公司整體管治結構如下：

Note:

(a) The Non-Executive Directors of the Company during the year and up to the date of this report are:

FENG Tao  
WU Xin  
Philip Pak Yiu YUEN (resigned on 18 March 2005)  
Nathan Xin ZHANG (appointed on 2 February 2005)

附註：

(a) 年內及截至本報告日期，本公司之在任非執行董事為：

馮濤  
吳欣  
阮北耀 (於二零零五年三月十八日辭任)  
張欣 (於二零零五年二月二日獲委任)

## CORPORATE GOVERNANCE REPORT

### 企業管治報告

- (b) Apart from Nathan Xin ZHANG and Wang Hongbo, which do not have a service contract, each of the directors has entered into a service contract with the Company for three years from 10 July 2003 (the "Listing Date"). Each of the executive directors and non-executive directors was appointed as director of the Company respectively subject to termination in certain circumstances as stipulated in the relevant service contracts, if applicable.
- (c) Save as disclosed above, no directors have a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The Board of Directors ("Board") of the Company is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders value.

The Board of the Company comprises a total of eight Directors, with two Executive Directors, three Non-executive Directors and three Independent Non-executive Directors. One-third of the Board is Independent Non-executive Directors and one of them has appropriate professional qualifications. Reviews are made regularly of the Board composition to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. All Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

- (b) 除張欣及王紅波並無訂立服務合約外，各董事已與本公司訂立自二零零三年七月十日（「上市日期」）起計為期三年之服務合約。各執行董事及非執行董事均獲委任為本公司董事，惟可在有關服務合約（如適用）上訂明之若干情況下予以終止。
- (c) 除上文所披露者外，概無董事訂立任何本集團於一年內不作出補償（法定補償除外）而不能予以終止之服務合約。

本公司董事會（「董事會」）共同負責監督本集團業務及事務之管理，以提升股東價值為目的。

本公司董事會由合共八名董事組成，其中兩名為執行董事、三名為非執行董事及三名為獨立非執行董事。三分之一之董事會成員為獨立非執行董事，當中一名具合適專業資格。董事會定期檢討其組成，以確保於適當之專業知識、技能及經驗中取得平衡，以配合本公司業務需要。全體獨立非執行董事均符合上市規則第3.13條所載獨立指引，且遵照有關指引條文屬獨立身份。

## CORPORATE GOVERNANCE REPORT

### 企業管治報告

The Board, led by the Chairman, is responsible for the approval and monitoring of the Group's overall strategies and policies; approval of annual budgets and business plans; evaluating the performance of the Group; and oversight of management. One of the important roles of the Chairman is to provide leadership to the Board to ensure that the Board acts in the best interests of the Group. All Directors have been consulted about any matters proposed for inclusion in the agenda. With the support of Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receives adequate and reliable information in a timely manner.

Regular Board meetings of the year are scheduled in advance to give all Directors an opportunity to attend. Four regular Board meetings at approximately quarterly intervals have been scheduled for 2005. The Directors can attend meetings in persons or through other means of electronic communication in accordance with the Company's Articles of Association.

Board papers are circulated not less than seven days before the Board meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings. The Company Secretary and the Qualified Accountant shall attend all regular Board meetings to advise on corporate governance, statutory compliance, accounting and financial matters when necessary. Directors shall have full access to information on the Group and are able to obtain independent professional advice whenever deemed necessary by the Directors. The Company Secretary assists the Chairman in establishing the meeting agenda, and each Director may request inclusion of items in the agenda. Minutes of the board meetings are kept by the Company Secretary and are open for inspection by Directors.

董事會由主席領導，負責審批及監管本集團整體策略及政策；批准年度預算與業務計劃；評估本集團表現；及監督管理層。主席其中一項重要職務，為領導董事會，以確保董事會以本集團最佳利益行事。任何建議載入議程之事項均會徵詢全體董事意見。憑藉執行董事及公司秘書之支持，主席致力確保全體董事及時獲妥為知會於董事會會議提出之事項，並獲取足夠及可靠資料。

本公司會就每年定期董事會會議事先編列時間表，以便全體董事有機會安排出席。於二零零五年，曾於各季度間安排舉行四次定期董事會會議。根據本公司之公司組織章程細則，董事可親身或透過電子通訊方式出席會議。

董事會文件會於董事會會議舉行最少七天前傳閱，以確保董事能就將於董事會會議提出之事項作出知情決定。公司秘書及合資格會計師須出席所有定期董事會會議，並於需要時就公司管治、法定規例、會計及財務事項提供意見。董事應可獲取本集團所有資料，並能於董事認為需要時取得獨立專業意見。公司秘書協助主席編製會議議程，而各董事可要求於議程載入項目。董事會會議記錄由公司秘書存管，並可供董事查閱。

## CORPORATE GOVERNANCE REPORT

### 企業管治報告

During the twelve months ended 31 December 2005, the Board met and held four meetings in March, May, August and November 2005. The attendance records of the aforementioned four Board meetings are set out below:

截至二零零五年十二月三十一日止十二個月，董事會曾於二零零五年三月、五月、八月及十一月舉行四次會議。上述四次董事會會議之出席記錄載列如下：

#### Attendance of individual Directors at board meeting During the year ended 31 December 2005

截至二零零五年十二月三十一日止年度  
個別董事之董事會會議出席率

		Attendance No 出席次數	Attendance Rate 出席率
<b>Executive Directors</b>	<b>執行董事</b>		
William Xia GUO	郭夏	4/4	100%
Maria Xuemei SONG	宋雪梅	4/4	100%
David Xuesong GAO (resigned on 27 March 2006)	高雪松 (於二零零六年 三月二十七日辭任)	3/4	75%
<b>Non-executive</b>	<b>非執行董事</b>		
FENG Tao	馮濤	4/4	100%
WU Xin	吳欣	4/4	100%
Nathan Xin ZHANG	張欣	4/4	100%
<b>Independent Non-executive</b>	<b>獨立非執行董事</b>		
WU Ming Yu	吳明瑜	4/4	100%
Paul CONTOMICHALOS	Paul CONTOMICHALOS	4/4	100%
WANG Hongbo	王紅波	4/4	100%

#### (4) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Chairman of the Board is responsible for the leadership and effective running of the Board, and ensures that all keys and appropriate issues are discussed by the Board in a timely and constructive manner.

However, the Chief Executive Officer of the Company has not yet been appointed. Currently, the day-to-day management of the Company's business is handled by the executive directors and senior management, who take the responsibility to run the Group's business and to implement the Group's strategy so as to achieve the overall commercial objectives of the Company.

In order to comply with CG Code, the Directors will discuss the appointment of a chief executive during the upcoming Board meeting dated 27 March 2006.

#### (4) 主席及行政總裁

董事會主席負責領導董事會及使其有效運作，以確保董事會及時且具建設性地討論所有重要及適當事項。

然而，本公司尚未委任任何行政總裁。現時，本公司業務之日常管理由執行董事及高級管理人員執行，彼等負責經營本集團業務及推行本集團策略，以達致本公司整體商業目標。

為遵守企業管治常規守則，董事於在二零零六年三月二十七日舉行之董事會會議討論委任行政總監。

## CORPORATE GOVERNANCE REPORT

### 企業管治報告

#### (5) REMUNERATION OF DIRECTORS

Currently, the Remuneration Committee comprises the Chairman of the Board Mr. William Xia GUO, a Non-executive Director Mr. FENG Tao and an Independent Non-executive Director Mr. Paul CONTOMICHALOS. Mr. William Xia GUO is the chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

In order to comply with CG Code, the Directors will discuss the appointment of another Independent Non-executive Directors to replace Mr. Feng Tao in the Remuneration Committee during the upcoming Board meeting dated 27 March 2006. Subsequent to the aforesaid appointment, Independent Non-executive Directors will comprise majority of the Remuneration Committee.

#### (6) NOMINATION OF DIRECTORS

In accordance with the Company's Articles of Association, nomination of directors is determined by the Board with approvals by the shareholders in the general meeting.

#### (7) AUDITORS' REMUNERATION

The coming annual general meeting should approve the appointment of HLB Hodgson Impey Cheng as new auditors of the Group and that the Board is and be hereby authorized to fix auditor's remuneration. Non-audit services were not provided by previous auditors to the Company during the twelve months ended 31 December 2005.

#### (5) 董事酬金

現時，薪酬委員會由董事會主席郭夏先生、非執行董事馮濤先生及獨立非執行董事 Paul CONTOMICHALOS 先生組成。郭夏先生為薪酬委員會主席。

薪酬委員會之主要職責為就有關董事及高級管理人員全部酬金之本公司政策及結構，向董事會提出推薦意見，並參考董事會不時議決之公司宗旨及目標，檢討全體執行董事及高級管理人員之特定酬金組合。

為遵守企業管治常規守則，董事於在二零零六年三月二十七日舉行之董事會會議，討論委任另一名獨立非執行董事替代馮濤先生加入薪酬委員會。作出上述委任後，獨立非執行董事將構成薪酬委員會成員之大多數。

#### (6) 提名董事

根據本公司之公司組織章程細則，董事提名由董事會決定，並須獲股東於股東大會批准。

#### (7) 核數師酬金

於即將舉行之股東週年大會上將批准委聘國衛會計師事務所為本集團新任核數師，董事會謹此獲授權釐定核數師酬金。截至二零零五年十二月三十一日止十二個月期間，前任核數師並無向本公司提供非審核服務。

## CORPORATE GOVERNANCE REPORT

### 企業管治報告

#### (8) AUDIT COMMITTEE

The audit committee was established with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual reports and accounts, half-yearly reports and quarterly reports 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, Mr. Paul CONTOMICHALOS and Mr. WANG Hong Bo. Mr. WU Ming Yu is the chairman of the audit committee.

The audit committees hold meetings on quarterly basis. During the twelve months ended 31 December 2005, the audit committee held four meetings during the period and reviewed the Group's annual report, quarterly and interim financial results. The attendance records of the aforementioned four audit committee meetings are set out below:

Member	成員
WU Ming Yu	吳明瑜
Paul CONTOMICHALOS	Paul CONTOMICHALOS
WANG Hongbo	王紅波

#### (9) DIRECTORS' ACKNOWLEDGEMENT OF THEIR RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge that they take full responsibility in the preparation of the financial statements.

#### (8) 審核委員會

審核委員會已成立，並遵照創業板上市規則書面訂明其職權範圍。審核委員會之主要職責為覆審本公司之年度報告及賬目、半年報告及季度報告以及本集團之內部監控制度，並向董事會提供意見及建議。審核委員會由三名獨立非執行董事吳明瑜先生、Paul CONTOMICHALOS先生及王紅波先生組成，吳明瑜先生為審核委員會之主席。

審核委員會每季舉行會議一次。截至二零零五年十二月三十一日止十二個月，審核委員會曾舉行四次會議，並已審閱本集團之年度報告、季度及中期財務業績。上述四次審核委員會會議之出席記錄載列如下：

#### Attendance of member at audit committee During the year ended 31 December 2005

截至二零零五年十二月三十一日止年度  
審核委員會成員之出席率

Attendance No	Attendance Rate
出席次數	出席率

WU Ming Yu	吳明瑜	4/4	100%
Paul CONTOMICHALOS	Paul CONTOMICHALOS	4/4	100%
WANG Hongbo	王紅波	4/4	100%

#### (9) 董事瞭解彼等有關財務報表之責任

董事瞭解，彼等全權負責編製財務報表。

## AUDITORS' REPORT

### 核數師報告



國衛會計師事務所  
Hodgson Impey Cheng

Chartered Accountants  
Certified Public Accountants

#### TO THE SHAREHOLDERS OF VENTUREPHARM LABORATORIES LIMITED

*(incorporated in Cayman Islands with limited liability)*

We have audited the financial statements on pages 60 to 136 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

31/F, Gloucester Tower      香港  
The Landmark              中環畢打街11號  
11 Pedder Street, Central   置地廣場  
Hong Kong SAR              告羅士打大廈31樓

致萬全科技藥業有限公司  
(於開曼群島註冊成立之有限公司)  
全體股東

本核數師已完成審核載於第60至第136頁按照香港公認會計原則編製之財務報表。

#### 董事及核數師之責任

貴公司之董事負責編製真實與公平之財務報表。在編製真實與公平之財務報表時，董事必須選取及貫徹採用合適之會計政策。

本行之責任是根據本行審核工作之結果，對該等財務報表作出獨立意見，並僅向全體股東報告，除此之外本報告別無其他目的。本行不會就本報告之內容向任何其他人士負上或承擔任何責任。

#### 意見之基礎

本行乃按照香港會計師公會頒佈之香港核數準則進行審核工作。



## AUDITORS' REPORT

### 核數師報告

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Group and the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

#### OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2005 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### HLB Hodgson Impey Cheng

*Chartered Accountants*

*Certified Public Accountants*

Hong Kong, 27 March 2006

審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關之憑證，亦包括評估董事於編製該等財務報表時所作之重大估計和判斷、所釐定之會計政策是否適合 貴集團及 貴公司之具體情況，以及有否貫徹運用並足夠地披露該等會計政策。

本行在策劃和進行審核工作時，均以取得一切本行認為必需之資料及解釋為目標，使本行能獲得充分之憑證，就該等財務報表是否存有重要錯誤陳述，作出合理之確定。在表達意見時，本行亦已衡量該等財務報表內所載資料整體來說是否足夠。本行相信，本行之審核工作已為下列意見建立合理之基礎。

#### 意見

本行認為財務報表真實與公平地反映 貴集團及 貴公司於二零零五年十二月三十一日之財務狀況及 貴集團於截至該日止年度之溢利和現金流量，並已按照香港公司條例之披露要求妥善編製。

#### 國衛會計師事務所

英國特許會計師

香港執業會計師

香港，二零零六年三月二十七日

# CONSOLIDATED BALANCE SHEET

## 綜合資產負債表

As at 31 December 2005 於二零零五年十二月三十一日

		Note	2005 二零零五年 RMB'000	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
		附註	人民幣千元	
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	5	6,561	6,256
New drug technology	新藥技術	6	2,600	2,510
Interests in associates	於聯營公司之權益	8	4,047	2,235
Held-to-maturity investment	持至到期之投資	10	28,275	16,553
Unlisted investment	非上市投資	9	9,396	6,080
			<b>50,879</b>	33,634
Current assets	流動資產			
Work-in-progress	在製品	11	37,746	25,120
Trade receivables	應收貿易賬款	12	9,483	11,513
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	13	19,437	17,675
Amounts due from related companies	應收關連公司款項	14	1,759	2,392
Pledged bank deposits	已抵押銀行存款		—	9,811
Bank balances and cash	銀行結餘及現金		9,161	8,160
			<b>77,586</b>	74,671
Total assets	資產總值		<b>128,465</b>	108,305
Equity	權益			
Share capital	股本	15	38,160	38,160
Reserves	儲備	16	73,761	60,785
			<b>111,921</b>	98,945
Minority interests	少數股東權益		3,054	3,190
			<b>114,975</b>	102,135
Current liabilities	流動負債			
Trade payables	應付貿易賬款	17	594	61
Accruals and other payables	應計款項及其他應付款項	18	4,878	1,880
Receipt-in-advance	預收款項		4,262	3,721
Dividend payable	應付股息		54	54
Interest-bearing borrowings	計息借貸	19	3,000	—
Tax payable	應付稅項		702	454
			<b>13,490</b>	6,170
Total equity and liabilities	權益及負債總額		<b>128,465</b>	108,305
Net current assets	流動資產淨值		<b>64,096</b>	68,501
Total assets less current liabilities	資產總值減流動負債		<b>114,975</b>	102,135

Approved by the Board of Directors on 27 March 2006

於二零零六年三月二十七日獲董事會批准：

**Mr. William Xia GUO**  
Director

**Dr. Maria Xuemei SONG**  
Director

郭夏先生  
董事

宋雪梅博士  
董事

60 The accompanying notes form an integral part of these financial statements.

隨附附註為財務報表其中部分。

## BALANCE SHEET

### 資產負債表

As at 31 December 2005 於二零零五年十二月三十一日

		Note	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
		附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	5	36	51
Interests in subsidiaries	於附屬公司之權益	7	47,726	42,363
Held-to-maturity investment	持至到期之投資	10	28,275	16,553
			<b>76,037</b>	58,967
Current assets	流動資產			
Other receivables	其他應收款項		2,596	1,019
Amount due from a related company	應收關連公司款項	14	25	25
Pledged bank deposits	已抵押銀行存款		—	9,811
Bank balances	銀行結餘		248	442
			<b>2,869</b>	11,297
Total assets	資產總值		<b>78,906</b>	70,264
Equity	權益			
Share capital	股本	15	38,160	38,160
Reserves	儲備	16	34,587	28,700
			<b>72,747</b>	66,860
Non-current liabilities	非流動負債			
Amount due to a subsidiary	應付附屬公司款項		2,656	2,693
Current liabilities	流動負債			
Other payables	其他應付款項	18	401	657
Receipt-in-advance	預收款項		48	—
Interest-bearing borrowings	計息借貸	19	3,000	—
Dividend payable	應付股息		54	54
Total liabilities	負債總額		<b>6,159</b>	3,404
Total equity and liabilities	權益及負債總額		<b>78,906</b>	70,264
Net current (liabilities)/assets	流動(負債)/資產淨值		<b>(634)</b>	10,586
Total assets less current liabilities	資產總值減流動負債		<b>75,403</b>	69,553

Approved by the Board of Directors on 27 March 2006

於二零零六年三月二十七日獲董事會批准：

**Mr. William Xia GUO**  
Director

**Dr. Maria Xuemei SONG**  
Director

郭夏先生  
董事

宋雪梅博士  
董事

The accompanying notes form an integral part of these financial statements.

隨附附註為財務報表其中部分。

# CONSOLIDATED INCOME STATEMENT

## 綜合收益表

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

		Note	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
		附註		
Turnover	營業額	20	<b>42,157</b>	36,157
Cost of sales	銷售成本		<b>(20,121)</b>	(15,790)
Gross profit	毛利		<b>22,036</b>	20,367
Other revenue	其他收益	21	<b>949</b>	2,980
Other income	其他收入	22	<b>191</b>	–
Administration expenses	行政開支		<b>(16,585)</b>	(11,867)
Profit from operation	經營溢利		<b>6,591</b>	11,480
Share of loss of associates	應佔聯營公司虧損	8	<b>(188)</b>	–
Profit from ordinary activities before taxation	除稅前日常業務溢利		<b>6,403</b>	11,480
Taxation	稅項	25	<b>(887)</b>	(881)
Profit for the year	本年度溢利		<b>5,516</b>	10,599
Attributable to:	應佔：			
Equity holders of the Company	本公司權益持有人		<b>5,644</b>	10,683
Minority interests	少數股東權益		<b>(128)</b>	(84)
			<b>5,516</b>	10,599
Earnings per share	每股盈利	26		
Basic	基本		<b>1.57 cents</b>	2.97 cents
Diluted	攤薄		<b>1.56 cents</b>	2.94 cents

All of the Group's activities are classed as continuing.

本集團所有業務均為持續經營。

The accompanying notes form an integral part of these financial statements.

隨附附註為財務報表其中部分。

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

		Attributable to equity holders of the Company 本公司權益持有人應佔									
		Share- based payment reserve	Held-to- maturity investments reserve	Special reserve	Capital reserve	Statutory reserve	Statutory enterprise expansion fund	Retained earnings	Minority interests	Total	
		股份付款 儲備	持至 到期之 投資儲備	特別儲備	資本儲備	法定儲備	法定企業 發展基金	保留盈利	股東權益 少數	合計	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
At 1 January 2004, as previous reported	於二零零四年一月一日 (早前呈報)	38,160	-	-	6,039	894	2,931	6,114	36,023	-	90,161
Effect on adopting new accounting policy - HKAS 1	採納新會計政策 之影響 - 香港會計準則第1號	-	-	-	-	-	-	-	-	870	870
Final 2003 dividend declared	二零零三年已宣派 末期股息	-	-	-	-	-	-	(1,908)	-	-	(1,908)
Contribution from minority shareholder	少數股東出資	-	-	-	-	9	-	-	-	-	9
Transfer	轉撥	-	-	-	-	-	403	403	(806)	-	-
Profit for the year	本年度溢利	-	-	-	-	-	-	10,683	(84)	-	10,599
Minority interests upon investment in a subsidiary	一家附屬公司投資之 少數股東權益	-	-	-	-	-	-	-	-	2,404	2,404
At 31 December 2004	於二零零四年 十二月三十一日	38,160	-	-	6,039	903	3,334	6,517	43,992	3,190	102,135
Opening adjustment on adopting new accounting policy - HKAS 39	採納新會計政策時 作出之期初調整 - 香港會計準則第39號	-	-	5,500	-	-	-	-	-	-	5,500
At 1 January 2005 (restated)	於二零零五年一月一日 (重列)	38,160	-	5,500	6,039	903	3,334	6,517	43,992	3,190	107,635
Effect on adopting new accounting policy - HKAS 39 - HKFRS 2	採納新會計政策之 影響 - 香港會計準則第39號 - 香港財務報告準則第2號	-	-	7,200	-	-	-	-	-	-	7,200
Reversal of convertible bond reserve upon disposal	出售時可換股債券 儲備撥回	-	-	(5,500)	-	-	-	-	-	-	(5,500)
Transfer to reserve	轉撥至儲備	-	-	-	-	(9)	278	278	(673)	(8)	(134)
Profit for the year	本年度溢利	-	-	-	-	-	-	5,644	(128)	-	5,516
<b>At 31 December 2005</b>	<b>於二零零五年 十二月三十一日</b>	<b>38,160</b>	<b>258</b>	<b>7,200</b>	<b>6,039</b>	<b>894</b>	<b>3,612</b>	<b>6,795</b>	<b>48,963</b>	<b>3,054</b>	<b>114,975</b>

The accompanying notes form an integral part of these financial statements.

隨附附註為財務報表其中部分。

# CONSOLIDATED CASH FLOW STATEMENT

## 綜合現金流量表

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>經營業務之現金流量</b>		
Profit before taxation	除稅前溢利	<b>6,403</b>	11,480
Adjustments for:	就以下各項作出之調整：		
Allowance for trade receivables	應收貿易賬款撥備	<b>4,594</b>	968
Allowance for prepayments, deposits and other receivables	預付款項、按金及其他 應收款項撥備	<b>755</b>	-
Allowance for amounts due from related parties	應收關連公司款項撥備	<b>100</b>	-
Allowance for work-in-progress	在製品撥備	<b>1,386</b>	-
Depreciation and amortisation of property, plant and equipment	物業、廠房及設備 之折舊及攤銷	<b>1,114</b>	348
Share-based payment expenses	股份付款開支	<b>258</b>	-
Amortisation and impairment of intangible assets	無形資產之攤銷及減值	<b>348</b>	115
Interest income	利息收入	<b>(565)</b>	(1,986)
Operating cash flows before movements in working capital	營運資金變動前之 經營現金流量	<b>14,393</b>	10,925
Increase in work-in-progress	在製品增加	<b>(14,012)</b>	(7,480)
Increase in trade receivables	應收貿易賬款增加	<b>(2,564)</b>	(10,847)
Increase in prepayments, deposits and other receivables	預付款項、按金及其他應收 款項增加	<b>(2,517)</b>	(9,581)
Decrease in amounts due from related companies	應收關連公司款項 減少	<b>533</b>	259
Increase in trade payables	應付貿易賬款增加	<b>533</b>	-
Increase in accruals and other payables	應計款項及其他應付 款項增加	<b>2,998</b>	398
Increase in receipt-in-advance	預收款項增加	<b>541</b>	1,513
Cash used in operations	經營所用現金	<b>(95)</b>	(14,813)
Dividends paid	已派股息	-	(1,854)
Dividends paid to minority	已付少數股東股息	-	(38)
People's Republic of China enterprise income tax paid	已繳中華人民共和國 企業所得稅	<b>(639)</b>	(1,124)
<b>Net cash used in operating activities</b>	<b>經營業務所用現金淨額</b>	<b>(734)</b>	(17,829)

## CONSOLIDATED CASH FLOW STATEMENT

### 綜合現金流量表

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
<b>Investing activities</b>	<b>投資活動</b>		
Decrease/(increase) in pledged bank deposits	已抵押銀行存款減少／(增加)	9,811	(9,811)
Increase of unlisted investment	非上市投資增加	(3,316)	(6,080)
Purchase of property, plant and equipment	購買物業、廠房及設備	(1,788)	(3,029)
Investment in associate	於聯營公司之投資	(2,000)	(2,235)
Proceeds from (investment)/disposal of held-to-maturity investment	(投資)／出售持至到期之投資所得款項	(4,522)	9,353
Interest received	已收利息	565	1,986
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	2	201
Increase in interest-bearing borrowings	計息借貸增加	3,000	-
<b>Net cash from/(used in) investing activities</b>	<b>投資活動所得／(所用)現金淨額</b>	<b>1,752</b>	<b>(9,615)</b>
<b>Financing activities</b>	<b>融資活動</b>		
Contribution (to)/from minority shareholder of a subsidiary	附屬公司少數股東(獲注資)／出資	(17)	2,451
<b>Net cash (used in)/from financing activities</b>	<b>融資活動(所用)／所得現金淨額</b>	<b>(17)</b>	<b>2,451</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>現金及現金等價物增加／(減少)淨額</b>	<b>1,001</b>	<b>(24,993)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>年初之現金及現金等價物</b>	<b>8,160</b>	<b>33,153</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>年終之現金及現金等價物</b>	<b>9,161</b>	<b>8,160</b>

The accompanying notes form an integral part of these financial statements.

隨附附註為財務報表其中部分。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 1. CORPORATE INFORMATION

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. The address of its registered office is Scotia Centre, 4th Floor, PO Box 2804, George Town, Grand Cayman, Cayman Islands.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and associates are set out in Notes 7 and 8 respectively.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements of Venturepharm Laboratories Limited have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs). The consolidated financial statements have been prepared under the historical cost convention, as modified by the, available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

The consolidated financial statements of Venturepharm Laboratories Limited have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs), and interpretations (Ints) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

#### 1. 公司資料

本公司於二零零二年五月二十一日根據開曼群島公司法(二零零二年修訂版)在開曼群島註冊成立為獲豁免有限責任公司,其註冊辦事處地址為Scotia Centre, 4th Floor, PO Box 2804, George Town, Grand Cayman, Cayman Islands。

本公司之主要業務為投資控股,其附屬公司及聯營公司之主要業務分別載於附註7及8。

#### 2. 主要會計政策概要

編製該等綜合財務報表所用主要會計政策載列如下。除另有說明者外,該等政策貫徹應用於所有所呈報年度。

萬全科技藥業有限公司之綜合財務報表乃根據香港財務報告準則(香港財務報告準則)編製。綜合財務報表乃根據歷史成本慣例編製,惟就可供銷售金融資產、按公平值計入損益之金融資產及金融負債(包括衍生工具)按公平值列賬修訂。

萬全科技藥業有限公司之綜合財務報表乃根據香港會計師公會(香港會計師公會)頒佈之所有適用香港財務報告準則(香港財務報告準則)編製,包括所有適用之個別香港財務報告準則、香港會計準則(香港會計準則)及詮釋、香港公認會計原則及香港公司條例之披露規定。此外,財務報表亦遵照香港聯合交易所有限公司證券上市規則之適用披露規定。



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The preparation of financial statements requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

##### The adoption of new/revised HKFRS

In 2005, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations. The 2004 comparatives have been restated as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Investments in Joint Ventures
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS Int 15	Operating Leases – Incentives
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations

#### 2. 主要會計政策概要 (續)

編製財務報表須作出若干重大會計估計，管理層亦須於應用本公司會計政策時作出判斷，涉及較高水平判斷或較複雜之範圍或對綜合財務報表屬重大之假設及估計範圍。

##### 採納新訂／經修訂香港財務報告準則

於二零零五年，本集團採納以下與其業務相關之新訂／經修訂香港財務報告準則及詮釋。二零零四年比較數字已根據有關規定重列。

香港會計準則第1號	財務報表呈報
香港會計準則第2號	存貨
香港會計準則第7號	現金流量表
香港會計準則第8號	會計政策、會計估計變動及錯誤更正
香港會計準則第10號	結算日後事項
香港會計準則第16號	物業、廠房及設備
香港會計準則第17號	租賃
香港會計準則第21號	匯率變動之影響
香港會計準則第23號	借款成本
香港會計準則第24號	有關連人士之披露
香港會計準則第27號	綜合及獨立財務報表
香港會計準則第28號	聯營公司投資
香港會計準則第31號	合營公司投資
香港會計準則第32號	金融工具：披露及呈報
香港會計準則第33號	每股盈利
香港會計準則第36號	資產減值
香港會計準則第38號	無形資產
香港會計準則第39號	金融工具：確認及計量
香港會計準則－ 詮釋第15號	經營租賃－優惠
香港財務報告準則第2號	股份付款
香港財務報告準則第3號	業務合併

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27, 28, 33 and HKAS-Ints 15 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures.
- HKASs 2, 7, 8, 10, 16, 23, 27, 28, 33 and HKAS-Ints 15 had no material effect on the Group's policies.
- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.
- HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The adoption of HKAS 31 had no material effect on the Group's policy. The Group's interests in jointly controlled entities were accounted for by the equity method.

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of held-to-maturity investment. It has also resulted in the recognition of derivative financial instruments at fair value and the change in the recognition and measurement of hedging activities.

#### 2. 主要會計政策概要 (續)

採納新訂／經修訂香港會計準則第1、2、7、8、10、16、21、23、24、27、28、33號及香港會計準則－詮釋第15號並無導致本集團會計政策出現重大變動。概述如下：

- 香港會計準則第1號對少數股東權益、應佔聯營公司除稅後業績淨額之呈列方式及其他披露事項構成影響。
- 香港會計準則第2、7、8、10、16、23、27、28、33號及香港會計準則－國際財務報告詮釋委員會15號對本集團政策並無重大影響。
- 香港會計準則第21號對本集團政策並無重大影響。各綜合實體之功能貨幣已按經修訂準則之指引重新評估。本集團所有實體以相同功能貨幣作為各實體財務報表之呈報貨幣。
- 香港會計準則第24號對有關連人士之釋義及若干其他之有關連人士之披露事項構成影響。

採納香港會計準則第31號對本集團政策並無重大影響。本集團於共同控制實體之權益以權益法列賬。

採納香港會計準則第32及39號導致有關持至到期之投資分類的會計政策有變，亦令衍生金融工具按公平值確認以及對沖活動的確認及計量有變。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31 December 2004, the provision of share options to employees did not result in an expense in the income statements. From 1 January 2005, the Group expenses the cost of share options in the income statement. As a transitional provision, the cost of share options granted after 7 November 2002 and had not yet vested on 1 January 2005 was expensed retrospectively in the income statement of the respective periods.

The adoption of HKFRS 3, HKAS 36 and HKAS 38 results in a change in the accounting policy for goodwill. Until 31 December 2004, goodwill was:

- Amortised on a straight line basis over a period ranging from 5 to 20 years; and
- Assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of HKFRS 3:

- The Group ceased amortisation of goodwill from 1 January 2005;
- Accumulated amortisation as at 31 December 2004 has been eliminated with a corresponding decrease in the cost of goodwill;
- From the year ended 31 December 2005 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

#### 2. 主要會計政策概要 (續)

採納香港財務報告準則第2號導致有關股份付款的會計政策有變。直至二零零四年十二月三十一日為止，向僱員授出購股權並無於收益表列作開支。自二零零五年一月一日起，本集團於收益表支銷購股權成本。基於過渡條文，於二零零二年十一月七日後授出而於二零零五年一月一日尚未歸屬的購股權之成本，於有關期間的收益表追溯支銷。

採納香港財務報告準則第3號、香港會計準則第36號及香港會計準則第38號導致有關商譽之會計政策有變。直至二零零四年十二月三十一日為止，商譽乃：

- 於5至20年期間按直線法攤銷；及
- 於各結算日評估減值跡象。

根據香港財務報告準則第3號條文：

- 本集團自二零零五年一月一日起終止攤銷商譽；
- 於二零零四年十二月三十一日之累計攤銷已透過商譽成本相應減值撇銷；
- 自截至二零零五年十二月三十一日止年度起，商譽會每年檢測減值，並評估是否出現減值跡象。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

The Group has reassessed the useful lives of its intangible assets in accordance with the provisions of HKAS 38. No adjustment resulted from this reassessment.

#### 2. 主要會計政策概要 (續)

本集團根據香港會計準則第38號重新評估其無形資產之可用年期，毋須就此項重新評估作出調整。

	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
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The adoption of HKFRS 2 resulted in: 採納香港財務報告準則第2號導致:

Increase in administrative expenses	行政開支增加	<b>258</b>	-
Decrease in basic earnings per share	每股基本盈利減少	<b>0.07</b>	-
Decrease in diluted earnings per share	每股攤薄盈利減少	<b>0.07</b>	-

The adoption of HKAS 39 resulted in an increase in opening reserves at 1 January 2005 by RMB5,500,000 and the details of the adjustments to the balance sheet at 31 December 2005 and for the year then ended are as follows:

採納香港會計準則第39號導致於二零零五年一月一日之期初儲備增加人民幣5,500,000元。於二零零五年十二月三十一日及截至該日止年度之資產負債表調整詳情如下:

		2005 二零零五年 RMB'000 (Restated) 人民幣千元 (重列)
Increase in held-to-maturity investment	持至到期之投資增加	<b>11,722</b>
Increase in unlisted investment	非上市投資增加	<b>3,316</b>
Increase in convertible bonds reserve	可換股債券儲備增加	<b>7,200</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

No early adoption of the following new Standards or Interpretations that have been issued but are not yet effective. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on or after 1 January 2006:

HKAS 1 (Amendment)	Capital Disclosures
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transaction
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS 7	Financial Instruments: Disclosure
HK(IFRIC)-Int 4	Determining whether an Arrangement contain a Lease

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosure about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 will replace HKAS 32 and has modified the disclosure requirements of HKAS 32 relating to financial instruments. This HKFRS shall be applied for annual period beginning on or after 1 January 2007.

Except as stated above, the Group expects that the adoption of the other pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

#### 2. 主要會計政策概要 (續)

概無提早採納以下已頒佈但尚未生效之新訂準則或詮釋。除另有列明者外，此等香港財務報告準則乃於二零零六年一月一日或之後開始之年度期間生效：

香港會計準則第1號 (修訂本)	資本披露
香港會計準則第39號 (修訂本)	預測集團內交易的 現金流量對沖會 計法
香港會計準則第39號 (修訂本)	公平值選擇
香港會計準則第39號 及香港財務報告準則 第4號(修訂本)	財務擔保合約
香港財務報告準則第7號	金融工具：披露
香港(國際財務報告詮釋 委員會)－詮釋第4號	釐定安排是否包含 租約

香港會計準則第1號(修訂本)適用於二零零七年一月一日或之後開始的年度期間，經修訂準則將影響以下事項之披露：本集團管理資本的目標、政策及程序相關定量資料；本公司視為資本項目相關定量資料，是否符合任何資本規定以及不符合有關規定的後果。

香港財務報告準則第7號將取代香港會計準則第32號，修改香港會計準則第32號有關金融工具的披露規定。此項香港財務報告準則適用於二零零七年一月一日或之後開始的年度期間。

除以上列述外，本集團預期採納上述其他香港財務報告準則在開始生效會計期間不會對本集團的財務報表構成任何重大影響。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

A summary of significant accounting policies followed by the Group and the Company in the preparation of the financial statements is set out below:

##### (a) Basis of preparation

The measurement basis used in the preparation of the financial statement is historical cost as modified for the revaluation of certain financial assets as explained in the accounting policies set out below.

The Group's books and records are maintained in Renminbi ("RMB"), the currency in which the majority of the Group's transactions is denominated.

##### (b) Basis of consolidation

The consolidated financial statements incorporated the financial statements of the Company and its subsidiaries made up to 31 December each year.

The consolidated financial statements incorporate the effects of the Group Reorganisation which has been accounted for by using merger accounting.

#### 2. 主要會計政策概要 (續)

本集團及本公司於編製財務報表時採用之主要會計政策概述如下：

##### (a) 編製基準

誠如下列會計政策所闡釋，編製財務報表所用計算基準為歷史成本法，就若干金融資產加以修訂。

本集團之賬目及記錄均以人民幣計算，本集團大部分交易亦以人民幣結算。

##### (b) 綜合基準

綜合財務報表包括本公司及其附屬公司每年截至十二月三十一日止之財務報表。

綜合財務報表包括集團重組之影響，有關影響乃以合併會計法入賬。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (b) Basis of consolidation (Continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances within the Group are eliminated on consolidation.

#### 2. 主要會計政策概要 (續)

##### (b) 綜合基準 (續)

本集團按收購會計法將所收購附屬公司入賬。收購成本為於交換日期特定資產、已發行股本工具及所產生或承擔負債之公平值，加收購直接應計成本。業務合併時購入之已識別資產及承擔之負債和或然負債，初步按收購日期之公平值計算，不計及任何少數股東權益。收購成本超出本集團應佔購入已識別資產淨值公平值之差額列作商譽入賬。倘收購成本低於購入附屬公司之資產淨值公平值，則直接於收益表確認差額。

於本年度內購入或售出附屬公司之業績，由收購之有效日期起或至出售之有效日期止（如適用）計入綜合收益表。

所有集團內公司間之重要交易及結存均已於綜合賬目時對銷。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (c) Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

##### (d) Interests in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates, plus goodwill/less negative goodwill in so far as it has not been written off/amortised/released to income, less any identified impairment loss.

##### (e) Investment in joint venture

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that it is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of assets, or an impairment loss.

#### 2. 主要會計政策概要 (續)

##### (c) 於附屬公司之投資

於附屬公司之投資乃按成本減任何已識別減值虧損列入本公司資產負債表。

##### (d) 於聯營公司之權益

綜合收益表包括年內本集團分佔聯營公司之購入後業績。綜合資產負債表內，於聯營公司之權益乃以本集團分佔聯營公司之淨資產，加商譽／減負商譽（倘商譽／負商譽未於購入時撇銷／攤銷／撥入收入），減任何已識別減值虧損列賬。

##### (e) 於合營企業之投資

本集團於共同控制實體之權益以按比例綜合方式列賬。本集團按逐項基準將其應佔合營企業個別收入及開支、資產及負債和現金流量與本集團財務報表類似項目合併。本集團確認部分本集團向合營企業出售資產產生之其他合營方應佔收益或虧損。本集團不會確認其向合營企業購買資產所產生應佔合營企業溢利或虧損，直至其向獨立第三方轉售資產為止。然而，倘交易之虧損證明可變現資產淨值減少或出現減值虧損，則即時確認有關虧損。



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (e) Investment in joint venture (Continued)

In the Company's balance sheet, the investments in jointly controlled entities are stated at cost less provision for impairment losses. The results of jointly controlled entities are accounted for by the Company on the basis of dividends received and receivable.

##### (f) Revenue recognition

Revenues from transfer of new drug development and formulation data are recognised upon transfer of risks and rewards of ownership, which generally coincides with the time when the compound and data are delivered to customers.

Revenues from contracted research and development, pharmaceutical application, registration and testing services are recognised to the extent of the milestone payments earned in accordance with the applicable performance requirements and contractual terms and, where appropriate, as the related costs are incurred. Payments received that are related to future performance are deferred and recorded as revenues as they are earned over the specified future performance periods.

Subject to the terms as stated in the technology transfer agreements and the buyers' success in commercialisation of the products to which the technology transferred is applied, the Group may receive additional royalty income or profit sharing income in the future. Should there be any royalty income or sharing of profit, they will be recognised when the right to receive the income is established.

#### 2. 主要會計政策概要 (續)

##### (e) 於合營企業之投資 (續)

於本公司資產負債表，於共同控制實體之投資按成本減去減值虧損撥備列賬。本公司按已收及應收股息基準將共同控制實體業績列賬。

##### (f) 收益確認

因轉讓新藥品開發及製劑資料而產生之收益於轉讓所有權之風險及回報時確認，一般為化合物及資料交予客戶之時間。

因已訂約研發、製藥申請、註冊及測試服務而產生之收益，乃按根據適用之履行規定及合約條款而賺取之分期付款及有關成本產生期間（如適用）予以確認。所收取與未來履行有關之款項將遞延處理，在該等款項於指定未來履行期間賺取時列作收益。

在技術轉讓協議所載述之條款規限下，若買方成功將應用獲轉讓技術之產品商品化，本集團可於未來收取額外特許權收入或溢利分享收入。倘有任何特許權收入或溢利分享，則於收取有關收益之權利獲確立時予以確認。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (f) Revenue recognition (Continued)

Royalty income on drugs produced by third parties using the Group's drug technology is recognised when the right to receive is established.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

##### (g) Property, plant and equipment

Property, plant and equipment, are stated at cost less depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment, over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold improvements	20%
Machinery	10% – 20%
Furniture, fixture and equipment	10% – 20%
Motor vehicles	20%

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

#### 2. 主要會計政策概要 (續)

##### (f) 收益確認 (續)

因第三方使用本集團製藥技術生產藥品而產生之特許權收入於確立收款權利時確認。

貨品銷售於貨品交付及擁有權轉讓後確認。

利息收入乃按時間比例基準並計及未清償本金及適用息率累計。

##### (g) 物業、廠房及設備

物業、廠房及設備乃按成本減折舊以及累計減值虧損入賬。

折舊乃按物業、廠房及設備之估計可使用年期以直線法撇銷其成本計算，其折舊年率如下：

租賃裝修	20%
機器	10 – 20%
傢俬、裝置及設備	10 – 20%
汽車	20%

出售或報廢資產所得之收益或虧損，以出售該資產所得款項與其賬面值之差額釐定，並在收益表內確認。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (h) New drug technology development costs

Expenditure on research activities on new drug technology is recognised as an expense in the period in which it is incurred.

An internally-generated asset arising from new drug technology development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight line basis over its useful life. Where no internally-generated intangible asset can be recognised, new drug technology development expenditure is recognised as an expense in the period in which it is incurred.

##### (i) Investments

From 1 January 2004 to 31 December 2004:

The Group classified its investments in securities, other than subsidiaries, associates and jointly controlled entities, as non-trading securities and trading securities.

#### 2. 主要會計政策概要 (續)

##### (h) 新藥品技術開發成本

新藥品技術之研究開支於產生期內確認為支出。

僅在預期清楚界定之項目產生之開發成本將透過日後商業活動收回之情況下，方會確認新藥品技術開發開支產生之內部產生資產。產生之資產於其可使用年期按直線法攤銷。倘並無內部產生無形資產可予確認，則新藥品技術開發開支於其產生之期間確認為支出。

##### (i) 投資

二零零四年一月一日至二零零四年十二月三十一日：

除附屬公司、聯營公司及共同控制實體外，本集團按非買賣證券及買賣證券分類其證券投資。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (i) Investments (Continued)

###### *Non-trading securities*

Investments which were held for non-trading purpose were stated at fair value at the balance sheet date. Changes in the fair value of individual securities were credited or debited to the investment revaluation reserve until the security was sold, or was determined to be impaired. Upon disposal, the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant security, together with any surplus/deficit transferred from the investment revaluation reserve, was dealt with in the income statement.

Where there was objective evidence that individual investments were impaired the cumulative loss recorded in the revaluation reserve was taken to the income statement.

###### *Trading securities*

Trading securities were carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of trading securities were recognised in the income statement. Upon disposal, profits or losses were recognised in the income statements for the difference between the net sales proceeds and the carrying amounts.

#### 2. 主要會計政策概要 (續)

##### (i) 投資 (續)

###### *非買賣證券*

持作非買賣用途之投資按於結算日之公平值列賬。個別證券之公平值變動自投資重估儲備計入或扣除，直至證券售出或釐定出現減值。於出售后，累計收益或虧損指出售有關證券所得款項淨額與其賬面值間差額，連同自投資重估儲備轉撥之任何盈餘／虧絀，於收益表處理。

倘有客觀證據顯示個別投資出現減值，於重估儲備入賬之累計虧損計入收益表。

###### *買賣證券*

買賣證券按公平值列賬。於各結算日，買賣證券公平值變動產生之未變現收益或虧損淨額於收益表確認。於出售后，溢利或虧損就出售所得款項淨額與賬面值間差額於收益表確認。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (i) Investments (Continued)

From 1 January 2005 onwards:

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

##### (a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

#### 2. 主要會計政策概要 (續)

##### (i) 投資 (續)

二零零五年一月一日起:

本集團按以下類別為其投資分類:按公平值計入損益之金融資產、貸款及應收款項、持至到期之投資以及可供銷售金融資產。分類視乎收購投資項目之目的而定。管理層於初步確認時決定其投資之分類,並於其後每個報告日期重新評估分類。

##### (a) 按公平值計入損益之金融資產

此分類再細分為兩類:持作買賣金融資產及於最初已指定須按公平值計入損益之金融資產。倘購入之主要目的為於短期內出售或倘管理層指定列入此分類,則金融資產會撥歸此類別。衍生工具亦歸類為持作買賣,除非其指定作對沖用途。倘此類別之資產乃持作買賣或預期於結算日起計十二個月內變現,則歸類為流動資產。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (i) Investments (Continued)

###### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

###### (c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

###### (d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives financial assets that they are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

#### 2. 主要會計政策概要 (續)

##### (i) 投資 (續)

###### (b) 貸款及應收款項

貸款及應收款項為並無於活躍市場報價惟具有固定或待定款項之非衍生金融資產，當本集團直接向借務人提供款項、商品或服務且無意買賣應收款項，則產生貸款及應收款項。此等貸款及應收款項計入流動資產內，惟不包括到期日為結算日起計逾十二個月者。該等貸款及應收款項列作非流動資產。

###### (c) 持至到期之投資

持至到期之投資為非衍生金融資產，具有固定或待定款項，且本集團管理層有正面意向及能力持有至到期日。

###### (d) 可供銷售金融資產

可供銷售金融資產為非衍生金融資產，除非管理層有意於結算日起計十二個月內出售投資，否則可供銷售金融資產歸類為非流動資產。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (i) Investments (Continued)

##### (d) Available-for-sale financial assets (Continued)

Purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realized and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

#### 2. 主要會計政策概要 (續)

##### (i) 投資 (續)

##### (d) 可供銷售金融資產 (續)

投資買賣於買賣日期確認，即本集團承諾買賣資產之日期。投資初步按公平值加所有並非按公平值計入損益之金融資產之交易成本確認。自投資資產收取現金流量之權利屆滿或轉讓而本集團轉移所有權絕大部分風險及回報時，剔除確認投資。可供銷售金融資產及按公平值計入損益之金融資產其後按公平值列賬。貸款及應收款項以及持至到期之投資以實際利率法按攤銷成本列賬。「按公平值計入損益之金融資產」類別公平值變動產生之已變現及未變現收益或虧損，於產生期間計入收益表。分類為可供銷售之非貨幣證券公平值變動產生之未變現收益及虧損於股本確認。倘分類為可供銷售之證券售出或出現減值，累計公平值調整按投資證券收益或虧損計入收益表。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (i) Investments (Continued)

###### (d) Available-for-sale financial assets (Continued)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement - is removed from equity and recognized in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

#### 2. 主要會計政策概要 (續)

##### (i) 投資 (續)

###### (d) 可供銷售金融資產 (續)

報價投資公平值按現行買入價計算。倘金融資產之市場並不活躍（及就非上市證券而言），本集團以估值方法確立公平值，包括最近公平交易、參考大致相同之其他工具、折算現金流量分析及購股權定價模式，以反映發行人具體情況。

本集團於每個結算日評估金融資產或多組金融資產是否出現減值之客觀證據。倘股本證券歸類為可供銷售，證券公平值大幅下降或長期低於成本，則作為釐定證券是否出現減值之考慮因素。倘可供銷售金融資產出現任何該等憑證，累計虧損按收購成本與現行公平值差額減任何早前就該金融資產於收益表確認之減值虧損計算，會自股本移除，並於收益表確認。就股本工具於收益表確認之減值虧損，不會透過收益表撥回。



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (j) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to determine whether there is any indication of impairment of assets, or whether there is any indication that an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the income statement in the year in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant policy for that revalued asset.

##### i. Calculation of recoverable amount

The recoverable amount of an asset is the higher of its net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of any asset and from its disposal at the end of its useful life. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of asset that generates cash inflows independently (i.e. a cash-generating unit).

#### 2. 主要會計政策概要 (續)

##### (j) 資產減值

於各結算日，本集團均會審閱內部及外部資料來源，以決定是否有任何資產出現減值的跡象，或過往確認之資產減值虧損已不再存在或已減少的跡象。倘有任何該等跡象存在，該資產之可收回值須予以評估。減值虧損於資產賬面值超出可收回值時予以確認。減值虧損於產生之年度在收益表內扣除，除非該資產以重估值作為其賬面值，減值虧損則按該重估資產之有關會計政策入賬。

##### i. 計算可收回金額

資產之可收值乃資產淨售價或資產使用值之較高者。淨售價乃是公平交易中之售價；而使用值則是持續使用該資產及在可使用年限結束時出售該資產預期產生之估計日後現金現值。如果資產產生的現金流入基本上不獨立於其他資產產生的現金流入，則以能獨立產生現金流入的最小資產類別（即現金產生單位）來釐定可收回數額。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (j) Impairment of assets (Continued)

###### ii. Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates the reversal effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

#### 2. 主要會計政策概要 (續)

##### (j) 資產減值 (續)

###### ii. 撥回減值虧損

就商譽以外之資產而言，倘若用以釐定可收回金額之估計因素出現變動，則會撥回減值虧損。商譽之減值虧損只會因預期不會再次發生之特殊外在事件而產生，且可收回金額顯然因該特殊事件改變而增加，方會撥回。

減值虧損之撥回金額不得超過假設以往年度並無確認減值虧損而可能釐定之資產賬面值。減值虧損之撥回金額於確認撥回之年度計入收益表。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (k) Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

##### *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognized in profit and loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individual significant, and individually or collectively for financial assets that are not individual significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial assets, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

#### 2. 主要會計政策概要 (續)

##### (k) 金融資產減值

本集團於各結算日評估是否有客觀跡象表明一項金融資產或一類金融資產出現減值。

##### *以攤銷成本列賬之資產*

倘若有客觀跡象顯示以攤銷成本計值之應收款項已產生減損，資產之賬面價值與估算未來的現金流量（不包括尚未產生之未來信貸損失）以原始有效利率（即於最初確認時計算之有效利率）折現的現值之間差額確認減損。有關資產的賬面值可通過直接沖減或通過備抵賬目作出抵減。有關減值虧損在損益表中確認。

本集團首先對具個別重要性的金融資產進行評估，評估是否有客觀跡象顯示個別存有減值，並對非具個別重要性的金融資產進行評估，評估是否有客觀跡象顯示個別或共同存有減值。倘若經個別評估的金融資產（無論具重要性與否）確定並無客觀跡象顯示存有減值，該項資產會歸入一組具有相類信貸風險特性的金融資產內，並對該組金融資產是否存有減值共同作出評估。倘經個別評估減值的資產並就其減值虧損會或將繼續確認入賬，有關資產則不會納入共同減值評估之內。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (k) Impairment of financial assets (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after impairment was recognized, the previous recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

##### *Assets carried at cost*

If there is objective that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

##### (l) Government grants

Government grants are recognised as income over the periods necessary to match with them with the related costs. Grant related to expense items are recognised in the same period as those expenses are charged in the income statement.

#### 2. 主要會計政策概要 (續)

##### (k) 金融資產減值 (續)

倘於往後期間，減值虧損之數額減少，而減少之原因客觀上與減值虧損確認後所發生的事件相關聯，則先前確認的減值虧損可予回撥。於回撥當日，倘若資產賬面值並無超出其攤薄成本，則任何減值虧損的其後回撥將於損益表內確認入賬。

##### *以成本列賬之資產*

倘若有客觀證據顯示一項由於不能可靠計量公平值而並未按公平值列賬之無報價股本工具出現減值，則會按照該項資產之公平值與類似金融資產按現行市場回報率貼現之預測未來現金流量現值之差額。該等資產之減值虧損將不予撥回。

##### (l) 政府資助

政府資助於相關成本之期間確認為收入。有關支出項目之資助於該等支出計入收益表之相同期間確認。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (m) Work-in-progress

Work-in-progress is stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, cost of development including costs that have been incurred for the provision of pharmaceutical application, registration and testing services, is calculated using the first-in, first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

##### (n) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

##### (o) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### 2. 主要會計政策概要 (續)

##### (m) 在製品

在製品乃按成本及可變現淨值兩者中之較低者列賬。成本包括所有採購成本及(如適用)開發成本(包括因提供相關製藥申請、註冊及測試服務之成本),並按先進先出法計算。可變現淨值指在日常業務中之估計售價減去估計完成成本及估計所需銷售成本。

##### (n) 應收賬款及其他應收款項

應收賬款及其他應收款項初步按公平值確認,其後使用實際利率法計量攤銷成本,並減去減值撥備。當有客觀證據顯示本集團未能根據應收款項之原訂條款收回所有到期款項,則會作出應收賬款之減值撥備。撥備金額為資產賬面值與預期日後現金流量之現值間之差額,按實際息率折現。撥備金額在收益表確認。

##### (o) 稅項

所得稅開支指現時應付稅項及遞延稅項總和。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (o) Taxation (Continued)

The tax currently payable is based on taxable profit for the year. Taxable profit is the profit for the year, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary difference can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

#### 2. 主要會計政策概要 (續)

##### (o) 稅項 (續)

現時應付稅項乃按本年度應課稅溢利計算。應課稅溢利為於應付所得稅時根據稅務機關制定之規則釐定之本年度溢利。

遞延稅項指預期從財務報表內資產及負債賬面值與計算應課稅溢利所採用相應稅基之差額所應付或可收回之稅項，並以資產負債表負債法處理。遞延稅項負債一般就所有應課稅暫時性差異確認，遞延稅項資產則於很可能可扣減暫時性差異可對銷應課稅溢利時予以確認。倘暫時性差異因商譽（或負商譽）或因於一項既不影響應課稅溢利亦不影響會計溢利之交易（業務合併除外）中首次確認其他資產及負債而引致，該等資產及負債則不會被確認。

遞延稅項負債就於附屬公司及聯營公司之投資產生之應課稅暫時性差異予以確認，惟於本集團可控制暫時性差異之撥回及暫時性差異可能在可見將來不會撥回則除外。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (o) Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

##### (p) Operating leases

Rentals payable under operating leases are charged to the income statement on a straight line basis over the terms of the relevant leases.

##### (q) Foreign currencies

Transactions in currencies other than RMB are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are re-translated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

#### 2. 主要會計政策概要 (續)

##### (o) 稅項 (續)

遞延稅項資產之賬面值於每個結算日審閱，並於可能再無足夠可收回全部或部分資產之應課稅溢利時下調。

遞延稅項按預期適用於負債清償或資產變現期間之稅率計算。遞延稅項從收益表扣除或計入收益表，除非遞延稅項關乎直接從股本扣除或直接計入股本之項目，在該情況下，遞延稅項亦於股本中處理。

##### (p) 經營租約

經營租約應付租金按有關租約年期以直線法自收益表扣除。

##### (q) 外幣

非人民幣進行之交易，按交易日之適用匯率換算。於結算日以該等貨幣計算之貨幣資產及負債均按結算日之適用匯率再換算。所有匯兌損益均撥入收益表處理。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (q) Foreign currencies (Continued)

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

#### 2. 主要會計政策概要 (續)

##### (q) 外幣 (續)

集團旗下所有功能貨幣與呈報貨幣不同之實體(均非高通脹經濟之貨幣)之業績及財務狀況,按以下方式換算為呈報貨幣:

- (i) 各資產負債表所呈列資產及負債,按結算日之收市匯率換算;
- (ii) 各收益表之收入及支出,按平均匯率換算,惟此平均值並非該等交易日期通行匯率具累積效果之合理約數除外。在此情況下,收入及支出將於交易日期換算;及
- (iii) 所有因此產生匯兌差額將確認為股本項下獨立項目。

綜合賬目時,換算於海外實體之淨投資所產生匯兌差額及指定用作對沖該等投資之借貸及其他貨幣工具之匯兌差額列入股東權益。出售海外業務時,該等匯兌差額於收益表確認為出售收益或虧損之一部分。



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (q) Foreign currencies (Continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

##### (r) Retirement benefits scheme

The retirement benefit scheme contributions arising from the People's Republic of China ("the PRC") municipal government retirement scheme charged to the income statement represent contributions paid or payable by the Group at rates specified in the rules of the Scheme.

##### (s) Provision

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

#### 2. 主要會計政策概要 (續)

##### (q) 外幣 (續)

收購海外實體所產生商譽及公平值調整當作海外實體之資產及負債處理，並按收市匯率換算。

##### (r) 退休福利計劃

於收益表內扣除之中華人民共和國（「中國」）市政府退休計劃之退休福利計劃供款乃指本集團按該計劃規則所規定之比率已付或應付之供款。

##### (s) 撥備

本集團將以下情況就環境修復、重組成本及法定索償確認撥備：當本集團因過往事件承擔現有法律或推定責任；解除責任很有可能導致資源流出；且金額能夠可靠計算。重組撥備包括租約終止罰金及僱員終止付款。本集團不會就日後經營虧損作出撥備。

倘集團承擔若干類似責任，於釐定解除責任是否需要流出資源時，將以整類責任為考慮。只要同類責任當中任何一個項目有導致資源流出之甚低可能性，亦會確認撥備。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (t) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

#### 3. FINANCIAL RISK MANAGEMENT

##### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

##### (a) Market risk – Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet either as available-for-sale financial assets or as held-to-maturity financial assets. The Group is not exposed to commodity price risk.

##### (b) Credit risk

The Group has no significant concentrations of credit risk.

#### 2. 主要會計政策概要 (續)

##### (t) 現金及現金等價物

現金及現金等價物包括手頭現金、銀行通知存款以及原定到期日為三個月或以內之短期高流通量投資以及銀行透支。銀行透支於資產負債表內在流動負債下列作借款。

#### 3. 財務風險管理

##### 3.1 財務風險因素

本集團之活動承受多種財務風險：市場風險（包括貨幣風險、公平值利率風險及價格風險）、信貸風險、流動資金風險及現金流量利率風險。本集團之整體風險管理計劃專注於財務市場之不可預測性，務求盡量減低對本集團財務表現之潛在不利影響。本集團利用衍生金融工具對沖若干承受之風險。

##### (a) 市場風險 – 價格風險

由於本集團持有之投資在綜合資產負債表中分類為可供出售金融資產或持至到期之金融資產，故此本集團承受股本證券之價格風險。本集團並無商品價格風險。

##### (b) 信貸風險

本集團並無重大集中的信貸風險。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 3. FINANCIAL RISK MANAGEMENT (Continued)

##### 3.1 Financial risk factors (Continued)

###### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

###### (d) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

##### 3.2 Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

#### 3. 財務風險管理 (續)

##### 3.1 財務風險因素 (續)

###### (c) 流動資金風險

本集團之流動資金風險管理審慎，備有充足現金及有價證券，並透過已獲承諾之充裕信貸融資維持充足資金，且有能力平倉。由於相關業務屬活躍多變，故本集團庫務部致力維持獲承諾信貸融資，以保持資金之靈活彈性。

###### (d) 現金流量及公平值利率風險

由於本集團並無重大計息資產，故本集團之收入及營運現金流量基本上不受市場利率波動影響。

##### 3.2 公平值估計

於活躍市場買賣之金融工具（如公開買賣之衍生工具）之公平值為結算日所報市價。本集團所持金融資產適用之市價報價為當時買入價；金融負債之適用市價報價為當時賣出價。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 3. FINANCIAL RISK MANAGEMENT (Continued)

##### 3.2 Fair value estimation (Continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 3. 財務風險管理 (續)

##### 3.2 公平值估計 (續)

並非於活躍市場買賣之金融工具(例如場外衍生工具)之公平值乃使用估值方法釐定。本集團使用多種方法,並基於各結算日存在之市況作出假設。長期債項乃使用類似金融工具市價報價或交易商報價。釐定其餘金融工具公平值時則使用其他方法,例如估計折算現金流量。

應收貿易賬款及應付賬款之面值減估計信貸調整乃假設為與其公平值相若。金融負債之公平值乃就披露按本集團就類似金融工具可得當時市場利率將日後約定現金流量貼現而估計。

#### 4. 重要會計估計及假設

本集團將根據過往經驗及其他因素(包括在相關情況下認為合理之對未來事件期望)不斷評估各項預計項目及判斷。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

##### Critical accounting estimates, assumptions and judgements

In preparing the consolidated financial statements, accounting estimates and judgements need to be made. The Group evaluates these based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equate the related actual results. Estimates and assumptions that may have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (a) Impairment of intangible assets

The Group performs annual tests on whether there has been impairment of intangible assets in accordance with the accounting policy stated in note 2(j). The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations.

#### 4. 重要會計估計及假設 (續)

##### 重要會計估計、假設及判斷

於編製綜合財務報表時，本集團須作出會計估計及判斷。本集團將根據過往經驗及其他因素（包括日後在合理情況下相信會出現的事件）不斷對會計估計及判斷進行評估。

本集團會就未來作出評估及假設，所產生之會計估計難免偏離實際的相關業績。有關評估及假設很大可能導致下一個財政年度之資產及負債賬面值須作出大幅度調整。有關詳情載於下文。

##### (a) 無形資產減值

本集團每年均按照附註2(j)所述會計政策的規定，檢測無形資產減值。而現金產生單位的可收回金額，則按照使用價值計算。計算過程中須應用管理層對未來營運狀況和除稅前貼現率所作出的估計和假設以及其他與計算使用價值有關的假設。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

##### Critical accounting estimates, assumptions and judgements (Continued)

###### (b) Trade debtors

The aged debt profile of trade debtors is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of trade debtor balances are called into doubts, specific provisions for bad and doubtful debts are made based on credit status of the customers, the aged analysis of the trade receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the income statement. Changes in the collectibility of trade receivables for which provisions are not made could affect our results of operations.

###### (c) Useful lives of fixed assets

In accordance with HKAS 16, the Group estimates the useful lives of fixed assets in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

#### 4. 重要會計估計及假設 (續)

##### 重要會計估計、假設及判斷 (續)

###### (b) 應收貿易賬款

本集團定期檢討應收貿易賬款的賬齡，以確保可收回應收貿易賬款結餘，並可於協定信貸期逾期後即時採取跟進行動。然而，收賬不時會出現延誤。當應收貿易賬款的可收回機會存疑，本集團則會根據客戶的信貸狀況、應收貿易賬款結餘的賬齡分析和撇賬紀錄，提撥呆壞賬特別準備。若干應收款可初步確認為可收回，但其後可能無法收回而須於收益表撇銷。如未有為收回機會出現變化的應收貿易賬款作出撥備，可能會對未來的營運業績構成影響。

###### (c) 固定資產的有用年限

本集團根據香港會計準則第16號的規定估計固定資產的可用年期，從而判斷所須列賬的折舊支出。本集團於購入資產之時，根據以往經驗、資產的預期使用量、損耗程度，以及技術會否因市場需求或資產產能有變而變成過時，估計其可用年限。本集團並會於每年作出檢討，以判斷為資產可用年限作出的假設是否仍然合理。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

##### Critical accounting estimates, assumptions and judgements (Continued)

##### (d) Impairment of work-in-progress

Provision for slowing-moving work-in-progress is made based on the ageing and accomplishment of certain milestone stage such as clinical studies permit during the process of development. The assessment of the provision amount required involving management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of work-in-progress and provision charge/write-back in the period in which such estimate has been changed.

##### (e) Impairment of non-current assets

If a triggering event occurs indicating that the carrying amount of an asset may not be recoverable, an assessment of the carrying amount of that asset will be performed. Triggering events include significant adverse changes in the market value of an asset, changes in the business or regulatory environment, or certain legal events. The interpretation of such events requires judgment from management with respect to whether such an event has occurred. Upon the occurrence of triggering events, the carrying amounts of non-current assets are reviewed to assess whether their recoverable amounts have declined below their carrying amounts. The recoverable amount is the present value of estimated net future cash flows which the Group expects to generate from the future use of the asset, plus the assets residual value on disposal. Where the recoverable amount of non-current assets is less than its carrying value, an impairment loss is recognised to write the assets down to its recoverable amount.

#### 4. 重要會計估計及假設 (續)

##### 重要會計估計、假設及判斷 (續)

##### (d) 在製品減值

滯銷在製品按開發過程中許可之若干重要階段(例如臨床研究)之進度及成果撥備。管理層評估撥備金額時需要作出判斷及估計。倘實際結果或未來期望與原有估計有別,有關差額將影響估計項目變動期間之在製品賬面值及撥備支出/撥回。

##### (e) 非流動資產減值

如發生觸發事件,顯示資產的賬面值可能無法收回,本集團將評估該資產的帳面值。觸發事件包括資產市值暴跌、營商或規管環境轉變,或若干法律事件。管理層詮釋此等事件前,須判斷有關事件是否已經發生。如發生觸發事件,本集團將評估非流動資產的賬面值,以評估其可收回金額是否已跌至低於其賬面值。可收回金額為本集團預期日後使用該資產估計可獲得的未來現金流量淨額的現值,加上出售時該資產的剩餘價值。如非流動資產的可收回金額低於其帳面值,本集團將確認減值虧損,將資產值撇減至相等於其可收回金額。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

## 5. PROPERTY, PLANT AND EQUIPMENT

## 5. 物業、廠房及設備

		Leasehold improvement 租賃裝修 RMB'000 人民幣千元	Machinery 機器 RMB'000 人民幣千元	Furniture, fixtures and equipment 傢俬、裝置 及設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
<b>THE GROUP</b>	<b>本集團</b>					
<b>COST</b>	<b>成本</b>					
At 1 January 2004	於二零零四年一月一日	931	4,446	1,369	692	7,438
Additions	增添	77	1,921	455	576	3,029
Disposal	出售	-	(398)	-	-	(398)
At 31 December 2004	於二零零四年十二月三十一日	1,008	5,969	1,824	1,268	10,069
Additions	增添	698	682	408	-	1,788
Disposal	出售	-	(2)	(4)	-	(6)
Reclassification	重新分類	72	(812)	734	6	-
At 31 December 2005	於二零零五年十二月三十一日	1,778	5,837	2,962	1,274	11,851
<b>DEPRECIATION</b>	<b>折舊</b>					
At 1 January 2004	於二零零四年一月一日	390	1,759	360	208	2,717
Charge for the year	本年度支出	221	694	255	123	1,293
Reversal on disposal	出售時撥回	-	(197)	-	-	(197)
At 31 December 2004	於二零零四年十二月三十一日	611	2,256	615	331	3,813
Charge for the year	本年度支出	223	714	438	106	1,481
Reversal on disposal	出售時撥回	-	(1)	(3)	-	(4)
Reclassification	重新分類	(184)	(269)	453	-	-
At 31 December 2005	於二零零五年十二月三十一日	650	2,700	1,503	437	5,290
<b>NET CARRYING AMOUNT</b>	<b>賬面淨值</b>					
At 31 December 2005	於二零零五年十二月三十一日	1,128	3,137	1,459	837	6,561
At 31 December 2004	於二零零四年十二月三十一日	397	3,713	1,209	937	6,256



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 5. PROPERTY, PLANT AND EQUIPMENT (Continued)

#### 5. 物業、廠房及設備 (續)

**Furniture, fixtures  
and equipment**  
傢俬、裝置及設備  
RMB'000  
人民幣千元

<b>THE COMPANY</b>	<b>本公司</b>	
<b>COST</b>	<b>成本</b>	
At 1 January 2004	於二零零四年一月一日	41
Additions	增添	34
At 31 December 2004	於二零零四年十二月三十一日	75
Additions	增添	-
At 31 December 2005	於二零零五年十二月三十一日	75
<b>DEPRECIATION</b>	<b>折舊</b>	
At 1 January 2004	於二零零四年一月一日	10
Charge for the year	本年度支出	14
At 31 December 2004	於二零零四年十二月三十一日	24
Charge for the year	本年度支出	15
At 31 December 2005	於二零零五年十二月三十一日	39
<b>NET CARRYING AMOUNT</b>	<b>賬面淨值</b>	
At 31 December 2005	於二零零五年十二月三十一日	36
At 31 December 2004	於二零零四年十二月三十一日	51

Depreciation expense of RMB1,117,000 (2004: RMB956,000) has been expensed in cost of goods sold and RMB 364,000 (2004: RMB337,000) in administrative expenses.

人民幣1,117,000元(二零零四年:人民幣956,000元)及人民幣364,000元(二零零四年:人民幣337,000元)折舊開支分別於已售貨品成本及行政開支中支銷。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 6. NEW DRUG TECHNOLOGY

#### 6. 新藥技術

		RMB'000 (Restated) 人民幣千元 (重列)
<b>THE GROUP</b>	<b>本集團</b>	
<b>COST OR VALUATION</b>	<b>成本或估值</b>	
At 1 January 2004	於二零零四年一月一日	–
Transfer from work-in-progress during the year	於本年度轉撥自在製品	2,625
At 31 December 2004	於二零零四年十二月三十一日	2,625
Additions	增添	137
Transfer from work-in-progress during the year	於本年度轉撥自在製品	301
At 31 December 2005	於二零零五年十二月三十一日	3,063
<b>AMORTISATION AND IMPAIRMENT</b>	<b>攤銷及減值</b>	
At 1 January 2004	於二零零四年一月一日	–
Amortisation charge for the year	本年度攤銷支出	115
At 31 December 2004	於二零零四年十二月三十一日	115
Amortisation charge for the year	本年度攤銷支出	348
At 31 December 2005	於二零零五年十二月三十一日	463
<b>NET CARRYING AMOUNT</b>	<b>賬面淨值</b>	
At 31 December 2005	於二零零五年十二月三十一日	2,600
At 31 December 2004	於二零零四年十二月三十一日	2,510

The intangible assets included above have finite useful lives, over which the assets are amortised. The amortisation period for development costs incurred on the Group's new drug technology is five years and were assessed for impairment at 31 December 2005. Details were set out in note 4(a).

上表所列之無形資產具有有限使用年期，並於該段期間內攤銷。本集團新藥技術所涉及開發成本之攤銷期間為五年，並於二零零五年十二月三十一日重新評估減值。有關詳情載於附註4(a)。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 7. INTERESTS IN SUBSIDIARIES

#### 7. 於附屬公司之權益

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB\$'000 (Restated) 人民幣千元 (重列)
Unlisted shares, at cost	非上市股份·按成本	<b>30,374</b>	30,374
Amounts due from subsidiaries	應收附屬公司款項	<b>17,352</b>	11,989
		<b>47,726</b>	42,363

The cost of the unlisted shares is based on the book value of the underlying net assets of the subsidiaries attributable to the Group on the date of the Group Reorganisation.

The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed repayment terms. The amounts will not be repayable within twelve months from the balance sheet date. Accordingly, the amounts are shown as non-current.

非上市股份之成本乃按本集團於集團重組日期佔附屬公司相關資產淨值賬面值計算。

應收／(應付)附屬公司款項為無抵押、免息及無固定償還條款。有關款項毋須於結算日起計十二個月內償還，因此，有關欠款以非流動負債呈列。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 7. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31 December 2005 are as follows:

Company Name 公司名稱	Legal status 法定地位	Place of incorporation/ establishment/ operations 註冊成立/ 成立/經營地點	Registered and fully paid capital 註冊及繳足股本	Attributable equitable interest held 所持應佔股本權益		Principal activities 主要業務
				Directly 直接	Indirectly 間接	
Dezhong VP 德眾萬全	Joint venture 合營	Beijing, the PRC 中國北京	RMB7,154,420 人民幣7,154,420元	-	94.512% (note (a)) (附註(a))	The research and development of new drug preparation, raw materials, supplementary materials (excipients and additives) and biodrugs; technological transfer and services 研究及開發新藥製劑、原材料、輔助原材料(賦形劑及添加劑)及生物藥品; 技術轉讓及服務
Hainan Sinican Bio-labs Limited	Private company 私營公司	Hainan, the PRC 中國海南	US\$360,000 360,000美元	-	100%	The research, development and production of drugs, natural drugs and synthetic drugs; technological transfer of and services for the research and development of biodrugs, natural drugs and synthetic drugs; pharmacodynamic and clinical research of drugs 研究、開發及生產藥品、天然藥品及合成藥品; 研究及開發生物藥品、天然藥品及合成藥品之技術轉讓及服務; 藥品之藥效研究及臨床研究
Hanzhong Venturepharm Pharm-Chemical Company Ltd.	Private company 私營公司	Hanzhong, the PRC 中國漢中	US\$600,000 600,000美元	-	51%	Sales and manufacturing of Active Pharmaceutical Ingredients products 銷售及生產有效藥劑成份產品
P.K. Pharmatech Private Limited	Private company 私營公司	Mumbai, India 印度孟買	INR 100,000 100,000印度盧比	-	50% (note (b)) (附註(b))	Inactive 並無開展業務

#### 7. 於附屬公司之權益 (續)

本公司於二零零五年十二月三十一日之主要附屬公司詳情如下:

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 7. INTERESTS IN SUBSIDIARIES (Continued)

#### 7. 於附屬公司之權益 (續)

Company Name 公司名稱	Legal status 法定地位	Place of incorporation/ establishment/ operations 註冊成立/ 成立/經營地點	Registered and fully paid capital 註冊及繳足股本	Attributable equitable interest held 所持應佔股本權益		Principal activities 主要業務
				Directly 直接	Indirectly 間接	
V Biopharm 萬全陽光	Joint venture 合營	Beijing, the PRC 中國北京	RMB1,655,747 人民幣1,655,747元	-	100%	The research, development and production of drugs, natural drugs and synthetic drugs; technological transfer of and services for the research and development of biodrugs, natural drugs and synthetic drugs; pharmacodynamic and clinical research of drugs 研究、開發及生產藥品、天然藥品及合成藥品；研究及開發生物藥品、天然藥品及合成藥品之技術轉讓及服務；藥品之藥效研究及臨床研究
Venturepharm Laboratories (BVI) Limited ("VP (BVI)")	Private company 私營公司	British Virgin Islands 英屬處女群島	US\$100 100美元	100%	-	Investment holding 投資控股
Venturepharm Life Science Capital Limited 萬全生命科技投資有限公司	Private company 私營公司	Hong Kong, PRC 中國香港	HK\$10,000 10,000港元	-	100%	Inactive 並無開展業務
Venovo Pharma US Inc.	Private company 私營公司	British Virgin Islands 英屬處女群島	US\$1 1美元	100%	-	Investment holding 投資控股

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 7. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31 December 2005 are as follows:

Name 公司名稱	Legal status 法定地位	Place of incorporation/ establishment/ operations 註冊成立/ 成立/經營地點	Registered and fully paid capital 註冊及繳足股本	Attributable equitable interest held		Principal activities 主要業務
				Directly 直接	Indirectly 間接	
北京德眾萬全 醫藥科技 有限公司	Private company 私營公司	Beijing, the PRC 中國北京	US\$200,000 200,000美元	-	100%	The research, development and production of drugs, natural drugs and synthetic drugs; technological transfer of and services for the research and development of biodrugs, natural drugs and synthetic drugs; pharmacodynamic and clinical research of drugs 研究、開發及生產藥品、天然藥品及合成藥品；研究及開發生物藥品、天然藥品及合成藥品之技術轉讓及服務；藥品之藥效研究及臨床研究

Notes:

- (a) Pursuant to an agreement entered into between the Group and the minority shareholder of Dezhong VP, the minority shareholder agree to waive its 4.488% profit sharing in Dezhong VP for the three years ending 31 December 2005. Accordingly, the Group's profit sharing in Dezhong VP for the year was changed from 94.512% to 99%.

- (b) The Group held major representation of the board of directors in this company.

None of the subsidiaries had any debt securities outstanding at the end of the year or any time during the year.

#### 7. 於附屬公司之權益 (續)

本公司於二零零五年十二月三十一日之主要附屬公司詳情如下：

附註：

- (a) 根據本集團與德眾萬全之少數股東訂立的協議，少數股東同意放棄其所分佔德眾萬全截至二零零五年十二月三十一日止三個年度之4.488%溢利。因此，本集團於本年度佔德眾萬全之溢利由94.512%更改至99%。

- (b) 本集團在該公司之董事會中擁有大多數席位。

附屬公司於年終或本年度任何時間概無任何尚未償還之債務證券。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 8. INTERESTS IN ASSOCIATES

#### 8. 於聯營公司之權益

		THE GROUP 本集團	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
As at 1 January	於一月一日	2,235	-
Additions in investment cost	投資成本增添	2,000	2,235
Share of associates' results	應佔聯營公司業績		
– loss before taxation	– 除稅前虧損	(188)	-
– taxation	– 稅項	-	-
– minority interest	– 少數股東權益	-	-
As at 31 December	於十二月三十一日	4,047	2,235

Details of the Group's associate at 31 December 2005, which is held indirectly by the Company, are as follows:

於二零零五年十二月三十一日，由本公司間接擁有之本集團聯營公司詳情如下：

Name of associate 聯營公司名稱	Place of incorporation 註冊成立地點	Assets 資產 RMB'000 人民幣千元	Liabilities 負債 RMB'000 人民幣千元	Revenue 收益 RMB'000 人民幣千元	Profit/(loss) 溢利/(虧損) RMB'000 人民幣千元	Interest held 所持有權益
Zhejiang Dankong Venturepharm Co. Ltd	Zhejiang, the PRC 中國浙江	4,966	-	-	-	45%
海南盛科天然藥物 研究院有限公司	Hainan, the PRC 中國海南	2,148	116	-	(469)	40%
NovaDerm Inc.	British Virgin Islands 英屬處女群島	2,000	2,000	-	-	40%

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 9. UNLISTED INVESTMENT

Prior to the adoption of the new HKFRSs, unlisted investment represented investment in non-trading securities and trading securities, other than subsidiaries, associates and jointly controlled entities. As at 31 December 2004, the unlisted investment comprised of the followings:-

#### 9. 非上市投資

採納新香港財務報告準則前，非上市投資指於附屬公司、聯營公司及共同控制實體以外非買賣證券及買賣證券之投資。於二零零四年十二月三十一日，非上市投資包括：

		THE GROUP	
		本集團	
		2005	2004
		二零零五年	二零零四年
		RMB'000	RMB'000
			(Restated)
		人民幣千元	人民幣千元
			(重列)
Unlisted investment	香港境外之非上市投資		
outside Hong Kong		9,396	6,080

Following the adoption of new HKFRSs on 1 January 2005, the unlisted investment is reclassified into four different categories depends on the purpose for which the investments were acquired. As at 31 December 2005, the Group has an investment in bonds traded in an active market and an unlisted investment outside Hong Kong.

於二零零五年一月一日採納新香港財務報告準則後，非上市投資視乎買入投資用途重新分類為四個不同類別。於二零零五年十二月三十一日，本集團投資於活躍市場買賣債券及香港境外非上市投資。



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 9. UNLISTED INVESTMENT (Continued)

According to HKAS 32 and 39, investment in bonds was reclassified into held-to-maturity investment as detailed in Note 10 below. Unlisted investment outside Hong Kong is reclassified into available-for-sale financial assets as follows:—

#### 9. 非上市投資 (續)

根據香港會計準則第32及39號，債券投資重新分類為持至到期之投資，詳情載於下文附註10。香港境外非上市投資則重新分類為可供銷售金融資產如下：

		<b>THE GROUP</b>
		<b>本集團</b>
		RMB'000
		人民幣千元
As at 1 January 2004	於二零零四年一月一日	—
Reclassification upon adoption of HKAS 39	採納香港會計準則第39號後重新分類	6,080
As at 31 December 2004	於二零零四年十二月三十一日	6,080
Amount due from unlisted investment outside Hong Kong (Note 34 (b)(i))	應收香港境外非上市投資之款項 (附註34(b)(i))	3,316
As at 31 December 2005	於二零零五年十二月三十一日	9,396
Listed/Unlisted investment	上市／非上市證券	
– investment in unlisted investment outside Hong Kong	– 於香港境外非上市投資之投資	6,080
– Amount due from unlisted investment	– 應收非上市投資之款項	3,316
		9,396

The amounts due from/(to) the unlisted investment are unsecured, interest-free and have no fixed repayment terms. The amounts will not be repayable within twelve months from the balance sheet date. Accordingly, the amounts are shown as non-current. Details were disclosed in note 32(b).

應收／(應付)非上市投資款項為無抵押、免息及無固定償還條款。有關款項毋須於結算日起計十二個月內償還，因此，有關欠款以非流動負債呈列。有關詳情於附註32(b)披露。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 9. UNLISTED INVESTMENT (Continued)

Name of Company	Place of incorporation	Particulars of issued and paid-up registered capital	Percentage of equity attributable to the Company	Principal activities
公司名稱	註冊成立地點	已發行及繳足註冊股本詳情	本公司應佔權益百分比	主要業務
Hainan Pioneer Pharmaceutical Co. Ltd.	Hainan, the PRC 中國海南省	32,000,000	19%	Sales and manufacturing of Active Pharmaceutical Ingredients products 銷售及生產有效藥劑成份產品

#### 9. 非上市投資 (續)

#### 10. HELD-TO-MATURITY INVESTMENT

		THE GROUP 本集團 RMB'000 人民幣千元	THE COMPANY 本公司 RMB'000 (Restated) 人民幣千元 (重列)
As at 1 January 2004	於二零零四年一月一日	–	–
Reclassification upon adoption of HKAS 39	採納香港會計準則第39號後重新分類	16,553	16,553
As at 31 December 2004	於二零零四年十二月三十一日	16,553	16,553
Opening adjustment on adoption of HKAS39	採納香港會計準則第39號之年初調整	5,500	5,500
Additions	增添	21,075	21,075
Effect on adoption of HKS 39	採納香港會計準則第39號之影響	7,200	7,200
Disposal	出售	(22,053)	(22,053)
As at 31 December 2005	於二零零五年十二月三十一日	28,275	28,275
Held-to-maturity investment include the following:	持至到期之投資包括以下項目:		
– Two convertible bonds	– 兩份可換股債券	28,275	28,275

#### 10. 持至到期之投資

The held-to-maturity investment of RMB28,275,000 had been pledged to secure bank overdraft granted to the Group.

本集團已就授予本集團之銀行透支抵押持至到期之投資人民幣28,275,000元。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

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#### 10. HELD-TO-MATURITY INVESTMENT (Continued)

Details of the investment bonds included the followings:-

Bond issuer 債券發行人	Terms/Maturity period 年期/期限	Interest rate 息率	Cost 成本
LLOYDS TSB BANK			
15 years USD callable dual range accrual note	2005-2020	8.6% coupon rate	USD700,000
LLOYDS TSB BANK			
15年期美元可贖回雙重應計票據	二零零五年至二零二零年	票息率8.6厘	700,000美元
DEUTSCHE BANK AG LONDON BRANCH			
15 years USD callable non-inversion	2005-2020	8.3% coupon rate	USD1,900,000
DEUTSCHE BANK AG LONDON BRANCH			
15年期美元可贖回結構式債券	二零零五年至二零二零年	票息率8.3厘	1,900,000美元

#### 10. 持至到期之投資 (續)

投資債券詳情包括：

#### 11. WORK-IN-PROGRESS

Work-in-progress – contracted (note (a))	在製品 – 已訂約 (附註(a))		
Work-in-progress – not-contracted (note (b))	在製品 – 未訂約 (附註(b))		
Allowance for work-in-progress	在製品撥備		

#### 11. 在製品

#### THE GROUP

本集團

2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
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		<b>13,393</b>	9,183
		<b>29,611</b>	19,809
		<b>(5,258)</b>	(3,872)
		<b>37,746</b>	25,120

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 11. WORK-IN-PROGRESS (Continued)

Notes:

- (a) The balance represents the project costs incurred for the contracted research and development, pharmaceutical application, registration and testing services, but have not met the extent of the milestone payments earned in accordance with the applicable performance requirements and contractual terms.
- (b) The balance comprises of development costs incurred with the intention of outright sales as technology transfer but have not been contracted.
- (c) At 31 December 2005, the carrying amount of work-in-progress that were carried at net realisable value amounted to RMB2,978,000 (2004: RMB3,023,000).

Details of assessment for impairment are set out in Note 4(d).

#### 12. TRADE RECEIVABLES

The fair value of trade receivables are as follow:-

	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (Restated) (重列)
Trade receivables – net	9,483	11,513

The Group allows an average credit period of 90 days to its trade customers. The aging analysis of trade receivables of the Group at the balance sheet date is as follows:

	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (Restated) (重列)
Within 90 days	6,714	9,663
91 - 180 days	1,546	1,412
181 - 365 days	1,223	438
	9,483	11,513

The carrying amounts of trade receivables approximate their fair values.

#### 11. 在製品 (續)

附註:

- (a) 該結餘指已訂約之研究及開發、製藥申請、註冊及測試服務產生之項目成本，惟由於尚未達到規定之進度及相關合同條款而未能收取相應進度款項。
- (b) 該結餘指擬作為技術轉讓項目出售之開發成本，但尚未訂立合約。
- (c) 於二零零五年十二月三十一日，以可變現淨值列賬之在製品賬面值為人民幣2,978,000元（二零零四年：人民幣3,023,000元）。

減值評估詳情載於附註4(d)。

#### 12. 應收貿易賬款

應收貿易賬款之公平值如下：

本集團提供予其貿易客戶之平均信貸期為90日，於結算日本集團應收貿易賬款之賬齡分析如下：

The carrying amounts of trade receivables approximate their fair values.

應收貿易賬款之賬面值與其公平值相若。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The prepayments, deposits and other receivables are as follow:-

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (restated) 人民幣千元 (重列)
Prepayments	預付款項	3,925	1,705
Deposits	按金	3,082	787
Other receivables	其他應付款項	12,430	15,183
		<b>19,437</b>	<b>17,675</b>

#### 13. 預付款項、按金及其他應付款項

預付款項、按金及其他應付款項如下：

#### 14. AMOUNTS DUE FROM RELATED COMPANIES

Details of the amounts due from related companies are as follows:

Name of Companies	公司名稱	THE GROUP 本集團		THE COMPANY 本公司	
		2005 二零零五年 RMB\$'000 人民幣千元	2004 二零零四年 RMB\$'000 (restated) 人民幣千元 (重列)	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (restated) 人民幣千元 (重列)
Sanmenxia Sinoway Pharmaceutical Co., Ltd. ("Sinoway Pharmaceutical")	三門峽賽諾維 製藥有限公司 (「賽諾維 製藥」)	1,496	812	-	-
Venturepharm Inc. ("VP Inc.")	Venturepharm Inc. (「VP Inc.」)	263	1,580	25	25
		<b>1,759</b>	<b>2,392</b>	<b>25</b>	<b>25</b>

#### 14. 應收關連公司款項

應收關連公司款項之詳情如下：

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 14. AMOUNTS DUE FROM RELATED COMPANIES

*(Continued)*

Both companies are the subsidiaries of the Company's substantial shareholders.

The amounts are unsecured, interest-free and repayable on demand.

The maximum balance due from Sinoway Pharmaceutical and VP Inc. for the year ended 31 December 2005 was RMB1,496,000 and RMB1,580,000 respectively.

Sinoway Pharmaceutical is the subsidiary of the Company's substantial Shareholder. It is a domestic owned enterprise established in the PRC. For the year ended 31 December 2005, a continuous payment of expenses was made by the Company on behalf of Sinoway Pharmaceutical (the "Transaction"). According to GEM Listing Rules, announcement should be made for the Transactions.

#### 14. 應收關連公司款項 (續)

兩間公司均為本公司主要股東之附屬公司。

有關款項為無抵押、免息，須按要求償還。

賽諾維製藥及VP Inc.於截至二零零五年十二月三十一日止年度之最高結欠款項分別為人民幣1,496,000元及人民幣1,580,000元。

賽諾維製藥為本公司主要股東之附屬公司。為於中國成立之內資擁有企業。於截至二零零五年十二月三十一日止年度，本公司持續替賽諾維製藥支付開支（「交易」），根據創業板上市規則，須就交易刊發公佈。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 15. SHARE CAPITAL

#### 15. 股本

		Number of ordinary share 普通股數目	Amount 金額 HK\$'000 千港元	Shown in the financial statements 財務報表列示 RMB'000 人民幣千元
Ordinary shares of HK\$0.10 each	每股面值0.10港元之普通股			
Authorised:	法定股本:			
At 31 December 2004 and 31 December 2005	於二零零四年 十二月三十一日 及二零零五年 十二月三十一日	1,000,000,000	100,000	106,000
Issued and fully paid:	已發行及繳足:			
At 31 December 2004 and 31 December 2005	於二零零四年 十二月三十一日 及二零零五年 十二月三十一日	360,000,000	36,000	38,160

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

**16. RESERVES****THE GROUP****16. 儲備****本集團**

		Share-based payment reserve	Convertible bond reserve	Special reserve	Capital reserve	Statutory reserve	Statutory enterprise expansion fund	Retained earnings	Sub-Total	Minority interests	Total
		股份付款 儲備	可換股 債券儲備	特別儲備	資本儲備	法定儲備	法定企業 發展基金	保留盈利	小計	少數股東 權益	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2004	於二零零四年 一月一日	-	-	6,039	894	2,931	6,114	36,023	52,001	-	52,001
Effect on adopting new accounting policy - HKAS 1	採納新會計政策 之影響 - 香港會計準則 第1號	-	-	-	-	-	-	-	-	870	870
Final 2003 dividend declared	已宣派 二零零三年 末期股息	-	-	-	-	-	-	(1,908)	(1,908)	-	(1,908)
Contribution from minority shareholder Transfer	少數股東出資 轉撥	-	-	-	9	-	-	-	9	-	9
Profit for the year	本年度溢利	-	-	-	-	403	403	(806)	-	-	-
Minority interest upon investment in a subsidiary	一家附屬 公司投資之少數 股東權益	-	-	-	-	-	-	-	-	2,404	2,404
At 31 December 2004	於二零零四年 十二月三十一日	-	-	6,039	903	3,334	6,517	43,992	60,785	3,190	63,975
Opening adjustment on adopting new accounting policy - HKAS 39	採納新會計政策 之年初調整 - 香港會計準則 第39號	-	5,500	-	-	-	-	-	5,500	-	5,500
At 1 January 2005 (restated)	於二零零五年 一月一日(重列)	-	5,500	6,039	903	3,334	6,517	43,992	66,285	3,190	69,475
Effect on adopting new accounting policy - HKAS 39	採納新會計政策 之影響 - 香港會計準則 第39號	-	7,200	-	-	-	-	-	7,200	-	7,200
- HKFRS 2	- 香港財務報告 準則第2號	258	-	-	-	-	-	-	258	-	258
Reversal of convertible bond reserve upon disposal	出售後撥回可換股 債券儲備	-	(5,500)	-	-	-	-	-	(5,500)	-	(5,500)
Transfer	轉撥	-	-	-	(9)	278	278	(673)	(126)	(8)	(134)
Profit for the year	本年度溢利	-	-	-	-	-	-	5,644	5,644	(128)	5,516
At 31 December 2005	於二零零五年 十二月三十一日	258	7,200	6,039	894	3,612	6,795	48,963	73,761	3,054	76,815



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 16. RESERVES (Continued)

#### 16. 儲備 (續)

##### THE COMPANY

##### 本公司

		Share-based		Convertible		Accumulated		Total
		payment reserve	bonds reserve	Capital reserve	Contributed surplus	(loss)/profit 累計		
		股份付款 儲備	可換股 債券儲備	資本儲備	實繳盈餘	(虧損) / 溢利	合計	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
As at 1 January 2004	於二零零四年一月一日	-	-	894	28,011	1,957	30,862	
Final 2003 Dividend declared	已宣派二零零三年 末期股息	-	-	-	-	(1,908)	(1,908)	
Net loss for the year	本年度虧損淨額	-	-	-	-	(254)	(254)	
As at 31 December 2004	於二零零四年 十二月三十一日	-	-	894	28,011	(205)	28,700	
Opening adjustment on adopting new accounting policy - HKAS 39	採納新會計政策之 年初調整 - 香港會計 準則第39號	-	5,500	-	-	-	5,500	
At 1 January 2005 (restated)	於二零零五年一月一日 (重列)	-	5,550	894	28,011	(205)	34,200	
Effect on adopting new accounting standards	採納新會計政策之影響							
- HKAS 39	- 香港會計準則第39號	-	7,200	-	-	-	7,200	
- HKFRS 2	- 香港財務報告準則 第2號	258	-	-	-	-	258	
Reversal of convertible bond reserve upon disposal	出售後撥回可換股 債券儲備	-	(5,500)	-	-	-	(5,500)	
Net loss for the year	本年度虧損淨額	-	-	-	-	(1,571)	(1,571)	
At 31 December 2005	於二零零五年 十二月三十一日	258	7,200	894	28,011	(1,776)	34,587	

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 16. RESERVES (Continued)

##### Statutory reserve

As stipulated by the relevant PRC laws and regulations, the subsidiaries of the Company established in the PRC shall set aside 10% of its net profit after taxation for the statutory surplus reserve fund (except where the reserve balance has reached 50% of the subsidiaries' paid-up capital). The reserve fund can only be used, upon approval by the board of directors and by the relevant authority, to offset accumulated losses or increase capital.

##### Statutory enterprise expansion fund

As stipulated by the relevant PRC laws and regulations, the subsidiaries of the Company established in the PRC shall appropriate 5% to 10% of its net profit after taxation as the statutory enterprise expansion fund. The directors shall have discretion in determining the percentage within the range specified by the relevant PRC laws and regulations.

##### Special reserve

The special reserve represents the differences between the nominal value of the shares of VP (BVI), the company which was the holding company of other members of the Group prior to the Group Reorganisation, and the nominal value of the Company's shares issued thereof pursuant to the Group Reorganisation.

#### 16. 儲備 (續)

##### 法定儲備

根據有關中國法例及法規之規定，本公司於中國成立之附屬公司須將其除稅後純利之10%撥入法定盈餘儲備基金，直至儲備結餘達附屬公司實繳股本50%。儲備基金僅可用以抵銷累計虧損或增加資本，惟須獲董事會及相關機構批准。

##### 法定企業發展基金

根據有關中國法例及法規之規定，本公司於中國成立之附屬公司須將其除稅後純利之5%至10%撥入法定企業發展基金。董事可根據有關中國法例及法規所規定之範圍而酌量釐定百分比。

##### 特別儲備

特別儲備是指VP (BVI) (集團重組前本集團其他成員公司之控股公司) 股份面值及本公司根據集團重組而發行之股份面值兩者間之差額。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 16. RESERVES (Continued)

##### Capital reserve

The capital reserve represents the additional contributions made by the shareholders of the Company prior to the listing of the Company's shares on the Stock Exchange and the additional contributions made by the minority shareholder of a subsidiary of the Company during the year.

##### Contributed surplus

The contributed surplus of the Company represents the difference between the net assets of the subsidiaries and the nominal amount of the Company's shares issued in exchange thereof pursuant to the Group Reorganisation.

The Company's reserves available for distribution to its shareholders comprise share premium, capital reserve, contributed surplus and accumulated profit which in aggregate amounted to RMB34,587,000 (2004: RMB28,700,000). In accordance with the Company's Articles of Association, dividends shall be payable out of the profit or other reserves, including the share premium account, of the Company and, under the Companies Law (2002 Revision) of the Cayman Islands, the Company must be able to pay its debts as they fall due in the ordinary course of business immediately following the distribution of dividend.

#### 16. 儲備 (續)

##### 資本儲備

資本儲備是指本公司股東於本公司股份在聯交所上市前所作之額外注資，以及本公司附屬公司少數股東於年內所作額外注資。

##### 實繳盈餘

本公司之實繳盈餘是指附屬公司之資產淨值及本公司根據集團重組發行以作交換之股份面值兩者間之差額。

本公司可供分派予股東之儲備包括股份溢價、資本儲備、實繳盈餘及累計溢利，合共人民幣34,587,000元（二零零四年：人民幣28,700,000元）。根據本公司組織章程，應付之股息須自本公司溢利或其他儲備中撥出（包括股份溢價賬）。此外，根據開曼群島之公司法（二零零二年修訂版），本公司須在緊接派發股息之後，能夠支付日常業務中到期之借貸。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 17. TRADE PAYABLES

The fair value of trade payables are as follow:-

		<b>2005</b> 二零零五年 <b>RMB'000</b> 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
Trade payables	應付貿易賬款	<b>594</b>	61

The Group receives an average credit period of 90 days from its trade suppliers. The aging analysis of trade payables of the Group at the balance sheet date is as follows:

		<b>2005</b> 二零零五年 <b>RMB'000</b> 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
Within 90 days	90日內	<b>272</b>	31
91 – 180 days	91日至180日	<b>4</b>	–
181 – 365 days	181日至365日	<b>318</b>	30
		<b>594</b>	61

The carrying amounts of trade payables approximate their fair value.

#### 17. 應付貿易賬款

應付貿易賬款之公平值如下：

貿易供應商提供予本集團之平均信貸期為90日，於結算日本集團應付貿易賬款之賬齡分析如下：

應付貿易賬款面值與公平值相若。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 18. ACCRUALS AND OTHER PAYABLES

#### 18. 應計款項及其他應付款項

		THE GROUP		THE COMPANY	
		本集團		本公司	
		2005	2004	2005	2004
		二零零五年	二零零四年	二零零五年	二零零四年
		RMB'000	RMB'000	RMB'000	RMB'000
			(Restated)		(Restated)
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
			(重列)		(重列)
Accruals	應計款項	401	936	401	657
Other payables	其他應付款項	4,477	944	-	-
		<b>4,878</b>	1,880	<b>401</b>	657

#### 19. INTEREST-BEARING BORROWINGS

#### 19. 計息借貸

		THE GROUP		THE COMPANY	
		本集團		本公司	
		2005	2004	2005	2004
		二零零五年	二零零四年	二零零五年	二零零四年
		RMB'000	RMB'000	RMB'000	RMB'000
			(Restated)		(Restated)
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
			(重列)		(重列)
Bank borrowings	銀行借貸				
- secured (note 29)	- 有抵押(附註29)	3,000	-	3,000	-
- unsecured	- 無抵押	-	-	-	-
		<b>3,000</b>	-	<b>3,000</b>	-

The bank borrowings are settled within one year and classified as current liabilities.

銀行借貸須於一年內償還，並按流動負債分類。

The carrying amount of the Group's and the Company's borrowings approximate to their fair value.

本集團及本公司借貸之賬面價值與其公平值相若。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 20. TURNOVER AND SEGMENT INFORMATION

#### 20. 營業額及分類資料

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
Transfer of technology for new drug and new drug development	轉讓新藥技術及新藥開發	11,666	12,714
Contracted pharmaceutical development services and clinical research services associated with technology transferred by the Group	有關本集團技術轉讓之已訂約藥物開發服務及臨床研究服務	13,434	15,822
Contracted pharmaceutical development services and clinical research services not associated with technology transferred by the Group	與本集團技術轉讓無關之已訂約藥物開發服務及臨床研究服務	14,035	5,346
Import registration services	進口註冊服務	351	1,198
Royalty income	特許權收入	1,322	1,032
Sales of active pharmaceutical ingredients products	銷售有效藥劑成份產品	1,349	45
		<b>42,157</b>	36,157

Turnover and contribution to profit from operations by segment has not been presented as over 90% of the Group's turnover was derived from the pharmaceutical research and development, registration, application and testing in the PRC and all assets were located in the PRC for both years.

由於本集團超過90%之營業額均來自其於中國的製藥研發、註冊、申請以及測試，而其所有資產於此兩個年度亦位於中國，故並未呈列營業額及對經營溢利之貢獻之分類分析。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 21. OTHER REVENUE

#### 21. 其他收益

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
Interest income	利息收入	565	1,986
Government grant received	應收政府資助	-	291
Sundry income	雜項收入	384	703
		<b>949</b>	2,980

#### 22. OTHER INCOME

#### 22. 其他收入

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
Gain on foreign exchange	匯兌收益	191	-

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 23. EXPENSES BY NATURE

Expenses included in cost of goods sold and administrative expenses are analysed as follows:–

#### 23. 支出按類別分析

計入售出貨品成本及行政支出之支出分析如下：

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
Depreciation	折舊	1,456	1,293
Employee benefit expenses (note 24)	僱員福利支出(附註24)	10,590	8,621
Amortisation of new drug technology including in administrative expenses	計入行政開支之新藥技術攤銷	348	115
Auditors' remuneration	核數師酬金	361	550
Minimum lease payments paid under operating lease	按經營租約已付最低租金	1,785	1,800
Provision for trade receivables	應收貿易賬款撥備	4,594	968
Provision for (reversal of provision) work-in-progress	在製品撥備(撥回撥備)	1,386	1,549

#### 24. EMPLOYEE BENEFIT EXPENSES

#### 24. 僱員福利支出

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
Wages and salaries	工資及薪金	9,196	7,916
Retirement benefits scheme contributions	退休福利計劃供款	1,136	705
Share-based payment	股份付款	258	–
		10,590	8,621



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 24. EMPLOYEE BENEFIT EXPENSES (Continued)

#### 24. 僱員福利支出 (續)

##### (a) Directors' and senior management's emolument

##### (a) 董事及高級管理層酬金

	Director's fee 董事袍金		Salaries and bonus 薪金及花紅		Provident fund contribution 公積金供款		Employee share-based payment 僱員股份付款		Total 合計	
	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (Restated) (重列)	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (Restated) (重列)	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (Restated) (重列)	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (Restated) (重列)	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (Restated) (重列)
William Xia GUO 郭夏	-	-	288	334	-	-	-	-	288	334
Maria, Sui Mui SONG 宋雪梅	-	-	159	151	-	-	-	-	159	151
Uri, Tak Kau LAW 羅德球	-	-	-	191	-	-	-	-	-	191
David, Xuesong GAO 高雪松	-	-	-	150	-	-	65	-	65	150
FENG Tao 馮濤	-	-	-	-	-	-	22	-	22	-
WU Xin 吳欣	-	-	-	-	-	-	22	-	22	-
Nathan Xin ZHANG 張欣	-	-	-	-	-	-	22	-	22	-
Philip Pak Yiu YUEN 阮北耀	-	-	-	-	-	-	64	-	64	-
WU Ming Yu 吳明瑜	-	-	-	-	-	-	21	-	21	-
Paul CONTOMICHALOS Paul CONTOMICHALOS	-	-	-	-	-	-	21	-	21	-
WANG Hong Bo 王紅波	-	-	-	-	-	-	21	-	21	-
	-	-	447	826	-	-	258	-	705	826

##### (b) 五名最高薪酬人士

##### (b) Five highest paid individual

The five highest paid individuals included two (2004: four) directors of the Company. The emoluments of the remaining three (2004: one) individuals were as follows:

五名最高薪酬人士包括兩名(二零零四年:四名)本公司董事。其餘三名(二零零四年:一名)之酬金如下:

		THE GROUP 本集團	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (Restated) (重列)
Salaries and allowances	薪金及津貼	787	179
Retirement benefits scheme contributions	退休福利計劃供款	35	-
		822	179

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 24. EMPLOYEE BENEFIT EXPENSES (Continued)

##### (b) Five highest paid individual (Continued)

The emoluments of each of the five highest paid employees are less than HK\$1,000,000 (equivalent to approximately RMB1,060,000) for both years.

During the year, no emoluments were paid by the Group to any directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments in the year.

#### 25. TAXATION

The charge represents:  
PRC enterprise income tax

稅項支出指：  
中國企業所得稅

No Hong Kong Profits Tax has been provided for, as the Group had no taxable profits in Hong Kong for both years. The Company's subsidiaries are subject to PRC income tax on their assessable profits.

PRC enterprise income tax is computed according to the relevant laws and regulations in the PRC.

#### 24. 僱員福利支出 (續)

##### (b) 五名最高薪酬人士 (續)

五名最高薪酬僱員於該兩個年度之酬金均不足1,000,000港元(約相當於人民幣1,060,000元)。

年內，本集團概無向本公司董事或五名最高薪酬人士支付任何酬金，作為加入或在加入本集團時之獎勵，或作為離職賠償，而董事亦概無於年內放棄任何酬金。

#### 25. 稅項

2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
-----------------------------------	---

**887**

881

由於本集團於兩個年度內並無在香港產生任何應課稅溢利，故並無就香港利得稅作出撥備。本公司之附屬公司須就其應課稅溢利繳納中國所得稅。

中國企業所得稅乃根據中國有關法律及規例計算。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 25. TAXATION (Continued)

Beijing Dezhong-Venture Pharmaceutical Technology Development Co., Ltd. ("Dezhong VP"), Beijing Venture-Biopharm Services Co., Ltd. ("V Biopharm") and 北京德眾萬全醫藥科技有限公司, subsidiaries of the Company, qualify as foreign investment industrial and advance technology enterprises and are subject to PRC enterprise income tax at a rate of 15 per cent on its income after offsetting prior year's losses. Furthermore, V Biopharm is exempted from PRC enterprise income tax for three years starting from the first year of profitable operations after offsetting prior year's tax losses, followed by a 50 per cent reduction for the following three years.

The charge for the year ended 31 December 2005 and 31 December 2004 can be reconciled to the profit per the income statement as follows:

#### 25. 稅項 (續)

本公司附屬公司北京德眾萬全藥物技術開發有限公司(「德眾萬全」、北京萬全陽光醫藥科技有限公司(「萬全陽光」)及北京德眾萬全醫藥科技有限公司符合外商投資工業企業及高科技企業之資格。因此,該等公司之收入於抵銷過往年度之虧損後,須繳納15%之中國企業所得稅。此外,萬全陽光自其抵銷過往年度之稅項虧損後錄得經營溢利之首個年度起獲豁免繳納三個年度之中國企業所得稅,並於其後三個年度獲減免50%稅率。

於截至二零零五年十二月三十一日及二零零四年十二月三十一日止年度之開支與收益表之溢利對賬如下:

		2005 二零零五年		2004 二零零四年	
		RMB'000	%	RMB'000 (Restated)	%
		人民幣千元		人民幣千元 (重列)	
Profit before taxation	除稅前溢利	6,403		11,480	
Tax at the domestic income tax rate of 15% (2004: 15%)	按本地所得稅稅率15% (二零零四年: 15%) 計算之稅項	960	15	1,722	15
Tax effect on non-deductible items	不可扣稅項目之稅務影響	610	9.5	330	2.9
Tax effect on non-taxable income	毋須課稅收入之稅務影響	(364)	(5.7)	(286)	(2.5)
Tax effect of unrecognised deferred tax assets	未確認遞延稅項資產之稅務影響	(117)	(1.8)	(22)	(0.2)
Effect on tax exemption granted to PRC subsidiaries	授予中國附屬公司之稅項寬免之影響	(202)	(3.1)	(863)	(7.5)
Tax expense and effective tax rate for the year	本年度稅項開支及實際稅率	887	13.9	881	7.7

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 26. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year of RMB5,644,000 (2004 (restated): earnings of RMB10,683,000) and the number of 360,000,000 (2004: weighted average number of 360,000,000) shares of the Company in issue during the year.

The calculation of the diluted earnings per share for the year is based on the profit for the year of RMB5,644,000 (2004 (restated): earnings of RMB10,683,000) and the weighted average of 363,540,000 (2004: 363,540,000) shares (after adjusting for the effect of the outstanding dilutive options of 3,540,000 (2004: 3,540,000) shares under the share option schemes of the Company).

#### 26. 每股盈利

每股基本盈利乃根據本年度溢利人民幣5,644,000元(二零零四年(重列):盈利人民幣10,683,000元)及年內本公司已發行股份數目360,000,000股(二零零四年:加權平均數360,000,000股)計算。

本年度每股攤薄盈利乃根據本年度溢利人民幣5,644,000元(二零零四年(重列):盈利人民幣10,683,000元)及加權平均數363,540,000股(二零零四年:363,540,000股),已就本公司購股權計劃未行使之具攤薄效應之購股權項下3,540,000股(二零零四年:3,540,000股)股份之影響作調整計算。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 27. SHARE OPTION SCHEMES

As at 31 December 2005, the Company operated two share option scheme. A share option scheme was adopted and approved by the sole shareholder of the Company on 31 March 2003, pursuant to which the Company granted certain share options to employees, directors and other participants prior to the listing of the Company on the GEM of the Stock Exchange (the "Pre-IPO Share Option Scheme"). Another share option scheme was also adopted and approved by the shareholders of the Company on 23 May 2003 (the "Share Option Scheme").

Both schemes were adopted for a period of ten years commencing from 23 May 2003 pursuant to a written resolution of the shareholders passed on 23 May 2003 for the primary purpose of providing incentives or rewards to directors and eligible employees and other participants. Under both schemes, the Company may grant options to eligible employees and directors of the Company and its subsidiaries, to subscribe for shares in the Company. In addition, under the Share Option Scheme, the Company may, from time to time, grant share options to any contractor, supplier, customer, agent or advisor, of the Group at the discretion of the Board of Directors.

#### 27. 購股權計劃

於二零零五年十二月三十一日，本公司實行兩項購股權計劃。本公司唯一股東於二零零三年三月三十一日採納及批准一項購股權計劃，據此，本公司在本公司於聯交所創業板上市前向僱員、董事及其他參與者授出若干購股權（「首次公開售股前購股權計劃」）。本公司股東於二零零三年五月二十三日採納及批准另一項購股權計劃（「購股權計劃」）。

根據股東於二零零三年五月二十三日通過之書面決議案，兩項計劃之採納年期均為自二零零三年五月二十三日起計十年，其主要目的為向董事、合資格僱員及其他參與者提供獎勵或回報。根據該兩項計劃，本公司可向本公司及其附屬公司合資格僱員及董事授出購股權，以認購本公司股份。此外，本公司可根據購股權計劃按董事會酌情不時向本集團任何承辦商、供應商、客戶、經紀或顧問授出購股權。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 27. SHARE OPTION SCHEMES (Continued)

A nominal consideration of HK\$1 is payable upon acceptance of the grant of the options. The option has no vesting period and each option gives the holders the right to subscribe for one ordinary share in the Company.

##### (a) Terms and conditions granted of the options granted and existed during the year

	Number of instruments 股權數目	Exercisable period 行使期
Options granted to directors 授予董事之購股權		
– on 20 June 2003 – 於二零零三年六月二十日	7,200,000	20 June 2003 – 19 June 2013 二零零三年六月二十日至 二零一三年六月十九日
– on 2 March 2005 – 於二零零五年三月二日	1,512,000	2 March 2005 – 1 March 2015 二零零五年三月二日至 二零一五年三月一日
Options granted to employees 授予僱員之購股權		
– on 20 June 2003 – 二零零三年六月二十日	4,320,000	20 June 2003 – 19 June 2013 二零零三年六月二十日至 二零一三年六月十九日
– on 2 March 2005 – 二零零五年三月二日	2,530,000	2 March 2005 – 1 March 2015 二零零五年三月二日至 二零一五年三月一日
– on 14 December 2005 – 二零零五年十二月十四日	1,098,000	14 December 2005 – 13 December 2015 二零零五年十二月十四日至 二零一五年十二月十三日
	16,660,000	

#### 27. 購股權計劃 (續)

象徵代價1港元須於接納購股權時支付。購股權並無歸屬期，各購股權賦予持有人認購一股本公司普通股之權利。

##### (a) 年內授出及現有購股權之條款及條件

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 27. SHARE OPTION SCHEMES (Continued)

(b) The number and weighted average exercise prices of share options are as follows:–

		2005		2004	
		二零零五年		(Restated) 二零零四年 (重列)	
		Weighted average exercise prices	Number of options	Weighted average exercise prices	Number of options
		加權平均 行使價 HK\$ 港元	購股權數目	加權平均 行使價 HK\$ 港元	購股權數目
Outstanding at the beginning of the period	期初尚未行使	0.35	11,520,000	0.35	11,520,000
Exercise during the period	期內行使	–	–	–	–
Granted during the period	期內授出	0.52	5,140,000	–	–
Outstanding at the end of the period	期終尚未行使	0.52	16,660,000	0.35	11,520,000
Exercisable at the end of the period	期終可行使	0.52	16,660,000	0.35	11,520,000

The weighted average share price at the date of exercise for shares options exercised during the year was HK\$ 0.40 (2004: HK\$ 0.35).

A supplementary agreement has signed that certain conditions should be fulfilled before exercising the options.

The options outstanding at 31 December 2005 had an exercise price of HK\$ 0.52 (2004: HK\$ 0.35) and weighted average remaining contractual life of 9 years (2004: 9 years).

#### 27. 購股權計劃 (續)

(b) 購股權數目及加權平均行使價如下:

年內已行使之購股權於行使日期之加權平均股價為0.40港元(二零零四年:0.35港元)。

已就購股權獲行使前須達成之若干條件訂立補充協議。

於二零零五年十二月三十一日尚未行使購股權之行使價為0.52港元(二零零四年:0.35港元),其加權平均剩餘合約年期為9年(二零零四年:9年)。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 27. SHARE OPTION SCHEMES (Continued)

- (c) The estimated fair value of the options is measured based on Black-Schole Model. The variables input into the model are as follows:-

#### 27. 購股權計劃 (續)

- (c) 購股權之估計公平值乃按栢力克－舒爾斯期權定價模式計算。計入該模式之變數如下：

		2005 二零零五年	2004 (Restated) 二零零四年 (重列)
Weighted average share price at measurement date	於計量日期之加權平均股價	<b>HK\$0.49</b> <b>0.49港元</b>	HK\$0.42 0.42港元
Weighted average exercise price	加權平均行使價	<b>HK\$0.52</b> <b>0.52港元</b>	HK\$0.35 0.35港元
Expected volatility (expressed as weighted average volatility used in the modeling of Black-Schole Model)	預期波幅 (按栢力克－舒爾斯期權定價模式使用之加權平均波幅列示)	<b>42.1%</b>	42.1%
Option life (expressed as weighted average life used in the modeling of Black-Schole Model)	購股權有效期 (按栢力克－舒爾斯期權定價模式使用之加權平均有效期列示)	<b>10 years</b> <b>10年</b>	10 years 10年
Expected dividends	預期股息	-	-
Risk-free interest rate	無風險利息率	<b>3.9%</b>	3.9%
Weighted average fair value at measurement date	於計量日期之加權平均公平值	<b>HK\$0.31</b> <b>0.31港元</b>	HK\$0.26 0.26港元

The expected volatility is based on historical volatility (calculated based on the weighted average remaining life). Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

預期波幅是根據過往之波幅 (以加權平均剩餘年期計算)。預期股息按過往的股息計算。主觀輸入假設之變動可能重大影響公平值之估計。

Share options were granted under a service condition. The condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share options granted.

購股權之授出須符合服務條件。該條件並未納入計算於授出日已獲服務之公平值。並無市場條件與授出購股權有關。



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For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 28. NON-CASH TRANSACTIONS

During the year ended 31 December 2005, work-in-progress of RMB301,000 (2004: RMB2,625,000) was transferred to new drug technology.

#### 29. PLEDGE OF ASSETS

At 31 December 2005, the Company and the Group had pledged its held-to-maturity investment of RMB28,275,000 (2004: unlisted investment of RMB16,553,000) and no pledged bank deposits (2004: RMB9,811,000) to a bank to secure bank overdraft granted to the Group. No utilisation of the general banking facilities at 31 December 2005.

#### 30. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
Within one year	一年內	2,730	1,785
More than one year but within five years	一年以上但五年內	9,874	7,261
Over five years	超過五年	4,337	3,840
		<b>16,941</b>	12,886

Operating lease payments represent rentals payable by the Group for its laboratories premises located at 北京海澱區四季青金莊3號, 山東濟寧太百樓西路173號 and 海口市濱海大道. Leases are negotiated for an average term of ten years (2004: ten years) and rentals are fixed for the lease term.

#### 28. 非現金交易

截至二零零五年十二月三十一日止年度, 在製品人民幣301,000元(二零零四年: 人民幣2,625,000元)已轉撥至新藥技術。

#### 29. 已抵押資產

於二零零五年十二月三十一日, 本公司及本集團已抵押持至到期之投資人民幣28,275,000元(二零零四年: 非上市投資人民幣16,553,000元)及並無已抵押銀行存款(二零零四年: 人民幣9,811,000元), 以作為授予本集團銀行透支之抵押。於二零零五年十二月三十一日, 並無動用任何一般銀行信貸。

#### 30. 經營租約承擔

於結算日, 本集團根據不可撤銷經營租約就有關土地及樓宇之未來最低租金承擔屆滿期如下:

經營租約款項是指本集團租賃的試驗室物業(位於北京海澱區四季青金莊3號, 山東濟寧太百樓西路173號及海口市濱海大道)之應付租金。租約平均年期商定為十年(二零零四年: 十年), 而租約期內之租金乃固定。

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### 財務報表附註

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#### 31. RETIREMENT BENEFITS SCHEME

The Group contributed to a local municipal government retirement scheme for all qualified employees in the PRC. The employer and its employees are each required to make contributions to the scheme at the rates specified in the rules. The only obligation of the Group with respect to the retirement scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The total cost charged to income statement of approximately RMB1,136,000 (2004: RMB705,000) represents contributions payable to the scheme by the Group during the year.

#### 32. CONNECTED TRANSACTIONS

(a) During the year, the Company had the following significant transactions with certain related parties which also deemed to be connected persons as defined by the Rules Governing the Listing of Securities on the GEM:

Name of Connected person 關連人士名稱	Nature 性質	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
Sinoway Pharmaceutical 賽諾維製藥	Other operating income – Disposal of property, plant and Equipment 其他經營收入 – 出售物業、廠房及設備	–	199
VP Inc.	Revenue – Contracted research and development, pharmaceutical application, registration and testing services 收益 – 已訂約研究及開發、製藥申請、 註冊及測試服務	357	636

The above transactions were carried out in accordance with the terms agreed by both parties.

Balances with these related parties as at 31 December 2005 are set out in note 14.

#### 31. 退休福利計劃

本集團為所有中國合資格僱員向當地市政府退休計劃供款。僱主及僱員均須按法例之特定比率向計劃作出供款。本集團就退休計劃之唯一責任為根據計劃作出規定供款。被沒收之供款概無可用作扣減未來年度之應付供款。

在收益表支銷之總成本約人民幣1,136,000元(二零零四年: 人民幣705,000元), 指本集團年內就計劃應付之供款。

#### 32. 關連交易

(a) 本公司於年內與若干連繫人士(同時根據創業板證券上市規則之定義被視作關連人士)之重大交易如下:

上述交易乃按雙方協定之條款進行。

於二零零五年十二月三十一日本公司與該等連繫人士之結餘載於附註14。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 32. CONNECTED TRANSACTIONS (Continued)

(a) (Continued)

In addition, the minority shareholder of Dezhong VP has been entered into an agreement with the Group in December 2003 and agreed to waive its 4.488% profit sharing in Dezhong VP for the three years ending 31 December 2005.

(b) Outstanding balances with related parties:

For the purpose of Group's expansion in drugs development, on 4 March 2004, the Group entered into an agreement with Hainan Pioneer Pharmaceutical Ltd ("Hainan Pioneer"), an investee company of the Group for construction of production plant in Hainan. The total consideration was RMB3,740,000. RMB3,240,000 was paid 15 days after signing the agreement. The remaining RMB500,000 was paid upon completion. The production plant was registered in the name of Hainan Pioneer and the Group has the right to use for 20 years without further charges. Further agreement would be signed if the production plant is continuous to be used by the Group. Such balance due from the investee company was included in investment securities of the consolidated balance sheet as at 31 December 2005.

- (c) On 8 July 2004, the Group had an investment of RMB1,000,000 in Novaderm Inc. which represented 40% of its share capital and the director of the Group, William, Xia Guo has beneficial interest. William Xia Guo then borrowed RMB1,000,000 from Novaderm Inc. for the purpose of investment in Shanghai Profex-Venturepharm Healthcare Co. Ltd ("Profex Venturepharm"), a domestic owned enterprise. The share capital held by William, Xia Guo in Profex Venturepharm was pledged against Novaderm Inc.. Such transaction constituted a connected transaction as defined by the Rules Governing the Listing of Securities on the GEM.

#### 32. 關連交易 (續)

(a) (續)

此外，德眾萬全之少數股東與本集團於二零零三年十二月訂立協議，同意放棄其所分佔德眾萬全截至二零零五年十二月三十一日止三個年度之4.488%溢利。

(b) 與有關連人士之未償還結餘：

為本集團擴充藥物發展，於二零零四年三月四日，本集團與其接受投資公司 Hainan Pioneer Pharmaceutical Ltd (「Hainan Pioneer」) 就於海南省興建生產廠房訂立協議。總代價為人民幣 3,740,000 元，已於簽訂協議後 15 天支付人民幣 3,240,000 元。餘額人民幣 500,000 元已於完成時支付。生產廠房以 Hainan Pioneer 之名義登記，本集團有權使用 20 年而毋須支付任何進一步費用。倘本集團持續使用該生產廠房，則將簽訂進一步協議。應收接受投資公司之有關結餘計入二零零五年十二月三十一日綜合資產負債表之投資證券內。

- (c) 於二零零四年七月八日，本集團向 Novaderm Inc. 注資人民幣 1,000,000 元，相當於其股本 40%，而本集團董事郭夏先生擁有實益權益。郭夏先生當時向 Novaderm Inc. 借入人民幣 1,000,000 元，以投資於國有企業 Shanghai Profex-Venturepharm Healthcare Co. Ltd (「Profex Venturepharm」)。郭夏先生於 Profex Venturepharm 持有之股本抵押予 Novaderm Inc.。有關交易構成創業板上市規則所界定關連交易。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

#### 32. CONNECTED TRANSACTIONS (Continued)

##### (d) Key personnel management

Remuneration for key personnel management, including amount paid to the Company's directors and certain of the highest paid employee, as disclosed in note 24, is as follows:-

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 (Restated) 人民幣千元 (重列)
Salaries	薪金	447	826
Short term employee benefit	短期僱員福利	-	-
Share-based payment expenses	股份付款開支	258	-
		<b>705</b>	826

#### 33. GOVERNMENT GRANTS

During the year, the Group did not receive government subsidy (2004: RMB291,000) towards the research and development projects. The amounts have been included in other revenue for the year 2004.

#### 34. COMPARATIVE FIGURES

As further explained in note 2 to the financial statements, due to the adoption of new HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been made to comply with the new requirements. Accordingly, certain comparative figures have been reclassified and restated to confirm with current year's presentation.

#### 35. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 27 March 2006.

#### 32. 關連交易 (續)

##### (d) 主要管理人員

附註24所披露主要管理人員之酬金(包括已付本公司董事及若干最高薪僱員之款項)如下:

#### 33. 政府資助

年內,本集團並無收取政府之研究及開發項目補助金(二零零四年:人民幣291,000元)。有關總額已於二零零四年內計入其他收入。

#### 34. 比較數字

誠如財務報表附註2所闡釋,由於年內採納新香港財務報告準則,故此已改變財務報表內若干項目及結餘之會計處理方法及呈列方式,以符合新規定。因此,若干比較數字已重新分類及重列,以符合本年度之呈報方式。

#### 35. 批准財務報表

董事會已於二零零六年三月二十七日批准財務報表。

## FIVE YEAR FINANCIAL SUMMARY

### 五年財務概要

#### RESULTS

#### 業績

		Year ended 31 December				
		截至十二月三十一日止年度				
		2001	2002	2003	2004	2005
		二零零一年	二零零二年	二零零三年	二零零四年	二零零五年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)				
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(重列)				
Turnover	營業額	15,871	32,453	35,680	36,157	<b>42,157</b>
Profit before taxation	除稅前溢利	8,847	19,550	21,994	11,480	<b>6,403</b>
Taxation	稅項	-	(237)	(1,506)	(881)	<b>(887)</b>
Profit after taxation before minority interests	除稅後但未計少數股東權益前溢利	8,847	19,313	20,488	10,599	<b>5,516</b>
Minority interests	少數股東權益	(376)	(186)	(128)	84	<b>128</b>
Profit for the year	本年度溢利	8,471	19,127	20,360	10,683	<b>5,644</b>

#### ASSETS AND LIABILITIES

#### 資產及負債

		Year ended 31 December				
		於十二月三十一日				
		2001	2002	2003	2004	2005
		二零零一年	二零零二年	二零零三年	二零零四年	二零零五年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)				
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(重列)				
Total assets less current liabilities	總資產減流動負債	14,538	38,056	91,031	102,135	<b>114,975</b>
Minority interests	少數股東權益	(555)	(742)	(870)	(3,190)	<b>(3,054)</b>
Shareholders' funds	股東資金	13,983	37,314	90,161	98,945	<b>111,921</b>

## FIVE YEAR FINANCIAL SUMMARY

### 五年財務概要

Notes to the financial summary:

1. The results for each for the five years ended 31 December 2005 have been prepared on a combined basis to indicate the results of the Group as if the Group structure, at the time when the Company's shares were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, had been in existence throughout the years concerned. The figures for the year ended 31 December 2001 and 2002 have been extracted from the Company's prospectus dated 30 June 2003. The results for each of the two years ended 31 December 2004 and 2005 have been extracted from the audited consolidation income statement as set out on page 62 of the financial statements.
2. The combined balance sheet as at 31 December 2001 and 2002 have been extracted from the Company's Prospectus dated 30 June 2003. The consolidation balances as at 30 December 2004 and 2005 have been extracted from the audited consolidated balance sheet as set out on page 60 of the financial statements.

財務概要附註：

1. 截至二零零五年十二月三十一日止五個年度各年之業績已按照合併基準編製，以顯示本集團之結構於本公司股份在香港聯合交易所有限公司創業板上市時已一直存在。於截至二零零一年及二零零二年十二月三十一日止年度之數據乃摘錄自日期為二零零三年六月三十日之本公司售股章程。截至二零零四年及二零零五年十二月三十一日止兩個年度各年之業績乃摘錄自財務報表第62頁所載經審核綜合收益表。
2. 於二零零一年及二零零二年十二月三十一日之合併資產負債表乃摘錄自日期為二零零三年六月三十日之本公司售股章程。於二零零四年及二零零五年十二月三十一日之綜合結餘乃摘錄自財務報表第60頁所載經審核綜合資產負債表。

