



## 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)



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

#### REGISTERED OFFICE

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

#### HEAD OFFICE

No.3 Jinzhuang  
Si Ji Qing, Haidian District  
Beijing, PRC 100089

#### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 607, Empress Plaza  
17-19 Chatham Road South  
Tsimshatsui, Kowloon  
Hong Kong

#### COMPANY WEBSITE

<http://www.venturepharm.com>

#### COMPANY SECRETARY

Ms. Gu Wei Hua 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：*

王紅波先生  
Paul CONTOMICHALOS先生  
吳明瑜先生

#### 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

香港  
九龍尖沙咀  
漆咸道南17-19號  
帝后廣場607室

#### 公司網址

<http://www.venturepharm.com>

#### 公司秘書

顧維華女士ACCA

## CORPORATE INFORMATION

### 公司資料

#### AUTHORISED REPRESENTATIVES

Mr. William Xia GUO  
Ms. Gu Wei Hua ACCA

#### COMPLIANCE OFFICER

Mr. William Xia GUO

#### QUALIFIED ACCOUNTANTS

Ms. Gu Wei Hua ACCA

#### AUDIT COMMITTEE MEMBERS

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

#### PRINCIPAL BANKERS

Credit Suisse  
Agricultural Bank of China, 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  
Three Pacific Place  
1 Queen's Road East  
Hong Kong

#### LEGAL ADVISOR

Beijing Dayang Law Firm

#### AUDITORS

Baker Tilly Hong Kong Limited  
Certified Public Accountants

#### GEM STOCK CODE

8225

#### 授權代表

郭夏先生  
顧維華女士ACCA

#### 監察主任

郭夏先生

#### 合資格會計師

顧維華女士ACCA

#### 審核委員會成員

王紅波先生  
Paul CONTOMICHALOS先生  
吳明瑜先生

#### 主要往來銀行

Credit Suisse  
中國農業銀行·北京分行

#### 股份過戶登記總處

Bank of Butterfield International (Cayman) Ltd.  
Butterfield House, Fort Street  
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Cayman Islands

#### 香港股份過戶登記分處

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太古廣場3座  
28樓

#### 法律顧問

北京大洋律師事務所

#### 核數師

正風會計師事務所有限公司  
執業會計師

#### 創業板股份代號

8225

## CHAIRMAN'S STATEMENT

### 主席報告

Dear Shareholders,

With the mission of becoming a world class pharmaceutical power house, I am proud to announce that the Company has successfully accomplished its business transformation plan in 3 years, steering towards a global full service company. The new integrated service business model allows the Company to enjoy service profits not only from R&D but also from contract manufacturing and contract commercialization.

The year 2006 was challenging for the Chinese pharmaceutical industry, with a number of important events and policies affecting the industry dramatically, including SFDA changes, Medicare reform, anti-bribery policy and price cutting. Despite of these, the employees and shareholders can be proud of the Company's accomplishments in 2006: the Company maintained its leading position in new drug application, and VPS remained to be the largest CRO in China in terms of completed and undergoing clinical trials, demonstrating that we are taking the right steps to create and sustain value.

#### FINANCIAL REVIEW

The Company's performance during the year was impacted primarily by the severe rectification policies and regulations of the Chinese regulatory authorities, which put adverse pressures on the R&D activities of Chinese pharmaceutical companies temporarily. However, despite this, we achieved dramatic business growth and brand building in this year, reflecting our commitment to fortify our existing leadership in R&D market.

諸位股東：

在成為世界級製藥公司之前題下，本人欣然宣佈本公司已成功完成為期三年之業務轉型計劃，正朝全球全面製藥服務公司的方向邁進。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。

二零零六年是中國製藥行業充滿挑戰的一年，多起重大事件和政策，包括國家食品藥品監管局變動、醫療改革、反賄賂政策及藥品減價，均對製藥行業影響巨大。儘管如此，全體員工及股東仍可為本公司在二零零六年所取得之成績感到自豪：本公司在新藥申請上保持領先地位，VPS仍是中國以已完成及正進行臨床試驗案例計最大之臨床研究機構(CRO)，顯示本公司在創造價值及保持價值上走對方向。

#### 財務回顧

本年度內，本公司業績主要受中國監管部門採取嚴厲整頓政策及規範所影響，該等措施對中國製藥公司之研發活動產生暫時負面壓力。儘管如此，本公司年內仍取得巨大業務增長及建立品牌，顯示本公司對增強其在研發市場上領導地位之決心。

## CHAIRMAN'S STATEMENT

### 主席報告

The market was responsive to our progress. At the heart of continued growth were the maturation of our business model and customer recognition. Revenues increased to RMB57,052,000 in 2006, a 35.3% increase over 2005, and triple the reported average sector growth rate for 2006. The net profits attributable to equity shareholders increased to RMB15,563,000, up 175.7% from 2005. Basic earnings per share for 2006 were RMB0.0432, a 175.2% improvement over the RMB0.0157 reported for 2005. Share price up 19.1% at year-end versus year-end 2005.

In short, our stellar financial results in 2006 were the result of a relentless focus on People, Process and Clients platform for consistently delivering operational and service excellence for our clients.

### BUSINESS REVIEW

The integrated service business model enables the Company to bring drug candidates from pre-clinical stages through to clinical trials, and ultimately, commercialization. In addition, it also offers the Company the strength and flexibility to focus on one or two sectors of the value chain at a time, thus maximizing the business opportunities. The business achievement has demonstrated that our strategy is working.

市場亦對本公司之進步作出回應。持續增長之核心乃本公司業務模式更趨成熟及客戶認可。二零零六年收益增加至約人民幣57,052,000元，較二零零五年增加35.3%，並為二零零六年已呈報單元平均增長率之三倍。股東應佔純利增加至人民幣15,563,000元，較二零零五年增加175.7%。二零零六年每股盈利為人民幣0.0432元，較二零零五年所報之人民幣0.0157元增加175.2%。二零零六年底股價較二零零五年底增加19.1%。

簡言之，本公司二零零六年璀璨之財務業績，乃本公司一貫重視人才、工序及客戶平台，不斷向客戶提供優質營運及服務之結果。

### 業務回顧

全面整合服務業務模式，使本公司可向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。此外，亦使本公司有能力及彈性集中於價值鏈之一個或兩個單元，從而充份利用有關商機。本公司之業務成就已顯示此戰略奏效。

## CHAIRMAN'S STATEMENT

### 主席報告

#### Research & Development

1. *VPS, the clinical research business unit of the Company, has become China's leading clinical research organization (CRO)*

VPS is dedicated to excellence by providing both international and domestic clients with CRO services in the areas of bio-analysis, pre-clinical and all phases of clinical studies. VPS has completed over 86 projects covering 13 therapeutic areas, and there are more than 50 on-going trials, including 4 new drugs. The most experienced areas are CNS, Cardiovascular and Antibiotics. No other CRO in China can offer customers the breadth of services and expertise.

VPS is one of the first CRO to adopt Good Clinical Practice (GCP) in China. It is also one of the most prestigious CRO in traditional Chinese medicine. While maintaining the leading position in CRO in China, VPS is now actively exploring the overseas market of CRO outsourcing service. VPS is committed to providing the international quality services with better local price to pharmaceutical and biotech clients.

In order to meet the global booming demand for clinical research outsourcing, VPS plans to quickly expand the business through both self-development and M&A, supported by the capital market. To establish strategic alliance with large pharmaceutical and biotech companies is one of the priorities as it can provide sustainable growth for the company.

#### 研究及發展

1. 本公司臨床研究業務單位VPS已成為中國領先臨床研究機構(CRO)

VPS矢志在生物分析、臨床前階段及臨床研究所有階段為國際及國內客戶提供一流臨床研究機構服務。VPS已完成逾86項涵蓋13個治療範疇之項目，現進行超過50項持續試驗，當中4項涉及新藥物。其經驗最豐富之領域乃精神神經系統、心血管及抗生素。在中國，沒有其他臨床研究機構能為顧客提供如此廣泛之服務及專門知識。

VPS乃中國首批採納優良臨床試驗(GCP)準則之先驅之一。其亦為聲名最佳之傳統中藥臨床研究機構之一。在保持其在中國臨床研究領先地位之同時，VPS目前亦正積極開拓海外市場之臨床研究外判服務。VPS力求以更優惠之地方價格向藥劑及生物科技客戶提供國際級品質之服務。

為滿足全球快速增長之臨床研究外判需求，VPS計劃透過自身發展及獲資本市場支持之合併收購活動，快速擴展其業務。與大型藥劑及生物科技公司建立策略聯盟亦是優先任務之一，因可為本公司帶來可持續增長。



## CHAIRMAN'S STATEMENT

### 主席報告

2. *Continue adding new products to the Company's rich product pipeline through pharmaceutical development service (PDS)*

Our firm commitment to R&D is critical to our long-term success in the pharmaceutical industry.

The founding of Hainan Sinican Research Institute has expanded our R&D capabilities. The success of new research lab is evidenced by the several filings of new products in both API (Active Pharmaceutical Ingredient) and dosages. It is building a new drug discovery platform from natural products, expanding the Company's product line that covers both synthetic chemical drugs and those made from natural products.

3. *Global Market Penetration*

Besieged by ever-increasing R&D cost pressures on new drug discovery and development, shorter product life cycles and numerous regulatory challenges in the West, global pharmas prefer outsourcing to low-cost, developing countries rather than persisting with expensive R&D efforts in the West. To establish a professional global outsourcing market is a key solution to dealing with the challenges.

To capitalize on this exciting and compelling opportunity, the Company has strengthened the efforts 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 CSS (Contract Sales Service).

We have signed contracts with overseas pharmaceutical companies for ANDA in US, and contracts in formulation/API technologies, clinical trial services.

2. *繼續透過藥物開發服務(PDS)為本公司豐富產品系列添加新產品*

本集團對研發工作堅定不移之決心，乃我們於製藥行業獲得長遠成就之關鍵。

創立海南盛科研究院增強了本公司之研發能力。就有效藥劑成份(API)與劑量提交之多項新產品申請，足證新研究實驗室成效卓著。本公司正建立開發新天然產品藥物之渠道，擴充產品系列，以覆蓋合成化學藥品及天然產品。

3. *進軍全球市場*

面對新藥發明及開發之研發成本不斷增加、產品生命周期縮短及西方國家規管限制繁多之挑戰，全球製藥商不願再呆在西方進行昂貴之研發工作，而更傾向於將其業務外判給低成本之發展中國家。建立專業之全球外判市場乃解決該等挑戰之重要對策。

為把握此一令人振奮及具吸引力之機遇，本公司已加強國際業務發展部之工作。該部門專為海外製藥公司而設，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)及合約銷售服務(CSS)之全面綜合製藥服務。

我們與美國海外製藥公司就ANDA簽訂多份合約，及就制定藥物／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, the Company entered into strategic alliances with 7 contract manufacturing organizations which are under the Company's total quality control, laying solid foundation for our Contract Commercialization Services.

#### Contract Commercialization Services

The Company has developed a royalty business model to promote the commercialization of products. It deploys a strategy that focuses on certain therapeutic areas, allowing us to fully take advantage of the most valuable resources. Currently, CNS and dermatology therapeutic products are the leading products promoted to the franchised partners or agents. In this way, the Company is competing in the market with a group of products, rather a single product.

Overall, the Company stays committed to move up the pharmaceutical value chain, in order to pursue its vision of being a global pharmaceutical service provider.

#### 合約生產服務

隨著本公司推行轉型策略及改善基礎設施，本公司與質量由其全權控制之7家合約生產公司締結策略聯盟，為本公司合約商品化服務打下堅實基礎。

#### 合約商品化服務

本公司已開創一個忠誠業務模式以促進產品之商品化。該業務模式利用致力於若干治療範疇業務之策略，讓本公司充分善用最珍貴之資源。現時，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。因此，本公司於市場上與一系列產品而非單一產品進行競爭。

總括而言，本公司仍致力提供上游藥物價值鏈，銳志成為全球藥物服務提供商。

## CHAIRMAN'S STATEMENT

### 主席報告

#### SCALING UP OPERATIONS

The Company has accelerated its internal initiatives on cost optimization and productivity enhancement. The company has realigned and strengthened its business units, and is actively pursuing various options to augment its global operations. The Company has also decided to pursue a more actively policy of forging both business and research alliances, so that risks and rewards can be shared. In-licensing, co-marketing as well as research collaborations in new drug discovery, are some of the areas which are being pursued actively.

#### PEOPLE FOCUS

The Company's human resources are its most important assets. It is the people, who by their robust professionalism, ethical commitment and devotion to duty, have been adding value to the Company in the years gone by, and continue to do so with zeal and tenacity. We are making sincere efforts to create an environment in which our people can feel motivated and perform to their best potential. We continue to pursue individual training and career planning efforts.

#### OPPORTUNITIES FOR GROWTH

The global pharmaceutical industry is now facing challenges resulting from the increasing cost of R&D and loss of sales to generics due to the best-selling blockbuster drugs going off patent. Outsourcing has become one of the most favored strategies being adopted globally.

#### 加強營運

本公司已加快推行內部倡議之優化成本及提高生產力措施。本公司已調整並加強其業務單位，並積極執行各種可擴大國際業務之方案。本公司亦決定在建立業務及研究聯盟時採取更積極之政策，以便分擔風險及分享利益。正積極開發之領域，包括就新藥開發引入特許權、聯合營銷及進行研究合作。

#### 以人為本

人力資源是本公司最重要之資產。過往幾年，是這一群人以其充沛的專業精神、道德承擔及盡忠職守為公司增添價值，並繼續充滿熱忱及執著地作出奉獻。我們衷誠努力創造一個能讓員工感覺懷才得遇且能盡展所長的工作環境。我們繼續努力提供個人培訓及職業規劃。

#### 增長機會

全球製藥業正面臨研發成本不斷上升及最暢銷藥物專利權屆滿致使銷售額流失給普通藥物之挑戰。外判已成為全球最普遍採納的策略之一。

## CHAIRMAN'S STATEMENT

### 主席報告

China is ranked the top clinical market outside the US. The Company's commitment to quality, efficiency and service innovation fit the business model of R&D and manufacturing outsourcing market as we have won many new businesses that are reflected in our steady growth in backlog.

The key to our sustained performance is alignment with customer needs. Our customers are increasingly looking for providers in response to demand for new therapies, increased complexity of clinical programs, shrinking patent exclusivity and the mandate for more post-marketing safety trials to study long-term effects of already-approved medicines.

In order to pursue its global vision and achieve size and scale of operations, it is imperative for the Company to expand its global footprint. To evaluate opportunities for acquisition of pharmaceutical assets, which, in addition to building size and scale, can expand the Company's therapeutic width by entering into new segments which are not already a part of the Company's portfolio. This will also strengthen the existing therapeutic areas.

To complement our geographic expansion strategy, we are also looking to further strengthen our service delivery through acquisition that are adjacent to the Phase I-IV space or complementary to our growth plan. Areas under review include additional Phase I and Traditional Chinese Medicine research capabilities in mainland China, and Phase II and Phase III research centers in and outside mainland China.

The Company is well placed to capitalize on the changing scenario due to its inherent strengths. Our focus will remain on our corporate imperatives: to drive growth and profitability, to focus on our customer and build our brand, to maximize quality and increase capability and to develop talent and reward performance.

中國乃美國以外之最頂級臨床市場。本公司對品質、效率及服務創新之投入，正好適合研發及製造外判市場之業務模式，故本公司能取得不少新業務，訂貨量穩步上揚便是憑證。

本公司保持佳績之關鍵乃對準客戶之需要。我們的客戶不斷尋找一批能對新療法需求、更複雜臨床項目、獨家專利期不斷縮短以及已獲准藥物被命令須作更多上市後研究長期效應安全試驗作出回應之供應商。

為實現全球發展目標及達致經營規模及範圍，本公司必須擴大在全球之覆蓋面，並評估收購製藥資產之機會，有關收購除可擴大經營規模外，且能透過進入尚未成為本公司業務組合一部份之新業務分部，從而擴展本公司之治療範圍。有關收購亦將加強現有之治療領域。

為配合本集團之區域擴展策略，本集團亦尋求透過對毗鄰第一至第四個階段地點或對本集團增長計劃有利之收購來進一步加強其服務交付能力。考慮範圍包括位於中國大陸境內之額外第一階段及傳統中藥研究機構，以及位於中國大陸境內及境外之第二階段及第三階段研究中心。

本公司憑藉內在優勢，已作好準備隨時把握市場變化所帶來之機遇。本集團將繼續集中力量實現其企業目標：促進增長、提高盈利、以客為尊、建立品牌、完善品質、提升產能、培育人才及獎勵表現。

## CHAIRMAN'S STATEMENT

### 主席報告

#### PROMISING FUTURE

Caring for people's health is an industry of the future. As we progress into 2007, we see a world of new opportunities. We believe our 2006 results provide a springboard to future growth and opportunity. Our ongoing efforts to strategically integrate our People, Process and Clients initiatives will continue to be the foundation of our strategy for the rest of this decade.

Based on our strong fundamentals of innovation, entrepreneurship and aggressive marketing skills, we are determined to capitalize upon them and remain committed to enhancing shareholder value, as we actively pursue our strategy of growth through both organic and inorganic means. The Chinese pharmaceutical industry is experiencing consolidation amongst key players, a trend which is expected to gain momentum in the future.

We also see the market demand for global drug development services to be more encouraging than at any time in recent memory. Both pharmaceutical and biotechnology companies have an unprecedented need for a trusted outsourcing partner. With the various initiatives underway and the new product launches planned for 2007, the Company should be able to record an improved performance in 2007.

Armed with your support and driven by the passion of the organization and commitment of its people, I remain confident that we will be at the forefront in capitalizing upon the global outsourcing opportunity as it unfolds. While striving unceasingly to exercise strong leadership in the industry in China, we remain firmly committed to unlocking shareholder value through the delivery of high quality service solutions.

#### 前程錦繡

人類健康護理是一門未來行業。踏入二零零七年，撲面而來的是無數新機遇。本集團相信，本集團於二零零六年之業績可為未來增長及機遇提供跳板。本集團正對其人才、工序及客戶進行策略性整合，此等措施將繼續是本集團未來幾年的策略基礎。

本集團在透過內部及外部兩種方式積極推行增長策略的同時，亦決心利用其強大之創新基礎、企業家精神及進取之市場推廣技巧，繼續致力提高股東價值。中國製藥行業正經歷強者合併階段，此趨勢預期日後還會升溫。

本集團亦預見全球藥品開發服務之市場需求將較近年任何時期更令人鼓舞。製藥及生物技術公司對可信賴外判夥伴之需求空前強勁。鑑於現正進行各種創新措施及計劃於二零零七年推出新產品，本公司在二零零七年應有更佳表現。

在股東支持、企業熱情高漲及員工盡忠職守驅使下，本人對本集團可在全球外判商機湧現時及早把握機遇充滿信心。本集團在不斷運用其在中國藥業之領導地位時，亦繼續堅定不移地透過提供高質服務解決方案來提升股東價值。

## CHAIRMAN'S STATEMENT

### 主席報告

#### APPRECIATION

On behalf of everyone at Venturepharm Lab, we extend our sincerest appreciation to our shareholders for continuing to repose confidence in the Company. We will certainly do our best to discharge your trust and make the Company a greater force to reckon with, in the global pharmaceutical space. We look forward to building on our remarkable progress this year to deliver improved value in 2007 and the years to come.

We believe that the Company is ideally positioned to deliver superior growth and create significant shareholder value for the foreseeable future. We invite you to accompany us on this exciting journey.

**William Xia GUO**

*Chairman*

Beijing, the PRC  
27 March 2007

#### 感謝

本人謹代表萬全科技藥業全體員工，向繼續對本公司保持信心之股東表示最衷心之感謝。我們將竭盡全力，不負股東所託，決心使本公司成為全球藥業中一枝可以信賴之勁旅。我們盼望本年度取得更輝煌成就，以便為二零零七年及以後年度創造更高價值。

我們相信，本公司已作好準備在可預見將來取得顯著增長及替股東創造龐大價值。我們誠邀閣下與我們一起經歷此一令人振奮之旅程。

主席

郭夏

中國北京  
二零零七年三月二十七日

## FINANCIAL HIGHLIGHTS

### 財務摘要

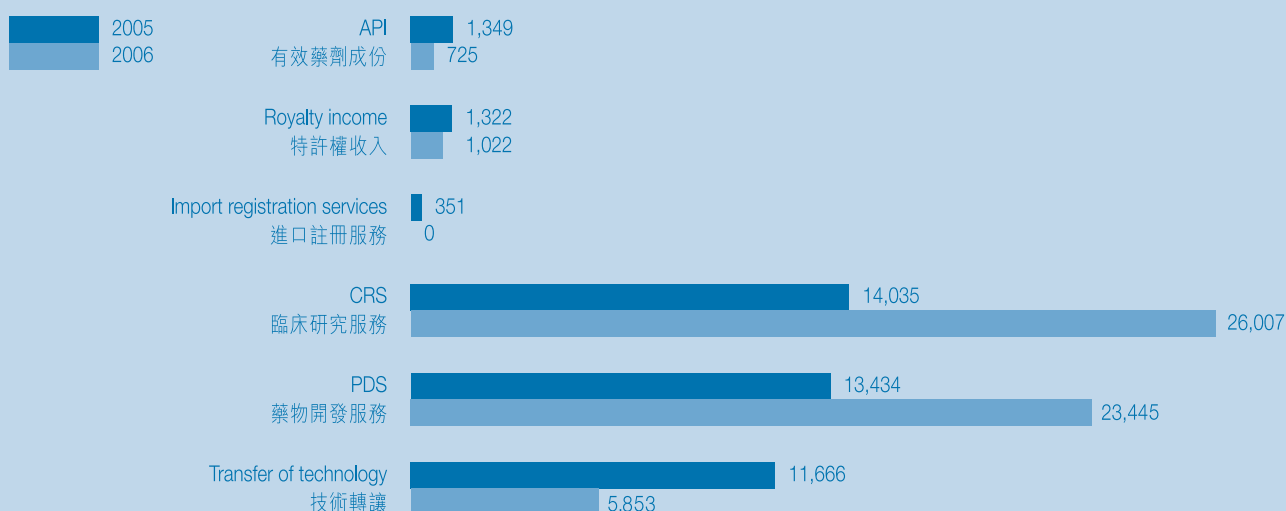
**Year ended 31 December**  
截至十二月三十一日止年度

<b>2006</b>	2005
二零零六年	二零零五年
<b>RMB</b>	RMB
人民幣元	人民幣元

<b>Results</b>	<b>業績</b>		
Revenue	收益	<b>57,052,000</b>	42,157,000
Profit for the year	年內溢利	<b>15,598,000</b>	5,516,000
<b>Assets and Liabilities</b>	<b>資產及負債</b>		
Total Assets	總資產	<b>141,045,000</b>	119,888,000
Total Liabilities	總負債	<b>18,909,000</b>	13,490,000
Shareholders' equity	股東權益	<b>122,136,000</b>	106,398,000

### 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

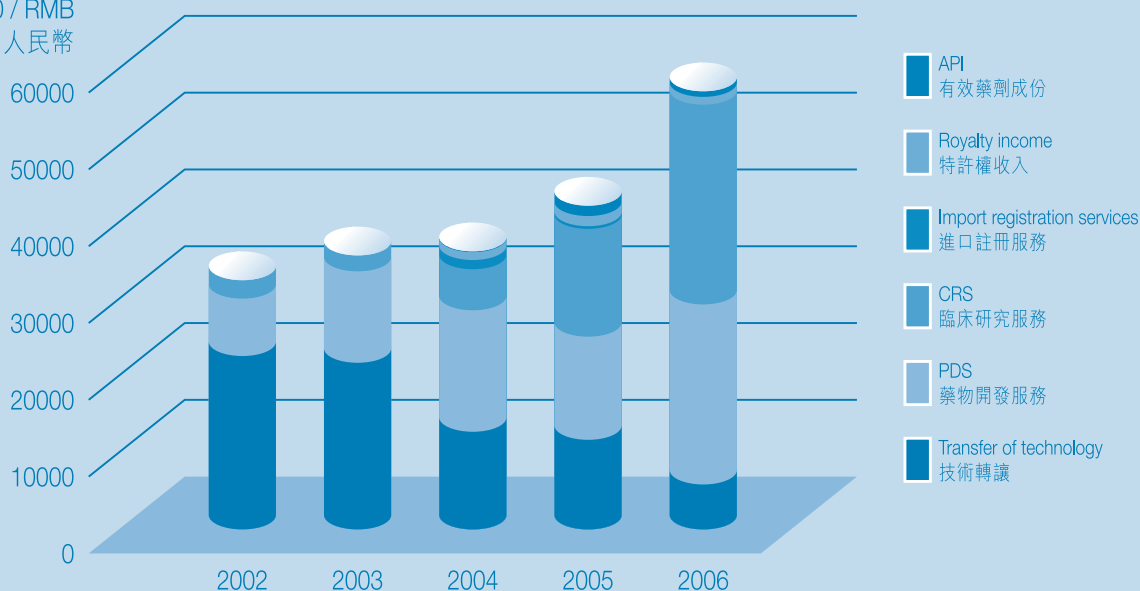
#### Financial Review

##### 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 2006, consolidated turnover increased approximately 35.3% or from RMB42,157,000 to RMB57,052,000, which includes approximately RMB29,298,000 deriving from technology transfer and contracted pharmaceutical development services and approximately RMB27,754,000 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 2006 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.

Unit '000 / RMB  
千元 / 人民幣



### 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。截至二零零六年十二月三十一日止年度，綜合營業額增加約35.3%或由人民幣42,157,000元增至人民幣57,052,000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29,298,000元及來自臨床研究服務及其他業務活動之收入約人民幣27,754,000元。營業額增加主要源自臨床研究服務（「CRS」）。

萬全二零零六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 56.6% for the year under review compared with that of 52.3% for the last year.

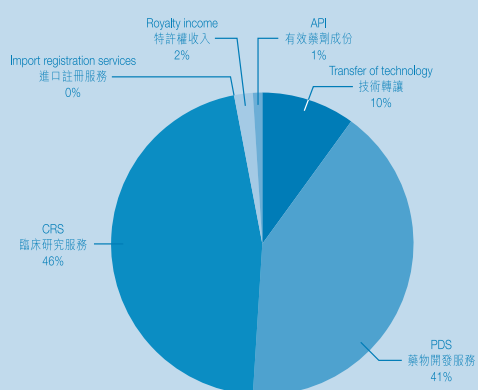
Turnover contribution from six lines of services of the Group:

#### Revenue Breakdown for year 2006

二零零六年收益劃分

Unit: '000/RMB

千元/人民幣



General and administrative expenses increased by 6.9% to approximately RMB17,542,000. Other revenue increased by 393.9% to approximately RMB5,631,000.

For the period ended 31 December 2006, the Group recorded a profit attributable to shareholders of approximately RMB15,563,000, representing an increase of 175.7% as compared to that of approximately RMB5,644,000 for last year. Basic earnings per share of 4.32 cents, compared with 1.57 cents per share in previous year.

於回顧年度內，本集團之整體毛利率為56.6%，上年度則為52.3%。

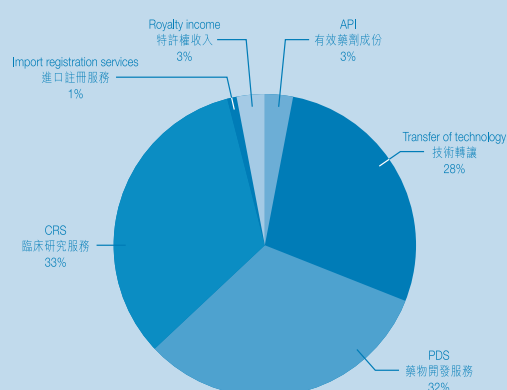
源自本集團六項服務之營業額貢獻：

#### Revenue Breakdown for year 2005

二零零五年收益劃分

Unit: '000/RMB

千元/人民幣



一般及行政開支增加6.9%至約人民幣17,542,000元。其他收益增加393.9%至約人民幣5,631,000元。

截至二零零六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15,563,000元，較上年度約人民幣5,644,000元增加175.7%。每股基本盈利為人民幣4.32分，去年每股人民幣1.57分。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### *Liquidity, financial resources*

During the year ended 31 December 2006, the Group financed its operations mainly with its operating revenue, internal resources and net proceeds from placement on 2003. As at 31 December 2006, the Group's current assets amounted to about RMB94,297,000 of which approximately RMB10,221,000 (31 December 2005: RMB9,161,000) was cash and bank deposits. The Group had approximately RMB6,451,000 (31 December 2005: RMB3,000,000) outstanding bank overdrafts pledged by financial assets of RMB19,248,000 (31 December 2005 restated: RMB19,698,000) and has no borrowings stated at fixed interest rates (31 December 2005: Nil).

The debt ratio (defined as total liabilities over total assets) of the Group as at 31 December 2006 was approximately 13.4% (31 December 2005: approximately 11.3%). The financial leverage index for both year 2006 and 2005 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.

#### **Significant Investment**

The Company invested its surplus fund through its principal bank in investment grade target investment bonds which was RMB19,248,000.

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

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

#### *流動資金及財務資源*

截至二零零六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。於二零零六年十二月三十一日，本集團之流動資產約為人民幣94,297,000元，當中約人民幣10,221,000元（二零零五年十二月三十一日：人民幣9,161,000元）為現金及銀行存款。本集團有約人民幣6,451,000元（二零零五年十二月三十一日：人民幣3,000,000元）由為數人民幣19,248,000元（二零零五年十二月三十一日重列：人民幣19,698,000元）之金融資產作抵押之未償還銀行透支，並無任何以固定利率列值之借貸（二零零五年十二月三十一日：無）。

本集團於二零零六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13.4%（二零零五年十二月三十一日：約11.3%）。二零零六年及二零零五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。

#### **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19,248,000元之投資級可換股債券。

#### **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。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### 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 2006 (2005: 281). 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 2006, the Group pledged its investment in securities of RMB19,248,000 as security for the general banking overdraft granted to the Group. (2005 restated: RMB19,698,000).

#### 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.

#### Capital Commitments

As at 31 December 2006, the Group had operating lease commitments in respect of rented office premises of approximately RMB17,192,000 (2005: RMB16,941,000). Apart from that, as at 31 December 2006 and 2005, the Group had no other significant capital commitment.

#### 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

於二零零六年十二月三十一日，本集團合共有281名僱員（二零零五年：281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

於二零零六年十二月三十一日，本集團已抵押其證券投資人民幣19,248,000元，作為本集團取得一般銀行透支之抵押品（二零零五年重列：人民幣19,698,000元）。

#### 重大投資或資本資產之未來計劃

除於日期為二零零三年六月三十日之本公司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。

#### 資本承擔

於二零零六年十二月三十一日，本集團就租用辦公室之經營租約承擔約為人民幣17,192,000元（二零零五年：人民幣16,941,000元）。除此之外，於二零零六年及二零零五年十二月三十一日，本集團並無其他重大資本承擔。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### Foreign Exchange Exposure

During the period under review, the Group's transactions were substantially denominated in Renminbi ("RMB") and about 11% 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 2006, the Group has a contingent liability of RMB2 million of income tax liability (2005: Nil).

## 2. BUSINESS REVIEW

#### General

The Group is mainly engaged in the R&D of pharmaceutical products in common therapeutic areas. The Group initiated a long-term 5-year business transition plan starting from 2003, steering it from a domestic leading provider of new drug licenses to a global leading full service company. The new integrated service business model will allow company to enjoy service profits not only from research but also contract manufacturing and contract commercialization.

#### 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11%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

於二零零六年十二月三十一日，本集團之或然負債為所得稅負債人民幣2,000,000元（二零零五年：無）。

## 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，發展為全球領先全面服務公司。新的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。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

The year 2006 was challenging for the Chinese pharmaceutical industry, with a number of important events and policies affecting the industry dramatically, including SFDA changes, Medicare reform, anti-bribery policy and price cutting. However, despite this, the Company maintained its leading position in new drug application, and VPS remained to be the largest CRO in China in terms of completed and undergoing clinical trials, demonstrating that we are taking the right steps to create and sustain value.

#### CRS (Clinical Research Service)

VPS, the clinical research business unit of the Company, has become China's largest CRO in terms of finished and undergoing clinical trials.

There were 34 new clinical service contracts signed with total contract value to approximately RMB32,780,000 in 2006, a 8.65% increase over 2005. By the end of 2006, the Group contracted with 70 clients and contacted over 1000 clients, involving both domestic and multinational companies. The Group CRS revenue reached RMB26,007,000, an 85.3% increase over 2005. The Company's CRS business is growing rapidly as the CRS market is booming globally. VPS is committed to providing the international quality services with better local price to pharmaceutical and biotech clients.

In order to meet the global booming demand for clinical research outsourcing, VPS plans to quickly expand the business through both self-development and M&A, supported by the capital market. To establish strategic alliance with large pharmaceutical and biotech companies is one of the priorities as it can provide sustainable growth for the Company.

二零零六年是中國製藥行業充滿挑戰的一年，多起重大事件和政策，包括國家食品藥品監管局變動、醫療改革、反賄賂政策及藥品減價，均對製藥行業影響巨大。儘管如此，本公司在新藥申請上保持領先地位，VPS仍是中國以已完成及正進行臨床試驗案例計最大之臨床研究機構，顯示本公司在創造價值及保持價值上走對方向。

#### CRS (臨床研究服務)

本公司的臨床研究業務單位VPS已成為中國以已完成及正進行臨床試驗計最大的臨床研究機構。

二零零六年共簽訂34份新臨床服務合約，總合約價值約人民幣32,780,000元，比二零零五年增加8.65%。截至二零零六年底，本集團已與70家客戶訂約及已聯繫逾1000家客戶，涉及眾多國內及跨國公司。本集團臨床研究服務收入達人民幣26,007,000元，比二零零五年增加85.3%。本公司之臨床研究服務業務正隨著全球臨床研究服務市場蓬勃發展而快速增長。VPS力求以更優惠之地方價格向藥劑及生物技術客戶提供國際級品質之服務。

為滿足全球快速增長之臨床研究外判需求，VPS計劃透過自身發展及獲資本市場支持之合併收購活動，快速擴展其業務。與大型藥劑及生物科技公司建立策略聯盟亦是優先任務之一，因可為本公司帶來可持續增長。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### PDS (Pharmaceutical Development Service)

Research-oriented global pharmaceutical companies, have undergone 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 2006, the Group entered into 52 contracts (including PDS and technology transfer services) with 26 pharmaceutical companies, which was 9 contracts more than those entered in year 2005. The total contract value reached RMB32,556,000 and revenues obtained from PDS was RMB29,298,000, a 16.7% increase over 2005. The Group established relationship with 1037 companies on PDS operations and 251 companies paid us a visit and showed much interest in our PDS business.

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.

#### 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。

本集團於二零零六年與26家製藥公司訂立52份合約(包括PDS及技術轉讓服務)，較二零零五年所訂立合約數目多出9份。合約總值達人民幣32,556,000元，源自藥物開發服務之收益達人民幣29,298,000元，比二零零五年增加16.7%。本集團就藥物開發服務與1037家公司建立合作關係，當中251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。

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。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### Contract Commercialization Services

The Company has developed a royalty business model to promote the commercialization of products. It deploys a strategy that focuses on certain therapeutic areas, allowing us to fully take advantage of the most valuable resources. Currently, CNS and dermatology therapeutic products are the key group of products promoted to the franchised partners or agents. In this way, the Company is competing in the market with a group of products, rather a single product. The Group has kept those highly valuable new drugs with potential market for commercialization so as to get long-term return.

The Company already launched 8 new products in the market during 2005, and added 7 new products to its portfolio in 2006. 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 royalties generated from commercialization will become the major contribution to the future success of the Group.

Overall, the Company stays committed to move up the pharmaceutical value chain, in order to pursue its vision of being a global pharmaceutical service provider.

#### 合約商業化服務

本公司已開發出一套專利業務模式推動產品商業化。該模式採用專注於若干治療範圍之策略，使本公司能充分利用最珍貴之資源。CNS及皮膚病治療產品為現時向特許合作夥伴或代理商推廣之主要產品組合。本公司以該方法在市場上與一組產品（而非單一產品）進行競爭。本集團保留具潛在市場之珍貴新藥以待商業化，從而獲得長期回報。

本公司二零零五年已在市場上推出8種新產品，二零零六年再向其產品組合增加7種新產品。目標客戶為醫院及醫療機構以及零售藥店。中國有330,000家醫療機構、70,000家醫院及120,000家藥店，可轉化為龐大的市場潛力。商業化所產生之專利費將為本集團之未來成功作出重要貢獻。

總括而言，本公司仍致力提供上游藥物價值鏈，銳志成為全球藥物服務提供商。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### API (Active Pharmaceutical Ingredient)

The core competency of VP-API focuses on its strong R&D capacity, driven by over two hundred scientific elites in chemistry from all over the world. In 2005, three API products in VP-Hanjiang passed the GMP attestation: Alendronate Sodium, Racecadotril and LANSOPRAZOLE. In 2006, these API products gradually generated more revenues for the Company. The Group is seeking to expand the market globally and reduce cost to attract the clients in Southeast. We are ambitiously building our product portfolio to meet the needs of our clients in generic drugs or patent-challenged formula in regulated markets, and the needs of the generic players in emerging markets.

#### 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. Till now, the Group has 100 products under development. In 2006, the State Food and Drug Administration ("SFDA") granted 43 new Clinical Study Permits and 21 new Manufacturing Permits to the Group. The total number of Clinical Study Permit (CSP) accumulated by the Group climbed to 270 and the total number of Manufacturing Permits accumulated by the Group climbed to 93.

#### API (有效藥劑成份)

VP-API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。二零零五年，VP-Hanjiang之三款API產品阿侖磷酸鈉、消旋卡多曲及蘭索拉唑分別成功通過GMP認證。二零零六年，該等API產品逐漸為本公司提供更多收益。本集團一直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，及新興市場普遍業者之需求。

#### 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。

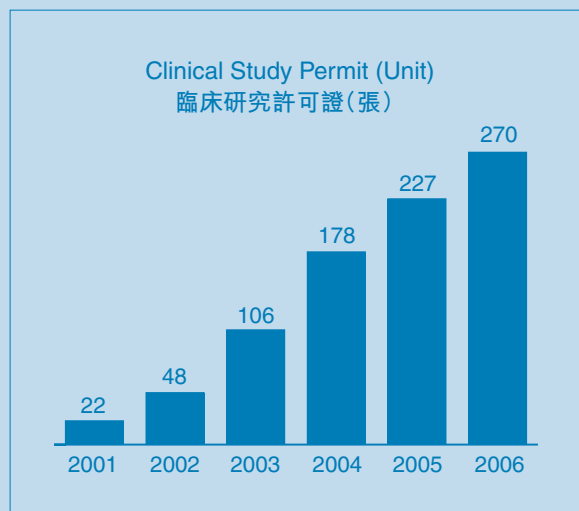
本集團一直保持在新藥研發市場之優勢地位。目前本集團有100項在研藥品。二零零六年，國家食品藥品監督管理局(「食品藥品監督局」)批出43張新臨床研究許可證及21張新生產許可證。本集團獲發之臨床研究許可證(「臨床研究許可證」)總數已累積至270張，獲發之生產許可證總數已累積至93張。



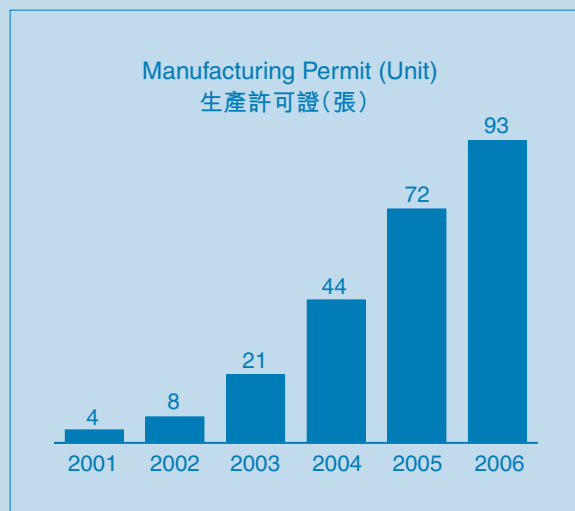
## MANAGEMENT DISCUSSION AND ANALYSIS

### 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發之臨床研究許可證及生產許可證總數：



#### Patents

The Group always places great emphasis on the protection of intellectual property rights. For the past twelve months, 56 new patent applications were submitted to the State Intellectual Property Office ("SIPO"), making a total of 126 patents applications as at 31 December 2006 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56項新專利申請，而自本集團投入營運以來至二零零六年十二月三十一日，已共提交126項專利申請。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### International Collaboration

In order to pursue its global vision and to achieve size and scale of operations, it is imperative for the Company to expand its global footprint. 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.

In 2006, the Company attended a number of international exhibitions in Europe, US and China during the period for promoting the API products, building brand, collecting the commercial information, and reaching out potential clients.

#### 國際合作

為實現全球發展目標及達致經營規模及範圍，本公司必須擴大在全球之覆蓋面。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。

為推廣API產品、建立品牌、收集商業資訊及接觸潛在客戶，本公司二零零六年在歐洲、美國及中國曾參加多個國際展覽。

## 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 approximately 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約十年經驗。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腫瘤、糖尿病及骨質疏鬆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。彼持有天津醫學院博士學位、美國賓夕凡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. WANG Hong Bo, is an independent non-executive Director and is the chairman of the audit committee. 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 finance manager 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.

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. WU Ming Yu, is an independent non-executive Director. 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.

#### 獨立非執行董事

王紅波先生，獨立非執行董事及審核委員會主席。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集團股份有限公司財務經理。王先生擁有逾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。

Paul CONTOMICHALOS先生，獨立非執行董事。彼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。

吳明瑜先生，獨立非執行董事。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。

## 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:

Mr. George Fei Peng, is the Vice President of the group. Mr. Peng holds a Master of Finance and Investment degree from Durham University (UK). He has over ten years of experience in investment management in US, U.K and China. Before joining the Group, he was a co-founding partner of II Global Consulting.

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. Tarun GUPTA, is the co-head of the Group's Business Development Department (International Division). He is also the Chief Executive Officer of P.K. Pharmatech in India. Dr. Gupta has obtained his degree of bachelor of medicine and bachelor of surgery in December 1982. He worked with Lupin Laboratories Limited of India before he joined the Group in December 2000 and was seconded to the exclusive marketing and distribution agent in Hong Kong in 1996. He was responsible for marketing and distributing of product of Lupin Group in the Asia region. He has over ten 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：

彭飛先生，本集團副總裁。彭先生持有英國杜倫大學金融及投資學碩士學位。彼在美國、英國及中國投資管理積累逾十年經驗。於加入本集團前，彼為II Global Consulting之共同創辦合夥人。

金托博士，為聯席技術總監。金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。金博士多年來於日本、美國Novartis及加拿大從事教育及藥劑研發工作。金博士曾經擔任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。金博士為Sinican Institute的院長。金博士曾於學報發表25編文章及擁有10項專利發明。金博士為美國藥學科學家協會成員。

Tarun GUPTA博士，為本集團業務發展部(國際部)聯席主管。彼亦為印度P.K. Pharmatech之行政總裁。Gupta博士於一九八二年十二月獲得醫藥學學士學位及外科學學士學位。於二零零零年十二月加入本集團前，彼於印度Lupin Laboratories Limited工作，於一九九六年被調任為香港獨家市場推廣及分銷代理。彼負責Lupin集團產品在亞洲區之市場推廣及分銷。彼於製藥業擁有逾10年經驗。

## DIRECTORS' REPORT

### 董事會報告

The directors of the Company present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006.

#### PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries and associates are set out in notes 14 and 15, respectively, to the financial statements.

An analysis of the Group's performance for the year by business segments is set out in note 6 to the financial statements.

#### RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 December 2006 are set out in the consolidated income statement on page 54 of the annual report.

The directors do not recommend the payment of final dividend for the year ended 31 December 2006 and propose that the profit for the year be retained.

#### PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company during the year are set out in note 12 to the financial statements.

#### SHARE CAPITAL

Details of the share capital of the Company are set out in note 25 to the financial statements.

本公司董事謹此呈報本公司及附屬公司(「本集團」)截至二零零六年十二月三十一日止年度之年度報告及經審核綜合財務報表。

#### 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14及15。

本集團年內表現按業務單元分析，載於財務報表附註6。

#### 業績及分配

本集團截至二零零六年十二月三十一日止年度之業績載於本年報第54頁綜合收益表。

董事不建議就截至二零零六年十二月三十一日止年度派發末期股息，並建議保留本年度溢利。

#### 物業、廠房及設備

本集團及本公司物業、廠房及設備於本年度之變動詳情載於財務報表附註12。

#### 股本

本公司股本之詳情載於財務報表附註25。

## DIRECTORS' REPORT

### 董事會報告

#### RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in note 26 to the financial statements.

#### FIVE YEARS 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 pages 143 to 144.

#### 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

Nathan Xin ZHANG

##### Independent Non-Executive Directors:

WANG Hong Bo

Paul CONTOMICHALOS

WU Ming Yu

#### 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26。

#### 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143至144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 (已於二零零六年三月二十七日辭任)

##### 非執行董事：

馮濤

吳欣

張欣

##### 獨立非執行董事：

王紅波

Paul CONTOMICHALOS

吳明瑜



## DIRECTORS' REPORT

### 董事會報告

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

Apart from Nathan Xin ZHANG and WANG Hong Bo, who 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.

On 11 July 2006, the service contract with each director other than Nathan Xin ZHANG and WANG Hong Bo, expired and be renewed for one more year.

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

### DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2006, the interests and short positions of the Company's directors and chief executives 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 notify the Company and The Stock Exchange of Hong Kong Limited (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 5.46 to 5.67 of the GEM Listing Rules were as follows:

根據本公司之組織章程細則第95及121條，吳欣、馮濤、張欣、王紅波、Paul CONTOMICHALOS及吳明瑜退任並合資格應選連任。

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。

於二零零六年七月十一日，除張欣與王紅波外，各董事之服務合約屆滿，並自動續期一年至二零零七年七月九日止。

除上文披露者外，擬於應屆股東週年大會膺選連任之董事，概無與本公司或其任何附屬公司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。

### 董事及主要行政人員於股份、相關股份及債券之權益

於二零零六年十二月三十一日，本公司之董事及主要行政人員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分部知會本公司及香港聯合交易所有限公司（「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5.46至5.67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 in which 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	7,884,000	16,994,377	4.72
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) 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。

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：

## DIRECTORS' REPORT

### 董事會報告

**Number of shares  
in which interested  
under physically settled  
equity derivatives as at  
20 June 2003 and  
31 December 2006**

於二零零三年六月二十日  
及二零零六年十二月三十一日

<b>Name</b> 姓名	<b>Number of shares in which interested under physically settled equity derivatives as at 20 June 2003 and 31 December 2006</b> 根據實物結算股本衍生工具 持有權益之股份數目	<b>Date of grant</b> 授出日期	<b>Exercise price</b> 行使價
William Xia GUO 郭夏	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	02 March 2005 二零零五年三月二日	HK\$0.52 0.52港元
William Xia GUO 郭夏	324,000	10 August 2006 二零零六年八月十日	HK\$0.36 0.36港元

Options granted to Mr. William Xia GUO contain a vesting schedule, pursuant to which may be exercise 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 2006, 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 5.46 to 5.67 of the GEM Listing Rules.

除上文所披露者外，於二零零六年十二月三十一日，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5.46至5.67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 2006, 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 (Notes 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 of 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

據本公司任何董事及主要行政人員所知，於二零零六年十二月三十一日，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售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 2006, there was no other persons who was 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 to the Company 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 28 and note 33 to the financial statements, no other contracts of significance to which the Company or 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 RMB564,000 from VP Inc. for these services provided. The Group was granted a waiver covering the period from the Listing Date to 31 December 2006 from strict compliance with the GEM Listing Rules.

除上文所披露者外，於二零零六年十二月三十一日，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分部向本公司披露之權益或淡倉，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28及附註33披露者外，於年結日或年內任何時間，概無存在本公司或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.」) 聘用本集團研發七種新藥及提供製藥申請、註冊及測試服務。根據VP Inc.及本集團訂立之協議，VP Inc.應在向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」)申請臨床許可證獲接納後七日內支付合約金額約20%至40%；獲得食品藥品監督局發出臨床研究許可證後七日內支付約30%；於臨床試驗完成並向VP Inc.提交一份完整報告後支付約20%至40%；及於獲得食品藥品監督局發出之新藥證書後七日內支付約10%。合約總值為人民幣6,600,000元。本公司董事認為，該等交易乃於日常業務過程中按不遜於本集團與其他第三方客戶交易所訂立之價格及條款進行。年內，本集團向VP Inc.提供該等服務所收取費用合共人民幣564,000元。本集團獲授自上市日期起至二零零六年十二月三十一日止期間內豁免嚴格遵守創業板上市規則之豁免。

## 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 recognise 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 2006, 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 2006 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 share 每股行使價	Number of underlying shares under the option as at 20.6.2003 and 31.12.2006 於二零零三年六月二十日及 二零零六年十二月三十一日 購股權涉及之相關股份數目
William Xia GUO (Notes 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 (Notes 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。於二零零六年十二月三十一日，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。於二零零六年十二月三十一日，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 2006.

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，及於二零零六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 2006, the options outstanding are 1,892,000 and 2,150,000 options granted pursuant to this Share Option Scheme had been cancelled or lapsed. Particulars of the outstanding options which have been granted under this Share Option Scheme as at 31 December 2006 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 share 每股行使價	Number of underlying shares under the option at 2.3.2005 and 31.12.2006
			於二零零五年三月二日及 二零零六年十二月三十一日 購股權涉及之相關股份數目
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	720,000
Other participant 其他參與者	10 years 十年	HK\$0.52 0.52港元	812,000
			1,892,000

#### 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。於二零零六年十二月三十一日，有1,892,000份購股權尚未行使，及有2,150,000份根據該購股權計劃授出之購股權已被註銷或失效。於二零零六年十二月三十一日，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 2006, the options outstanding are 288,000 and 810,000 options granted pursuant to the Share Option Scheme had been cancelled or lapsed. Particulars of the outstanding options which have been granted under this Share Option Scheme as at 31 December 2006 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 share 每股行使價	Number of underlying shares under the option at 14.12.2005 and 31.12.2006 於二零零五年十二月十四日 及二零零六年十二月三十一日 購股權涉及之相關股份數目
4 participants 4名參與者	10 years 十年	HK\$0.45 0.45港元	288,000
			288,000

#### 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，本公司採納一項新購股權計劃。

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。於二零零六年十二月三十一日，有288,000份購股權尚未行使，及有810,000份根據購股權計劃授出之購股權已被註銷或失效。於二零零六年十二月三十一日，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

#### 4. 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 10 August 2006, options comprising a total of 4,118,400 underlying shares were granted. As at 31 December 2006, the options outstanding are 3,708,000 and 410,400 options granted pursuant to the Share Option Scheme had been cancelled or lapsed. Particulars of the outstanding options which have been granted under this Share Option Scheme as at 31 December 2006 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 share 每股行使價	Number of underlying shares under the option at 10.8.2006 and 31.12.2006 於二零零六年八月十日 及二零零六年十二月三十一日 購股權涉及之相關股份數目
William Xia GUO 郭夏	10 years 十年	HK\$0.36 0.36港元	324,000
Other directors 其他董事	10 years 十年	HK\$0.36 0.36港元	792,000
Other participant 其他參與者	10 years 十年	HK\$0.36 0.36港元	2,592,000
			3,708,000

#### 4. 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。

於二零零六年八月十日，已授出涉及合共4,118,000股相關股份之購股權。於二零零六年十二月三十一日，有3,708,000份購股權尚未行使，及有410,400份根據購股權計劃授出之購股權已被註銷或失效。於二零零六年十二月三十一日，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

#### COMPETING INTERESTS

As at 31 December 2006, 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.

#### BOARD PRACTICE AND PROCEDURES

Since the listing of the Company, the Company has complied with Board Practices and Procedures as set out in Rules 5.46 to 5.68 of the GEM Listing Rules.

#### INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each independent non-executive directors an annual confirmation for independence pursuant to Rule 5.09 of the GEM Listing Rules. The independent non-executive directors have confirmed that they are independent.

#### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2006.

#### MAJOR SUPPLIERS AND CUSTOMERS

During the year, the five largest customers of the Group accounted for approximately 22% of the Group's sales. The largest customer accounted for approximately 6% of the sales of the Group.

#### 競爭權益

於二零零六年十二月三十一日，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。

#### 董事會常規及程序

本公司自上市以來，一直遵守創業板上市規則第5.46至5.68條載列之董事會常規及程序。

#### 獨立非執行董事之獨立性

本公司已根據創業板上市規則第5.09條收到各獨立非執行董事獨立性之年度確認。各獨立非執行董事已確認屬獨立人士。

#### 購買、出售或贖回本公司股份

截至二零零六年十二月三十一日止年內，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22%。最大客戶佔本集團銷售額約6%。

## DIRECTORS' REPORT

### 董事會報告

Aggregate purchases attributable to the Group's five largest suppliers were less than 10% 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.

#### 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

Baker Tilly Hong Kong Limited were appointed as the auditors of the Company in succession to HLB Hodgson Impey Cheng who resigned from the office with effect from 1 February 2007. Baker Tilly Hong Kong Limited 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 2007

本集團五大供應商應佔總購貨額少於本集團總購貨額10%。

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。

#### 優先購股權

本公司之公司組織章程細則或開曼群島法例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

正風會計師事務所有限公司獲委任為本公司核數師，以接替於二零零七年二月一日辭任之國衛會計師事務所。正風會計師事務所有限公司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

中國北京，二零零七年三月二十七日

## 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 29 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 throughout the year ended 31 December 2006.

#### (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

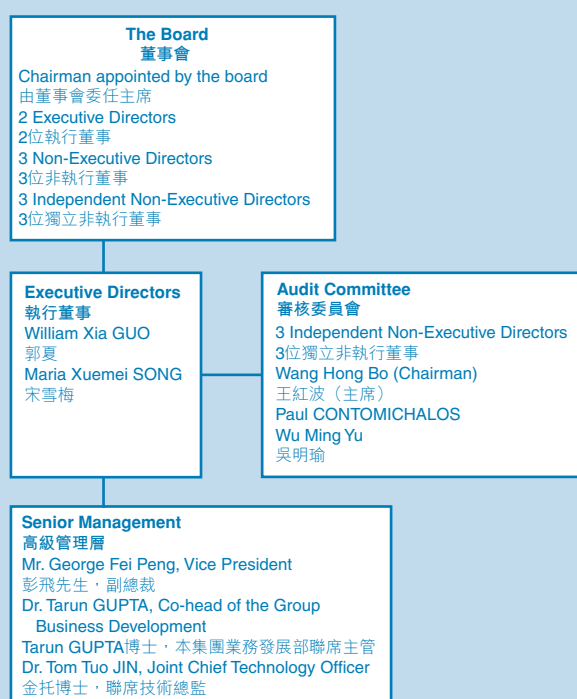
本公司已遵照創業板上市規則所載條文，採納上市發行人董事進行證券交易的公司守則，作為本公司就二零零五年六月二十九日起董事買賣證券之操守準則。經向全體董事作出具體查詢後，董事確認，彼等於截至二零零六年十二月三十一日止年度全年，一直遵守公司守則所載規定準則。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### (3) BOARD OF DIRECTORS

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



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  
Nathan Xin ZHANG

- (b) Apart from Nathan Xin ZHANG and Wang Hongbo, who 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.

On 11 July 2006, the service contract with each director other than Nathan Xin ZHANG and WANG Hong Bo, expired and be renewed for one more year.

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

### (3) 董事會

本公司整體管治結構如下：

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  
張欣

- (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。

二零零六年七月十一日，除張欣及王紅波外，各董事之服務合約已屆滿並獲續簽一年。

- (c) 除上文所披露者外，概無擬於應屆即將召開之股東週年大會上重選之董事與本公司或其任何附屬公司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。

## CORPORATE GOVERNANCE REPORT

### 企業管治報告

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.

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.

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，當中一名具備專業資格。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。

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。



## CORPORATE GOVERNANCE REPORT

### 企業管治報告

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 2006. 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.

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出席。於二零零六年，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，並於需要時就企業管治、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 2006, the Board met and held four meetings in March, May, August and November 2006. The attendance records of the aforementioned four Board meetings are set out below:

截至二零零六年十二月三十一日止十二個月，董事會曾於二零零六年三月、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 meetings during the year

年內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%
<b>Non-executive Directors</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 Directors</b>	<b>獨立非執行董事</b>		
WANG Hong Bo	王紅波	4/4	100%
Paul CONTOMICHALOS	Paul CONTOMICHALOS	4/4	100%
WU Ming Yu	吳明瑜	4/4	100%

## CORPORATE GOVERNANCE REPORT

### 企業管治報告

#### (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.

#### (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 in the Remuneration Committee during the upcoming Board meeting dated 27 March 2007.

#### (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。

#### (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目標及宗旨，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，董事將於二零零七年三月二十七日舉行之董事會會議上討論委任另一名獨立非執行董事加入薪酬委員會。

## CORPORATE GOVERNANCE REPORT

### 企業管治報告

#### (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 Baker Tilly Hong Kong Limited 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 2006.

#### (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. WANG Hong Bo, Mr. Paul CONTOMICHALOS and Mr. WU Ming Yu. Mr. WANG Hong Bo is the chairman of the audit committee.

#### (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正風會計師事務所有限公司為本集團新任核數師，董事會謹此獲授權釐定核數師酬金。截至二零零六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。

#### (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王紅波先生、Paul CONTOMICHALOS先生及吳明瑜先生組成，王紅波先生為審核委員會之主席。

## CORPORATE GOVERNANCE REPORT

### 企業管治報告

The audit committees hold meetings on quarterly basis. During the twelve months ended 31 December 2006, the audit committee held four meetings during the period and reviewed the Group's last year's annual report, quarterly and interim financial results. The attendance records of the aforementioned four audit committee meetings are set out below:

審核委員會每季舉行會議一次。截至二零零六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 meetings during the year  
年內審核委員會成員之出席率**

<b>Members</b>	<b>成員</b>	<b>Attendance no. 出席次數</b>	<b>Attendance rate 出席率</b>
WANG Hong Bo	王紅波	4/4	100%
Paul CONTOMICHALOS	Paul CONTOMICHALOS	4/4	100%
WU Ming Yu	吳明瑜	4/4	100%

#### (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.

#### (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

### 核數師報告書



**BAKER TILLY**

**HONG KONG LIMITED**

Certified Public Accountants

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VENTUREPHARM LABORATORIES LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of Venturepharm Laboratories Limited (the "Company") set out on pages 54 to 143, which comprise the consolidated and the Company's balance sheets as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of principal accounting policies and other explanatory notes.

### RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### RESPONSIBILITIES OF AUDITORS

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

### 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) 全體股東之獨立核數師報告

本核數師已完成審核第54至第143頁所載萬全科技藥業有限公司(「本公司」)綜合財務報表，包括 貴公司於二零零六年十二月三十一日之綜合資產負債表及截至該日止年度之綜合收益表、綜合權益變動表及綜合現金流量表，及主要會計政策概要及其他說明附註。

### 董事編製財務報表之責任

董事須遵照香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定，負責編製並真實兼公平地呈列此等綜合財務報表。此責任包括設計、實行及維持與編製並真實兼公平地呈列財務報表有關之內部監控，以確保其並無重大錯誤陳述(不論是否其由欺詐或錯誤引起)；選擇並應用適當會計政策；及在不同情況下作出合理之會計估算。

### 核數師之責任

本核數師之責任是根據審核之結果對此等財務報表作出意見。本核數師已按照香港會計師公會所頒佈之香港核數準則進行審核工作。該等準則要求本核數師遵守操守規定，以及計劃及進行審核以合理地確定本財務報表確實不存在重大錯誤陳述。

## AUDITORS' REPORT

### 核數師報告書

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's and the Group's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the financial statements give a true and fair view of the state of the Company's and the Group's affairs as at 31 December, 2006 and of the Group's profits and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### **Baker Tilly Hong Kong Limited**

*Certified Public Accountants*

#### **Andrew David Ross**

Practising Certificate number P01183

Hong Kong, 27 March 2007

審核範圍包括進程序以取得與財務報表所載數額及披露事項有關之審核憑證。選用之程序須視乎核數師之判斷，包括評估財務報表之重大錯誤陳述（不論是否由欺詐或錯誤引起）之風險。在作出該等風險評估時，核數師將考慮與貴公司及貴集團編製並真實兼公平地呈列財務報表有關之內部監控，以及為不同情況設計適當審核程序，但並非旨在就貴公司內部監控是否有效表達意見。審核範圍亦包括評估所用之會計政策之恰當性，董事所作之會計估算之合理性，並就財務報表之整體呈列方式作出評估。

本核數師相信，本核數師所取得之審核憑證就提出審核意見而言屬充分及恰當。

### 意見

本核數師認為，根據香港財務報告準則編製之財務報表足以真實兼公平地顯示貴公司及貴集團於二零零六年十二月三十一日之財務狀況及貴集團截至該日止年度之溢利及現金流量，並已按照香港公司條例之披露規定妥為編製。

#### **正風會計師事務所有限公司**

*執業會計師*

#### **Andrew David Ross**

執業證書編號P01183

香港，二零零七年三月二十七日

## CONSOLIDATED INCOME STATEMENT

### 綜合收益表

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

		Note	2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元 (Restated) (重列)
		附註		
Turnover	營業額	6	<b>57,052</b>	42,157
Cost of sales	銷售成本		<b>(24,766)</b>	(20,121)
Gross profit	毛利		<b>32,286</b>	22,036
Other revenue	其他收益	7	<b>5,631</b>	1,140
Administrative expenses	行政開支		<b>(17,542)</b>	(16,413)
Profit from operations	經營溢利		<b>20,375</b>	6,763
Finance costs	財務費用	8	<b>(1,549)</b>	(172)
Share of loss of associates	應佔聯營公司虧損		<b>(53)</b>	(188)
<b>PROFIT BEFORE TAXATION</b>	<b>除稅前溢利</b>	9	<b>18,773</b>	6,403
Income tax	所得稅	11	<b>(3,175)</b>	(887)
Profit for the year	本年度溢利		<b>15,598</b>	5,516
<b>ATTRIBUTABLE TO:</b>	<b>應佔：</b>			
Equity holders of the Company	本公司權益持有人		<b>15,563</b>	5,644
Minority interest	少數股東權益		<b>35</b>	(128)
			<b>15,598</b>	5,516
<b>EARNINGS PER SHARE</b>	<b>每股盈利</b>	27		
Basic	基本		<b>4.32 cents</b>	1.57 cents
Diluted	攤薄		<b>4.14 cents</b>	1.50 cents

All of the Group's activities are classified 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.

隨附附註為該等財務報表之組成部分。



## CONSOLIDATED BALANCE SHEET

### 綜合資產負債表

As at 31 December 2006 於二零零六年十二月三十一日

		Note	2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元 (Restated) (重列)
<b>NON-CURRENT ASSETS</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	12	6,762	6,561
New drugs technology	新藥技術	13	8,107	2,600
Interest in associates	於聯營公司之權益	15	3,235	4,047
Available-for-sales financial assets	可供銷售金融資產	16	19,248	19,698
Unlisted investment	非上市投資	17	9,396	9,396
			<b>46,748</b>	42,302
<b>CURRENT ASSETS</b>	<b>流動資產</b>			
Work-in-progress	在製品	18	46,934	37,746
Trade receivables	應收貿易賬款	19	18,023	9,483
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	20	17,823	19,437
Amounts due from related companies	應收關連公司款項	21	1,296	1,759
Bank balances and cash	銀行結餘及現金		10,221	9,161
			<b>94,297</b>	77,586
<b>CURRENT LIABILITIES</b>	<b>流動負債</b>			
Trade payables	應付貿易款項	22	463	594
Accruals and other payables	應計款項及其他應付款項	23	1,085	4,878
Receipt in advance	預收款項		5,507	4,262
Dividend payable	應付股息		54	54
Interest-bearing borrowings	計息借貸	24	6,451	3,000
Tax payable	應付稅項		5,349	702
			<b>18,909</b>	13,490
<b>NET CURRENT ASSETS</b>	<b>流動資產淨值</b>		<b>75,388</b>	64,096
<b>NET ASSETS</b>	<b>資產淨值</b>		<b>122,136</b>	106,398
<b>CAPITAL AND RESERVES</b>	<b>股本及儲備</b>			
Share capital	股本	25	38,160	38,160
Reserves	儲備	26	80,887	65,184
Total equity attributable to equity shareholders of the Company	本公司股權持有人應佔權益總額		<b>119,047</b>	103,344
<b>MINORITY INTERESTS</b>	<b>少數股東權益</b>		<b>3,089</b>	3,054
<b>TOTAL EQUITY</b>	<b>股本權益</b>		<b>122,136</b>	106,398

Approved and authorised for issue by the board of directors on 27 March 2007:

董事會已於二零零七年三月二十七日批准及授權刊發：

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.

隨附附註為該等財務報表之組成部分。

## BALANCE SHEET

### 資產負債表

As at 31 December 2006 於二零零六年十二月三十一日

			2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元 (Restated) (重列)
	Note 附註			
<b>NON-CURRENT ASSETS</b>		<b>非流動資產</b>		
Property, plant and equipment	12	物業、廠房及設備	21	36
Interest in subsidiaries	14	於附屬公司之權益	49,446	45,070
Available-for-sales financial assets	16	可供銷售金融資產	19,248	19,698
			<b>68,715</b>	64,804
<b>CURRENT ASSETS</b>		<b>流動資產</b>		
Other receivables		其他應收款項	3,388	2,596
Amount due from a related company	21	應收關連公司款項	25	25
Bank balances and cash		銀行結餘及現金	298	248
			<b>3,711</b>	2,869
<b>CURRENT LIABILITIES</b>		<b>流動負債</b>		
Other payables	23	其他應付款項	440	401
Receipts in advance		預收款項	20	48
Interest-bearing borrowings	24	計息借貸	6,451	3,000
Dividend payable		應付股息	54	54
			<b>6,965</b>	3,503
<b>NET CURRENT LIABILITIES</b>		<b>流動負債淨值</b>	<b>(3,254)</b>	(634)
<b>NET ASSETS</b>		<b>資產淨值</b>	<b>65,461</b>	64,170
<b>CAPITAL AND RESERVES</b>		<b>股本及儲備</b>		
Share capital	25	股本	38,160	38,160
Reserves	26	儲備	27,301	26,010
<b>TOTAL EQUITY</b>		<b>股本權益</b>	<b>65,461</b>	64,170

Approved and authorised for issue by the board of directors on 27 March 2007:

董事會已於二零零七年三月二十七日批准及授權刊發：

**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.

隨附附註為該等財務報表之組成部分

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### 綜合權益變動表

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

		Share-based capital	Share-based reserve	Held to maturity reserve	Available- for-sales financial assets reserve	Special reserve	Capital reserve	Statutory reserve	Statutory enterprise expansion fund	Retained earnings	Minority interests	Total
		股本	儲備	持至 到期之 儲備	可供銷售 金融資產 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	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	人民幣千元
At 1 January 2005	於二零零五年一月一日	38,160	-	5,500	-	6,039	903	3,334	6,517	43,992	3,190	107,635
Effect of adopting new accounting policy	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 available-for-sales financial assets upon disposal	出售後撥回 可供銷售金融資產	-	-	(5,500)	-	-	-	-	-	-	-	(5,500)
Transfer to reserves	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
At 31 December 2005	於二零零五年 十二月三十一日	38,160	258	7,200	-	6,039	894	3,612	6,795	48,963	3,054	114,975
Opening adjustment of HKAS 39 (note 16)	香港會計準則第39號 年初調整(附註16)	-	-	(7,200)	-	-	-	-	-	-	-	(7,200)
Change in fair value for available-for-sales financial assets	可供銷售 金融資產之 公平值變動	-	-	-	(1,377)	-	-	-	-	-	-	(1,377)
At 1 January 2006 (restated)	於二零零六年一月一日(重列)	38,160	258	-	(1,377)	6,039	894	3,612	6,795	48,963	3,054	106,398
Transfer to reserves	轉撥至儲備	-	-	-	-	-	-	191	191	(382)	-	-
Profit for the year	本年度溢利	-	-	-	-	-	-	-	-	15,563	35	15,598
Change in fair value for available-for-sales financial assets	可供銷售 金融資產之 公平值變動	-	-	-	345	-	-	-	-	-	-	345
Reversal of share based payment reserve	撥回股份付款 儲備	-	(205)	-	-	-	-	-	-	-	-	(205)
At 31 December 2006	於二零零六年 十二月三十一日	38,160	53	-	(1,032)	6,039	894	3,803	6,986	64,144	3,089	122,136

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

隨附附註為該等財務報表之組成部分。

# CONSOLIDATED CASH FLOW STATEMENT

## 綜合現金流量表

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元 (Restated) (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	18,773	6,403
Adjustments for:	就以下各項之調整：		
Recovery of bad debts	收回壞賬	(929)	-
Allowance for trade receivables	應收貿易賬款撥備	4,798	4,594
Allowance for prepayments, deposits and other receivables	預付款項、按金及其他應收款項撥備	-	755
Allowance for amounts due from related parties	應收關連公司款項撥備	-	100
Allowance for work-in-progress	在製品撥備	1,163	1,386
Depreciation and amortisation of property, plant and equipment	物業、廠房及設備之折舊及攤銷	529	367
Share-based payment expenses	股份付款開支	(205)	258
Amortisation and impairment of intangible assets	無形資產之攤銷及減值	795	348
Gain on disposal of associate	出售聯營公司收益	(241)	-
Share of loss of associate	應佔聯營公司虧損	53	188
Exchange alignment on available-for-sales financial assets	可供銷售金融資產之匯兌調整	795	-
Interest income	利息收入	(2,057)	(565)
Operating cash flows before movements in working capital	營運資金變動前之經營現金流量	23,474	13,834
Increase in work-in-progress	在製品增加	(14,128)	(13,199)
Increase in trade receivables	應收貿易賬款增加	(12,409)	(2,564)
Decrease/(increase) in prepayments, deposits and other receivables	預付款項、按金及其他應收賬款減少/(增加)	1,971	(2,517)
Decrease in amounts due from related companies	應收關連公司款項減少	463	533
(Decrease)/increase in trade payables	應付貿易賬款(減少)/增加	(131)	533
(Decrease)/increase in accruals and other payables	應計款項及其他應付款項(減少)/增加	(3,793)	2,872
Increase in receipt-in-advance	預收款項增加	1,245	541
<b>Cash (used in)/generated from operations</b>	<b>經營業務(所用)/產生現金</b>	<b>(3,308)</b>	<b>33</b>
PRC enterprise income tax recovered/(paid)	已收回/(已繳)中國企業所得稅	1,472	(639)
<b>Net cash used in operating activities</b>	<b>經營活動所用現金淨額</b>	<b>(1,836)</b>	<b>(606)</b>

## CONSOLIDATED CASH FLOW STATEMENT

### 綜合現金流量表

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元 (Restated) (重列)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>投資活動之現金流量</b>		
Decrease in pledged bank deposits	贖回已抵押銀行存款	-	9,811
Increase in unlisted investment	增加非上市投資	-	(3,316)
Purchase of property, plant and equipment	購置物業、廠房及設備	<b>(2,268)</b>	(1,788)
Purchase of new drugs technology	購買新藥技術	<b>(40)</b>	(137)
Increase in investment in associate	於聯營公司之增加投資	-	(2,000)
Increase in available-for-sales investments	投資可供銷售金融資產款項	-	(4,522)
Bank interest received	已收銀行利息	<b>66</b>	240
Interest received on available-for-sales financial assets	可供銷售金融資產之所收利息	<b>1,687</b>	325
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	-	2
Increase in interest-bearing borrowings	計息借貸增加	<b>3,451</b>	3,000
Net cash generated from investing activities	投資活動所得現金淨額	<b>2,896</b>	1,615
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>融資活動之現金流量</b>		
Contribution to minority shareholder of a subsidiary	附屬公司少數股東獲注資	-	(8)
<b>Net cash used in financing activities</b>	<b>融資活動所用現金淨額</b>	<b>-</b>	<b>(8)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>現金及現金等價物增加淨額</b>	<b>1,060</b>	1,001
<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>9,161</b>	8,160
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>年終之現金及現金等價物</b>	<b>10,221</b>	9,161

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六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, and its principal place of business is disclosed in “Corporate Information” of the annual report.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and associates are set out in notes 14 and 15 respectively.

The financial statements are presented in Renminbi (“RMB”), rounded to the nearest thousand, which is the functional currency of the Company.

#### 2. SUMMARY OF THE EFFECTS OF CORRECTION OF ACCOUNTING ERROR

In prior year, the Group classified its two investment bonds (note 16) acquired during 2005 as “Held-to-maturity” financial assets but measured as available-for-sales financial asset at a fair value of RMB28,275,000 from original aggregate costs of RMB21,075,000. As a result, RMB7,200,000 was adjusted to held-to-maturity reserve to reflect the increase in fair value. Hence, the financial statements classification of these financial assets in prior year was not in accordance with the Hong Kong Accounting Standard 39 (HKAS 39).

In addition, the fair value of these two investment bonds as at 31 December 2005 based on reliable market value information available should be lower than the original aggregate costs. Accordingly, a prior year adjustment to reverse the RMB7,200,000 from held-to-maturity reserve and correct the fair value at 31 December 2005 to RMB19,698,000 was made in accordance with Hong Kong Accounting Standard 8 (HKAS 8) and HKAS 39.

#### 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，而其主要營業地點披露於本年報「公司資料」內。

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14及15。

本財務報表以本公司的功能貨幣人民幣編製，並調整至最接近的千位數。

#### 2. 會計錯誤更正影響概要

上年度，本集團將二零零五年購入之兩批投資債券(附註6)歸類為「持至到期」金融資產，但計量為由原始總成本人民幣21,075,000元增至公平值人民幣28,275,000元之可供銷售金融資產。因此，持至到期儲備被作出人民幣7,200,000元之調整，以反映公平值之增加。故此，上年度該等金融資產之財務報表分類方法與香港會計準則第39號不符(香港會計準則第39號)不符。

此外，根據可靠市值資料，於二零零五年十二月三十一日，該兩批投資債券之公平值應低於原始總成本。因此，根據香港會計準則第8號(香港會計準則第8號)及香港會計準則第39號作出上年度調整，將持作到期儲備撥回人民幣7,200,000元，並更正二零零五年十二月三十一日公平值為人民幣19,698,000元。

## NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 2. SUMMARY OF THE EFFECTS OF CORRECTION OF ACCOUNTING ERROR (Continued)

As a result, the opening adjustment on fair value of RMB1,377,000 was identified in addition to the reversal of RMB7,200,000 and therefore adjusted in the available-for-sales financial assets reserve to reflect the correct carrying amount of the financial assets as at 31 December 2005. The financial effects of the above accounting error for current and prior years are summarised below:

		2006 二零零六年 RMB 人民幣元	2005 二零零五年 RMB 人民幣元
Decrease in available-for-sales financial assets in balance sheet	可供銷售金融資產減少	-	(8,577,000)
Total effects on equity		-	(8,577,000)

### 3. 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 Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised Hong Kong Financial Reporting Standards (HKFRS) and Hong Kong Accounting Standards (HKAS) (collectively referred to as new HKFRSs) which are first effective or available for early adoption for the current period of the Group and the Company.

### 2. 會計錯誤更正影響概要 (續)

因此，公平值作出人民幣1,377,000元之年初調整乃在撥回人民幣7,200,000元之上確認，故可供銷售金融資產儲備亦作出調整，以反映金融資產於二零零五年十二月三十一日之正確賬面值。上述會計錯誤於本年度及過往年度之財務影響概述如下：

### 3. 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呈報年度。

香港會計師公會已頒佈多項新訂及經修訂香港財務報告準則及香港會計準則(統稱新香港財務報告準則)，本集團及本公司於本會計期間首次生效或可供提前採納。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

With effect from 1 January 2006, in accordance with the amendments to HKAS 39 in respect of financial guarantee contracts, all financial guarantees issued are accounted for as financial liabilities and measured initially at fair value, where the fair value can be reliably measured and thereafter stated at the amortised cost. Further details of the new policy are set out in note 3(x).

The preparation of financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions made by management in the application of HKFRSs that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in note 5.

No early adoption of the following new Standards or Interpretations that have been issued but are not yet effective. The company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations are expected to be in the period of initial applications. So far it has concluded that the adoption of such standards or interpretations is unlikely to have a significant impact on the company's results of operations and financial position.

#### 3. 主要會計政策概要 (續)

根據香港會計準則第39號有關財務擔保合約之修訂，由二零零六年一月一日起，倘公平值能可靠計量，所有已作出財務擔保均列作金融負債按公平值入賬及其後按攤銷成本列賬。該新政策之其他詳情載於附註3(x)。

編製符合香港財務報告準則之財務報表需要使用若干關鍵會計估算，亦需要管理層在應用本公司會計政策過程中運用判斷。各項估計及相關假設會不斷予以審閱。倘會計估計之修訂只影響某一期間，其影響便會在作出修訂之期間確認；倘修訂對當前及未來期間均有影響，則在作出修訂之期間及未來期間確認。

有重大風險導致資產及負債於下個財政年度內由管理層於採納香港財務報告準則時作出重大調整之估計及假設，於附註5內討論。

以下已頒佈但尚未生效之新準則或詮釋並無獲提早採納。本公司正評估該等修訂、新準則及新詮釋預期會對首次應用期間所造成之影響。迄今所得結論為，採納該等新準則或詮釋不大可能對本公司經營業績及財務狀況造成重大影響。



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

HKAS 19 (Amendment)	Employee benefits – Actuarial gains and losses, group plans and disclosures
HKAS 21 (Amendment)	The effect of changes in foreign exchange rates – Net investment in a foreign operation
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions
HKAS 39 (Amendment)	The fair value option
HKAS 39 and HKFRS 4 (Amendments)	Financial instruments: Recognition and measurement and insurance contracts – Financial guarantee contracts
HKFRS 6	Exploration for and evaluation of mineral resources
HK(IFRIC) – Int 4	Determining whether an arrangement contains a lease
HK(IFRIC) – Int 5	Rights to interests arising from decommissioning, restoration and environment rehabilitation funds
HK(IFRIC) – Int 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment
HKAS 1, HKAS 27 and HKFRS 3 (Amendments)	As a consequence of the Hong Kong Companies (Amendment) Ordinance 2005

#### 3. 主要會計政策概要 (續)

香港會計準則第19號 (修訂本)	僱員福利—精算損益、集團計劃及披露
香港會計準則第21號 (修訂本)	匯率變動之影響—海外業務淨投資
香港會計準則第39號 (修訂本)	預測集團內公司間交易之現金流量對沖會計處理法
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)	金融工具：確認及計量及保險合約—財務擔保合約
香港財務報告準則第6號	礦產資源之勘探及評估
香港(國際財務報告詮釋委員會)—註釋第4號	釐定安排是否包括租賃
香港(國際財務報告詮釋委員會)—註釋第5號	解除運作、復原及環境修復基金所產生權益之權利
香港(國際財務報告詮釋委員會)—註釋第6號	參與特定市場—廢棄電力及電子設備產生之負債
香港會計準則第1號、香港會計準則第27號及香港財務報告準則第3號 (修訂本)	因香港二零零五年公司(修訂)條例而作出修訂

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

As at the date of the approval of these financial statements, the following standards and interpretations were in issue but not yet effective:

HKAS 1 (Amendment)	Note a	Capital Disclosures
HKFRS 7	Note a	Financial Instruments – Disclosures
HK(IFRIC) – Int 7	Note b	Applying the restatement approach under HKAS 29 – Financing reporting in hyperinflationary economies
HK(IFRIC) – Int 8	Note c	Scope of HKFRS 2
HK(IFRIC) – Int 9	Note d	Reassessment of embedded derivatives
HK(IFRIC) – Int 10	Note e	Interim financial reporting and impairment
HK(IFRIC) – Int 11	Note f	Group and Treasury Share Transactions

Note a : effective for annual periods beginning on or after 1 January 2007

Note b: effective for annual periods beginning on or after 1 March 2006

Note c: effective for annual periods beginning on or after 1 May 2006

Note d: effective for annual periods beginning on or after 1 June 2006

Note e: effective for annual periods beginning on or after 1 November 2006

Note f: effective for annual periods beginning on or after 1 March 2007

The Group has begun to consider the potential impact of the above standards and amendments, but is not yet in a position to determine whether these HKFRSs would have a significant impact on how its results of operations and financial positions are prepared and presented. These standards and amendments may result in changes in the future as to how the results and financial position are prepared and presented.

#### 3. 主要會計政策概要 (續)

於該等財務報表獲通過日期，已頒佈但未生效之準則及詮釋如下：

香港會計準則第1號	附註a	資本披露(修訂本)
香港財務報告準則第7號	附註a	金融工具－披露
香港(國際財務報告詮釋委員會)－詮釋第7號	附註b	採用香港會計準則第29號之重列方式－惡性通脹經濟下之財務申報
香港(國際財務報告詮釋委員會)－詮釋第8號	附註c	香港財務報告準則第2號之範圍
香港(國際財務報告詮釋委員會)－詮釋第9號	附註d	重估嵌入式衍生工具
香港(國際財務報告詮釋委員會)－詮釋第10號	附註e	中期財務報告及減值
香港(國際財務報告詮釋委員會)－詮釋第11號	附註f	集團及庫存股份交易

附註a：於二零零七年一月一日或以後開始之年度期間生效。

附註b：於二零零六年三月一日或以後開始之年度期間生效。

附註c：於二零零六年五月一日或以後開始之年度期間生效。

附註d：於二零零六年六月一日或以後開始之年度期間生效。

附註e：於二零零六年十一月一日或以後開始之年度期間生效。

附註f：於二零零七年三月一日或以後開始之年度期間生效。

本集團已開始評估上述準則及修訂之潛在影響，惟仍未能確定該等香港財務報告準則會否對其經營業績及財務狀況之編製及呈列方式構成重大影響。此等準則及修訂或會對日後如何編製及呈報業績及財務狀況有所影響。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards which also include Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules"). A summary of significant accounting policies followed by the Group and the Company in the preparation of the financial statements is set out below:

The financial statements have been prepared under the historical cost convention except for certain financial assets which are stated at fair values, as explained in the significant 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.

#### 3. 主要會計政策概要 (續)

##### (a) 編製基準

本綜合財務報表乃按照香港會計師公會頒佈之香港財務報告準則(亦包括詮釋)、香港公認會計原則、香港公司條例之披露規定及聯交所創業板證券上市規則(「創業板上市規則」)之適用披露條文編製。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：

誠如下列主要會計政策所闡釋，財務報表及就若干以公平值列帳之金融資產按歷史成本法編製。

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。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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

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

The acquisition 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, balances, income and expenses within the Group are eliminated on consolidation.

#### 3. 主要會計政策概要 (續)

##### (b) 綜合基準 (續)

綜合財務報表已按合併會計法計入集團重組之影響。

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，首次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、結存、收入及開支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 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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

Minority interests in the net assets of consolidated subsidiary companies are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary company's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

##### (c) Investments in subsidiaries

A subsidiary company is an entity controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.

The results of subsidiary companies are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiary companies are stated at cost less any impairment losses.

#### 3. 主要會計政策概要 (續)

##### (b) 綜合基準 (續)

合併入賬之附屬公司之淨資產中少數股東權益乃與本集團擁有之股本權益分開呈列。於該等淨資產之少數股東權益包括於原本之業務合併日期該等權益之金額及自合併日期以來少數股東應佔股本權益變動。適用於少數股東及超過少數股東於附屬公司之股本權益之虧損乃與本集團之權益對銷，惟倘如少數股東有具約束力之義務及能夠額外作出投資以填補虧損則除外。

##### (c) 於附屬公司之投資

附屬公司為本集團控制之實體。當本集團有權直接或間接操控一間實體之財務及經營政策，從而可自其業務獲得利益，可任命或撤換董事會大多數成員，或在董事會會議上有大多數投票權即代表本集團可控制該企業。

附屬公司之業績以已收及應收之股息為限計入本公司收益表。本公司於附屬公司之投資乃按成本值減去任何減值虧損而列賬。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (d) Interests in associates

An associated company is an entity in which the equity interest is held for long term and significant influence is exercised in its management.

An investment in an associated company is accounted for in the consolidated financial statements under the equity method of accounting and is initially recorded at cost and the carrying amount is increased or decreased to recognise the Group's share of the net assets of the investee after the date of acquisition.

The income statement reflects the Group's share of the post-acquisition results of the associated companies for the year, including any impairment loss. In the consolidation balance sheet, interests in associates are stated at the Groups' share of 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 identified impairment loss. When the Group's share of losses exceeds its interests in the associated company, the Group's interest in the associated company is reduced to nil and recognition of further losses is discontinued unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

#### 3. 主要會計政策概要 (續)

##### (d) 於聯營公司之權益

聯營公司乃為由本集團長期持有其股權並對其管理行使重大影響力之實體。

於聯營公司投資乃以權益會計法於綜合財務報表入賬，首次按成本記錄，其賬面值隨收購日後本集團應佔被投資者資產淨值之份額變化而增加或減少。

收益表反映年內本集團分佔聯營公司之購入後業績(包括任何減值虧損)。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。當本集團應佔聯營公司之虧損超過其權益時，則本集團佔該聯營公司之權益減為零，且本集團不會確認進一步虧損，惟本集團已對該聯營公司承擔責任或保證責任除外。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (d) Interests in associates (Continued)

Unrealised gains arising from transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

##### (e) Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Group's functional and presentation currency.

Foreign currency transactions other than RMB are translated using the exchange rate prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### 3. 主要會計政策概要 (續)

##### (d) 於聯營公司之權益 (續)

本集團與其聯營公司之間交易所產生未變現利潤之抵銷，唯以本集團於聯營公司之權益為限。未實現虧損之抵銷方法與未實現利潤相同，但只限於沒有減值之情況下進行。

##### (e) 外幣

本集團各實體之財務報表所包括之項目，乃按該實體經營所在之主要經濟環境之貨幣（「功能貨幣」）計量。本集團之功能及呈報貨幣為人民幣（「人民幣」）。綜合財務報表以人民幣呈列。

除人民幣外之外幣交易均按交易當日之現行匯率換算為功能貨幣。因該等交易結算及按結算日之匯率兌換以外幣計值之貨幣資產及負債而產生之匯兌損益，均於收益表確認。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (e) 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 recognised 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 recognised in the income statement as part of the gain or loss on sale.

#### 3. 主要會計政策概要 (續)

##### (e) 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 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (e) 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. Exchange differences arising are recognised in the translation reserve.

##### (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.

#### 3. 主要會計政策概要 (續)

##### (e) 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。所產生之匯兌差額於換算儲備內確認。

##### (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。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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

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.

Service income is recognised when services are provided.

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 from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' right to receive payment have been established.

#### 3. 主要會計政策概要 (續)

##### (f) 收益確認 (續)

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。

服務收入於提供服務時確認。

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。

金融資產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。

投資股息收入於股東收取付款之權利確立時確認。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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

Property, plant and equipment, are stated at cost less depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use.

Depreciation is provided to write off the cost of property, plant and equipment less accumulated impairment losses to the estimated residual value, 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 on the date of retirement or disposal.

#### 3. 主要會計政策概要 (續)

##### (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。資產成本值包括其購買價及任何使資產達到可使用狀態和地點作擬定用途之直接應佔成本。

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減累計減值虧損至估計餘值計算，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，並於出售或報廢日期在收益表內確認。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. 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) Financial instruments

Financial assets and financial liabilities are recognised on the consolidation balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### 3. 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) 金融工具

當一間集團實體參與訂立有關工具之合約時，金融資產及金融負債會於綜合資產負債表確認入賬。金融資產及金融負債首先以公平值計算。首次確認時，收購或發行金融資產及金融負債產生之直接交易成本(以公平值計入損益表之金融資產及金融負債除外)將視乎情況加入或扣除金融資產或金融負債之公平值。以公平值計入損益表之收購金融資產或金融負債產生之直接交易成本即時在損益表確認。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (i) Financial instruments (Continued)

###### Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sales financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

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

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated as at fair value through profit or loss on initial recognition.

#### 3. 主要會計政策概要 (續)

##### (i) 金融工具 (續)

###### 金融資產

本集團之金融資產分類為以下四個類別其中之一，包括按公平值列賬及在損益賬中處理之金融資產、貸款及應收款項、持有至到期日之投資及可供出售金融資產。所有定期購買或出售金融資產乃按交易日基準確認及取消確認。正常購買或出售金融資產乃按照市場規定或慣例進行。所採納的與各類金融資產有關的會計政策乃載於下文。

- (a) 按公平值列賬及在損益賬中處理之金融資產

按公平值列賬及在損益賬中處理之金融資產可細分為兩個類別，包括持作買賣之金融資產及於首次確認時已指定為按公平值列入損益賬之金融資產。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (i) Financial instruments (Continued)

###### Financial assets (Continued)

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

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

#### 3. 主要會計政策概要 (續)

##### (i) 金融工具 (續)

###### 金融資產 (續)

- (a) 按公平值列賬及在損益賬中處理之金融資產 (續)

金融資產(持作買賣之金融資產除外)可於首次確認時指定為按公平值列入損益賬, 惟:

- 所作指定須消除或大幅減少可能另外出現不一致之計量或確認; 或
- 該金融資產構成可根據書面之風險管理政策或投資策略管理一組金融資產、金融負債或兩者, 同時按公平值評估其業績, 並按該基準向公司內部提供相關資料; 或
- 其構成載有一種或以上內含衍生工具之合約之一部分, 而香港會計準則第39號允許所有經合併合約(資產或負債)指定按公平值列入損益賬。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (i) Financial instruments (Continued)

###### Financial assets (Continued)

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

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

- (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.

#### 3. 主要會計政策概要 (續)

##### (i) 金融工具 (續)

###### 金融資產 (續)

- (a) 按公平值列賬及在損益賬中處理之金融資產 (續)

於初次確認後之各結算日，按公平值列賬及在損益賬中處理之金融資產會按公平值計量，公平值變動會於產生期內直接於損益賬內確認。

- (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期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。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (i) Financial instruments (Continued)

###### Financial assets (Continued)

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

Dated debt securities that the company has the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are initially recognised in the balance sheet at fair value plus transaction costs. Subsequently, they are stated in the balance sheet at amortised costs less impairment losses.

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

Investments in securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are classified as available-for-sale securities and are stated at cost less impairment losses. The changes in fair value are recognised in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses which are recognised directly in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement.

#### 3. 主要會計政策概要 (續)

##### (i) 金融工具 (續)

###### 金融資產 (續)

##### (c) 持至到期之投資

本公司有能力及意向持至到期之有期債務證券列作持至到期證券。持至到期證券首次按公平值加交易成本於資產負債表內確認。其後，該等證券按攤銷成本減去減值虧損於資產負債表內列賬。

##### (d) 可供出售金融資產

在活躍市場無市場報價及公平值無法可靠計量之證券投資，歸類作可供出售證券，並按成本減去減值虧損列賬。公平值變動於權益內確認，惟減值虧損及(就貨幣項目如債務證券等而言)匯兌損益乃直接於收益表內確認。倘該等投資乃計息投資，其按實際利率計算之利息乃於收益表內確認。倘該等投資剔除確認，先前直接於權益值接確認之累計損益乃於收益表內確認。



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. 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).

#### 3. 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 2006 截至二零零六年十二月三十一日止年度

#### 3. 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.

#### 3. 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在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 2006 截至二零零六年十二月三十一日止年度

#### 3. 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 (i.e. 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 recognised in income statement.

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 recognised are not included in a collective assessment of impairment.

#### 3. 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。有關減值虧損在收益表中確認。

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在減值共同作出評估。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 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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

###### *Assets carried at amortised cost (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 recognised, 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 impairment 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 where the effect of discounting is material. Impairment losses on these assets are not reversed.

#### 3. 主要會計政策概要 (續)

##### (k) 金融資產減值 (續)

###### *以攤銷成本列賬之資產 (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虧損，則虧損金額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(倘貼現影響屬重大)之預測未來現金流量現值之差額計量。該等資產之減值虧損將不予撥回。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (l) Related parties

Two parties are considered to be related if one party has ability, directly or indirectly to control the other party or exercise significant influence over the other party in making financial and operating decision. Parties are also considered to be related if they are subject to common control or common significant influence.

##### (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.

Where the outcome of a pharmaceutical development and clinical research contract or service can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the total contract costs or the proportion that contract revenue billed or recognised for work performed to date bear to the total contract sums, whichever is the lower, except where this would not be representative of the stage of completion.

#### 3. 主要會計政策概要 (續)

##### (l) 關連人士

凡一方有能力直接或間接控制另一方，或在財務及經營決策上對另一方發揮重大影響力，則兩方被視為有關連。倘該等人士受共同控制或制於共同重大影響力，則該等人士亦被視為有關連。

##### (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。

倘能可靠地估計醫療發展及臨床研究合約或服務之結果，收益及成本會參照結算日之合約活動完成階段確認，並按工程進行至該日所產生之合約成本佔總合約成本之比例或工程進行至該日所計入或確認之合約收益佔總合約金額之比例(以較低者為準)計算，惟此方法並不能代表完成階段。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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

Where the outcome of a contract or service cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

Trade and other receivables are recognised initially at fair value and thereafter stated at amortised cost less provision for bad and doubtful debts and impairment losses (note 5(b)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

##### (o) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

#### 3. 主要會計政策概要 (續)

##### (m) 在製品 (續)

倘不能可靠地估計合約或服務之結果，則僅會將所產生而有可能收回之合約成本確認為合約收益。合約成本於產生期間確認為開支。

倘總合約成本可能超總合約收益，預期虧損會即時確認為開支。

##### (n) 應收賬款及其他應收款項

貿易及其他應收款項首次按公平值確認，其後則按攤銷成本減呆壞賬及減值虧損確認入賬(附註5(b))，惟倘應收款項為向關連人士作出之免息貸款，而無任何固定還款期或貼現之影響屬微不足道則作別論。於有關情況下，應收款項會按成本減呆壞賬減值虧損列賬。

##### (o) 應付賬款及其他應付款項

應付賬款及其他應付款項首次按公平值確認，其後按攤銷成本列賬，惟倘折現影響並不重大，則按成本列賬。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (p) Income tax

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

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.

#### 3. 主要會計政策概要 (續)

##### (p) 所得稅

所得稅開支指現時應付稅項及遞延稅項總和。

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 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (p) Income tax (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.

##### (q) Operating leases

Leases where the lessor substantially retains all the risks and rewards of ownership of assets are accounted for as operating leases.

Rentals payable under operating leases, net of any incentives received from the lessor, are charged to the income statement on a straight line basis over the terms of the relevant leases.

#### 3. 主要會計政策概要 (續)

##### (p) 所得稅 (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。

##### (q) 經營租約

出租人保留資產所有權之絕大部份風險與回報之租約列作經營租約。

經營租約應付租金(扣除已收出租人之任何優惠)按有關租約年期以直線法自收益表扣除。



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (r) Retirement benefits scheme

The Group participates in employee social security plans of the PRC, including defined contribution pension, medical, housing and other welfare benefits, organised by the government authorities in accordance with relevant regulations.

According to the relevant regulations, premium and welfare benefit contributions are remitted to the social welfare authorities on a monthly basis and are calculated based on percentages of the total salary of employees, subject to a certain ceiling. Contributions to the plans are charged to the income statement as incurred.

#### 3. 主要會計政策概要 (續)

##### (r) 退休福利計劃

本集團按有關規定參加由政府機構設立之中國僱員社會保障計劃，包括界定供款養老金、醫療、住房及其他福利。

根據有關規定，保險費及福利供款按僱員工資總額之一定比例且在不超過規定上限情況下每月向社會保障機構繳納。計劃供款於支出時記入收益表。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (s) Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Black-Scholes Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

#### 3. 主要會計政策概要 (續)

##### (s) 以股份付款

本公司設有一項購股權計劃，為對本集團業務成功作出貢獻之合資格參與者提供鼓勵與獎賞。本集團僱員（包括董事）以股份支付交易之方式收取報酬，而僱員則提供服務作為股本工具之代價（「股本結算交易」）。

與僱員進行股本結算交易之成本乃參考授出購股權當日之公平值計算。

授予僱員之購股權按公平值確認為僱員成本，而權益中之資本儲備亦會相應增加。公平值是在授出日以柏力克－舒爾斯期權定價模式計量，並考慮購股權之授出條款及條件。倘僱員須符合歸屬條件才能無條件地享有購股權，在考慮到購股權會否歸屬之可能性後，購股權之估計公平值總額會於整段歸屬期內分攤。

在評估股本結算交易時，除與本公司股價相關之條件（「市場條件」）（如適用）外，並不考慮任何表現條件。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (s) Share-based payments (Continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to income statement for the year of review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained earnings).

#### 3. 主要會計政策概要 (續)

##### (s) 以股份付款 (續)

預計可歸屬購股權之數目，須在歸屬期內作出檢討。除非原來之僱員支出符合確認為資產之要求，任何在過往年度確認之累積公平值之調整，須在檢討期內之收益表扣除或計入，並在資本儲備作相應調整。在歸屬日，確認為支出之金額按歸屬購股權之實際數目作調整（並在資本儲備作相應調整），惟僅因未能符合與本公司股份市價相關之歸屬條件而引致權利喪失者除外。權益金額在資本儲備中確認，直至購股權獲行使（轉入股本溢價賬）或購股權到期（直接撥入保留盈利）時為止。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (t) Provision

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable 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 recognised 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 recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

##### (u) Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, deposits at call with banks, other short-term highly liquid investments with original maturities of three months or less, which are repayable on demand and form an integral part of the Company's cash management. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

#### 3. 主要會計政策概要 (續)

##### (t) 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。

##### (u) 現金及現金等價物

現金及現金等價物包括銀行及手頭現金、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，須於需求時償還及構成本公司現金管理之一部份。銀行透支於資產負債表內在流動負債下列作借款。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (v) Interest bearing borrowings

Interest bearing borrowings are recognised at fair value initially when attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

##### (w) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised in income statement on a systemic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted in arriving at the carrying amount of the asset and consequently are recognised in profit or loss over the useful life of the asset.

#### 3. 主要會計政策概要 (續)

##### (v) 計息借貸

計息借貸首次按公平值減應計交易成本確認。首次確認後，計息借貸按攤銷成本列賬，而首次確認金額與贖回價值間之任何差額會使用實際利率法於於借貸期間之收益表內確認。

##### (w) 政府資助

當可合理確定能收取政府資助且本集團將能符合所附帶之條件時，政府資助將首次在資產負債表中確認。補償本集團所招致開支之資助，在產生開支之同一期間在收益表內有系統地確認。補償本集團有關資產成本之資助，於達致該資產之賬面值時予以扣除，其後則按可使用年期在損益賬中確認。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### (x) Financial guarantees

Financial guarantees are contracts that require the issuer to make specified payments to reimburse the beneficiary of the guarantee for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Where the company issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the company's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised over the terms of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when (i) it becomes probable that the holder of the guarantee will call upon the company under the guarantee, and (ii) the amount of that claim on the company is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee, i.e. the amount initially recognised, less accumulated amortisation.

#### 3. 主要會計政策概要 (續)

##### (x) 財務擔保

財務擔保乃規定發行人須就擔保受益人因特定債務人未能根據債務票據條款於到期時付款而蒙受之損失，向持有人支付特定款項之合約。倘本公司發出財務擔保，該擔保之公平值（即交易價格，除非該公平值能確實地估計）首次確認為應付賬款及其他應付款項內之遞延收入。倘發行擔保時有代價收取或可予收取，該代價會按適用於該類資產之本公司政策予以確認。倘無代價收取或可予收取，則於任何遞延收入被首次確認時，於損益內確認即時開支。

擔保被首次確認為遞延收入之款額，按擔保年期攤銷為所發出之財務擔保之收入。此外，倘(i)擔保持有人有可能向擔保之承諾公司提出要求；及(ii)該公司被申索之款額預期超過本期間該擔保於應付賬款及其他應付款之列賬值（即首次確認之金額）減累計攤銷，則撥備予以確認。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 4. FINANCIAL RISK MANAGEMENT

##### 4.1 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 on a timely and effective manner. 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 as available-for-sale financial assets. The Group is not exposed to commodity price risk.

##### (b) Credit risk

The Group's credit risks are primarily attributable to trade receivables and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

#### 4. 財務風險管理

##### 4.1 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，務求及時及有效地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，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

本集團之信貸風險主要涉及貿易應收款項及其他應收款項。管理層設定了既定之信貸政策，並持續監察該等信貸風險。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

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

##### 4.1 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, the 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 except for certain cash and cash equivalents and financial instruments assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

#### 4. 財務風險管理 (續)

##### 4.1 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算資產(若干現金及現金等值物及金融工具資產除外)，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。



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

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

##### 4.2 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.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using appropriate 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 fair value estimation. 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. 財務風險管理 (續)

##### 4.2 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。

並非於活躍市場買賣之金融工具(例如場外衍生工具)之公平值乃使用合適估值方法釐定。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。公平值估計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。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 5. 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.

##### 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.

#### 5. 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。

##### 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。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

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

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

###### (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 3(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.

###### (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 for a specified period. 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.

#### 5. 重要會計估計及假設 (續)

##### 重要會計估計、假設及判斷 (續)

###### (a) 無形資產減值

本集團每年均按照附註3(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。

###### (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，並可於特定期間內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。若干應收款可首次確認為可收回，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。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

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

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

###### (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.

###### (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.

#### 5. 重要會計估計及假設 (續)

##### 重要會計估計、假設及判斷 (續)

###### (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。

###### (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。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

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

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

##### (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.

#### 5. 重要會計估計及假設 (續)

##### 重要會計估計、假設及判斷 (續)

##### (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賬面值。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賬面值，本集團將確認減值虧損，將資產價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 2006 於二零零六年十二月三十一日

#### 6. TURNOVER AND SEGMENT INFORMATION

#### 6. 營業額及分類資料

		2006	2005
		二零零六年	二零零五年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Transfer of technology for new drugs and new drugs development	轉讓新藥技術及新藥開發	5,853	11,666
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	23,445	13,434
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	26,007	14,035
Import registration services	進口註冊服務	-	351
Royalty income	特許權收入	1,022	1,322
Sales of active pharmaceutical ingredients products	銷售有效藥劑成份產品	725	1,349
		<b>57,052</b>	42,157

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 2006 於二零零六年十二月三十一日

#### 7. OTHER REVENUE

#### 7. 其他收益

		2006	2005
		二零零六年	二零零五年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Bad debts recovery	收回壞賬	929	-
Bank interest income	銀行利息收入	66	240
Gain on disposal of associate	出售聯營公司收益	241	-
Gain on foreign exchange	匯兌收益	456	191
Government subsidy	政府補助金	14	-
Interest income on available-for-sales financial assets	可供銷售金融資產之 利息收入	1,991	325
Sundry sales	雜項銷售	735	-
Sundry income	雜項收入	1,199	384
		<b>5,631</b>	<b>1,140</b>

#### 8. FINANCE COSTS

#### 8. 財務費用

		2006	2005
		二零零六年	二零零五年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Bank charges	銀行費用	43	44
Exchange gain	匯兌收益	1,228	117
Interest expenses on bank overdraft	銀行透支利息開支	278	11
		<b>1,549</b>	<b>172</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 9. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting) the following items:

		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Depreciation	折舊	529	367
Employee benefit expenses (note 10)	僱員福利支出(附註10)	6,873	10,590
Amortisation of new drugs technology including in administrative expenses	計入行政開支之 新藥技術攤銷	795	348
Auditors' remuneration	核數師酬金	361	361
Minimum lease payments paid under operating lease	按經營租約已付 最低租金	1,756	1,785
Provision for trade receivables	應收貿易賬款撥備	4,798	4,594
Provision for work-in-progress	在製品撥備	1,163	1,386

#### 9. 除稅前溢利

除稅前溢利乃經扣除/(計入)下列項目後列賬：

#### 10. EMPLOYEE BENEFIT EXPENSES

		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Wages and salaries	工資及薪金	6,502	9,196
Retirement benefits scheme contributions	退休福利 計劃供款	576	1,136
Share-based payment	股份付款	-	258
Lapse of share-based options	購股權失效	(205)	-
		6,873	10,590

#### 10. 僱員福利支出



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

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

#### 10. 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

	Directors' fee		Salaries and bonus		Provident fund contribution		Employee share-based payment		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	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
William, Xia GUO 郭夏	-	-	454	288	3	-	-	-	457	288
Maria, Sui Mui SONG 宋雪梅	-	-	168	159	11	-	-	-	179	159
David, Xuesong GAO 高雪松	-	-	-	-	-	-	(65)	65	(65)	65
FENG Tao 馮濤	-	-	-	-	-	-	(13)	22	(13)	22
WU Xin 吳欣	-	-	-	-	-	-	(13)	22	(13)	22
Nathan Xin ZHANG 張欣	-	-	-	-	-	-	(13)	22	(13)	22
Philip Pak Yiu YUEN 阮北耀	-	-	-	-	-	-	(64)	64	(64)	64
WU Ming Yu 吳明瑜	-	-	-	-	-	-	(13)	21	(13)	21
Paul CONTOMICHALOS Paul CONTOMICHALOS	-	-	-	-	-	-	(12)	21	(12)	21
WANG Hong Bo 王紅波	-	-	-	-	-	-	(12)	21	(12)	21
	-	-	622	447	14	-	(205)	258	431	705

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

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

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

The five highest paid individuals included two (2005: two) directors of the Company. The emoluments of the remaining three (2005: three) individuals were as follows:

		The Group 本集團	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Salaries and allowances	薪金及津貼	362	787
Retirement benefits scheme contributions	退休福利計劃供款	23	35
		<b>385</b>	<b>822</b>

The emoluments of each of the five highest paid employees are less than HKD1,000,000 (equivalent to approximately RMB1,030,000 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.

#### 10. 僱員福利支出 (續)

##### (b) 五名最高薪酬人士

五名最高薪酬人士包括兩名(二零零五年：兩名)本公司董事。其餘三名(二零零五年：三名)之酬金如下：

		The Group 本集團	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Salaries and allowances	薪金及津貼	362	787
Retirement benefits scheme contributions	退休福利計劃供款	23	35
		<b>385</b>	<b>822</b>

五名最高薪酬僱員之酬金均少於港幣1,000,000元(兩個年度各自相等於約人民幣1,030,000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。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 11. INCOME TAX

#### 11. 所得稅

		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
The charge represents:	稅項支出指：		
PRC enterprise income tax	中國企業所得稅	3,175	887

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.

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。

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

中國企業所得稅乃根據中國有關法律及規例計算。

Beijing Dezhong-Venture Pharmaceutical Technology Development Co., Ltd. ("Dezhong VP") and Beijing Venture-Biopharm Services Co., Ltd. ("V Biopharm"), subsidiaries of the Company, qualify as foreign investment industrial and high 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.

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。

No provision for deferred tax has been made as there are no material temporary differences at the balance sheet date.

由於結算日並無重大暫時性差異，故並未就遞延稅項作出撥備。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 11. INCOME TAX (Continued)

Reconciliation between the income tax and accounting profit at applicable tax rates for the year ended 31 December 2006 and 31 December 2005 is as follows:

#### 11. 所得稅 (續)

於截至二零零六年十二月三十一日及二零零五年十二月三十一日止年度之所得稅與會計溢利按適用稅率之對賬如下：

		2006		2005	
		二零零六年		二零零五年	
		RMB'000	%	RMB'000	%
		人民幣千元	%	人民幣千元	%
Profit before taxation	除稅前溢利	18,773	100.0	6,403	100.0
Tax at the domestic income tax of 15% (2005: 15%)	按本地所得稅稅率15%計算之稅項 (二零零五年：15%)	2,816	15.0	960	15.0
Tax effect on non-deductible items	不可扣稅項目之稅務影響	1,004	5.3	610	9.5
Tax effect on non-taxable income	毋須課稅收入之稅務影響	(337)	(1.8)	(364)	(5.7)
Tax effect of unrecognized deferred tax assets	未確認遞延稅項資產之稅務影響	434	2.3	(117)	(1.8)
Effect on tax exemption granted to PRC subsidiaries	授予中國附屬公司之稅項寬免之影響	(742)	(3.9)	(202)	(3.1)
Tax expense for the year	本年度稅項開支	3,175	16.9	887	13.9

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 12. PROPERTY, PLANT AND EQUIPMENT

#### 12. 物業、廠房及設備

		Leasehold improvement 租賃裝修 RMB'000 人民幣千元	Machinery 租賃裝修 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 2005	於二零零五年一月一日	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
Addition	增添	668	1,365	235	-	2,268
Disposal	出售	-	-	(826)	(200)	(1,026)
<b>At 31 December 2006</b>	<b>於二零零六年十二月三十一日</b>	<b>2,446</b>	<b>7,202</b>	<b>2,371</b>	<b>1,074</b>	<b>13,093</b>
<b>Accumulated depreciation</b>	<b>累計折舊</b>					
At 1 January 2005	於二零零五年一月一日	611	2,256	615	331	3,813
Charge for the year	本年度支出	223	714	438	106	1,481
Eliminated on disposal	於出售時撇銷	-	(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
Charge for the year	本年度支出	855	844	268	100	2,067
Eliminated on disposal	於出售時撇銷	-	-	(826)	(200)	(1,026)
<b>At 31 December 2006</b>	<b>於二零零六年十二月三十一日</b>	<b>1,505</b>	<b>3,544</b>	<b>945</b>	<b>337</b>	<b>6,331</b>
<b>Net carrying amount</b>	<b>賬面淨值</b>					
<b>At 31 December 2006</b>	<b>於二零零六年十二月三十一日</b>	<b>941</b>	<b>3,658</b>	<b>1,426</b>	<b>737</b>	<b>6,762</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

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

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

#### 12. 物業、廠房及設備 (續)

The Company 本公司		Furniture, Fixtures and equipment 傢俬、裝置 及設備 RMB'000 人民幣千元
<b>Cost</b>	<b>成本</b>	
At 31 December 2005	於二零零五年十二月三十一日	
and 31 December 2006	及二零零六年十二月三十一日	75
<b>Accumulated depreciation</b>	<b>累計折舊</b>	
At 1 January 2005	於二零零五年一月一日	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
Charge for the year	本年度支出	15
At 31 December 2006	於二零零六年十二月三十一日	54
<b>Net carrying amount</b>	<b>賬面淨值</b>	
At 31 December 2006	於二零零六年十二月三十一日	21
At 31 December 2005	於二零零五年十二月三十一日	36

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 13. NEW DRUGS TECHNOLOGY

#### 13. 新藥技術

##### The Group

##### 本集團

RMB'000  
人民幣千元

##### Cost or valuation

##### 成本或估值

At 1 January 2005	於二零零五年一月一日	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
Additions	增添	40
Transfer from work-in-progress during the year	於本年度轉撥自在製品	6,262

<b>At 31 December 2006</b>	<b>於二零零六年十二月三十一日</b>	<b>9,365</b>
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##### Amortisation and impairment

##### 攤銷及減值

At 1 January 2005	於二零零五年一月一日	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
Amortisation charge for the year	本年度攤銷支出	795

<b>At 31 December 2006</b>	<b>於二零零六年十二月三十一日</b>	<b>1,258</b>
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##### Net carrying amount

##### 賬面淨值

<b>At 31 December 2006</b>	<b>於二零零六年十二月三十一日</b>	<b>8,107</b>
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At 31 December 2005	於二零零五年十二月三十一日	2,600
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## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 13. NEW DRUGS TECHNOLOGY (Continued)

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 drugs technology is five years. The directors considered that there were no impairment for the year ended 31 December 2006. Details of critical accounting estimates were set out in Note 5(a).

#### 14. INTEREST IN SUBSIDIARIES

Unlisted shares, at cost	非上市股份，按成本
Amounts due from subsidiaries	應收附屬公司款項
Amounts due to subsidiaries	應付附屬公司款項

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.

#### 13. 新藥技術 (續)

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，董事認為於截至二零零六年十二月三十一日止年度並無任何減值。有關重要會計估計之詳情載於附註5(a)。

#### 14. 於附屬公司之權益

	2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Unlisted shares, at cost	<b>30,374</b>	30,374
Amounts due from subsidiaries	<b>21,746</b>	17,352
Amounts due to subsidiaries	<b>(2,674)</b>	(2,656)
	<b>49,446</b>	45,070

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

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 14. INTEREST IN SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31 December 2006 are as follows:

Company name 公司名稱	Place of incorporation/ establishment/ operations 註冊成立/成立/ 經營地點	Registered capital issued and fully paid share capital 已發行註冊資本及繳足股本	Attributable equity interest held 所持應佔股本權益		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Beijing Dezhong VP Technology Development Co Ltd <sup>(1)</sup> 北京德眾萬全藥物技術開發有限公司	Beijing, the PRC 中國北京	RMB7,154,420 人民幣7,154,420元	-	94.512%	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 <sup>(2)</sup>	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 Limited <sup>(3)</sup> 漢中萬全醫藥化工有限公司	Hanzhong, the PRC 中國漢中	US\$600,000 600,000美元	-	51%	Sales and manufacturing of active pharmaceutical ingredients products 銷售及製造有效藥劑成分產品

#### 14. 於附屬公司之權益 (續)

本公司於二零零六年十二月三十一日之主要附屬公司詳情如下：

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 14. INTEREST IN SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31st December 2006 are as follows: (Continued)

Company name 公司名稱	Place of incorporation/ establishment/ operations 註冊成立/成立/ 經營地點	Registered capital issued and fully paid share capital 已發行註冊資本 及繳足股本	Attributable equity interest held 所持應佔 股本權益		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
P.K. Pharmatech Private Limited <sup>(5)</sup>	Mumbai, India 印度孟買	INR100,000 100,000印度盧比	-	50% (note (a)) (附註(a))	Inactive 並無開展業務
Beijing Venture- Sunshine Pharmaceutical Technology Co., Ltd ("V Biopharm") <sup>(1)</sup> 北京萬全陽光醫藥科技 有限公司(「萬全陽光」)	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)") <sup>(4)</sup>	British Virgin Islands ("BVI") 英屬處女群島(「BVI」)	US\$100 100美元	100%	-	Investment holding 投資控股
Venturepharm Life Science Capital Limited <sup>(5)</sup> 萬全生命科技投資 有限公司	Hong Kong, the PRC 中國香港	HK\$10,000 10,000港元	-	100%	Inactive 並無開展業務

#### 14. 於附屬公司之權益 (續)

本公司於二零零六年十二月三十一日之主要附屬公司詳情如下：(續)

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 14. INTEREST IN SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31st December 2006 are as follows: (Continued)

Company name 公司名稱	Place of incorporation/ establishment/ operations 註冊成立/成立/ 經營地點	Registered capital issued and fully paid share capital 已發行註冊資本 及繳足股本	Attributable equity interest held 所持應佔 股本權益		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Venovo Pharma US Inc. <sup>(4)</sup>	British Virgin Islands ("BVI") 英屬處女群島 (「BVI」)	US\$1 1美元	100%	-	Investment holding 投資控股
北京德眾萬全醫藥科技 有限公司 <sup>(1)</sup>	Beijing, the PRC 中國北京	US\$200,000 200,000美元	-	100%	The research, development and production of new drugs, natural drugs, and synthetic drugs; technological transfer of and services for 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

Remark:

- (1) Statutory financial statements being audited by Probity Certified Public Accountants (北京華夏天海會計師事務所).
- (2) Statutory financial statements being audited by 海南永信德威會計師事務所.
- (3) Statutory financial statements being audited by Shaanxi Qinyue Certified Public Accountants Inc. (陝西秦約有限責任會計師事務所).

#### 14. 於附屬公司之權益 (續)

本公司於二零零六年十二月三十一日之主要附屬公司詳情如下：(續)

備註：

- (1) 法定財務報表經北京華夏天海會計師事務所審核。
- (2) 法定財務報表經海南永信德威會計師事務所審核。
- (3) 法定財務報表經陝西秦約有限責任會計師事務所審核。

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 14. INTEREST IN SUBSIDIARIES (Continued)

Remark:

- (4) Not required to be audited in country of incorporation.
- (5) No audited accounts in country of incorporation as it is inactive and dormant.

Note:

- (a) 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.

#### 14. 於附屬公司之權益 (續)

備註：

- (4) 註冊所在國家無審核規定。
- (5) 由於暫無營業，註冊所在國家無審核財目規定。

附註：

- (a) 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 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

### 15. INTEREST IN ASSOCIATES

### 15. 於聯營公司之權益

		The Group 本集團	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
As at 1 January	於一月一日	4,047	2,235
Additions in investment cost	投資成本增添	-	2,000
Disposal of investment	出售投資	(759)	-
Share of associates' results	應佔聯營公司業績		
- loss before taxation	- 除稅前虧損	(53)	( 188)
- taxation	- 稅項	-	-
As at 31 December	於十二月三十一日	3,235	4,047

Details of the Group's associate at 31 December 2006, which is held indirectly by the Company, are as follows:

於二零零六年十二月三十一日，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	Liabilities 負債	Revenue 收益	Profit/ (loss)	Interest held
					溢利/ (虧損)	所持有 權益
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Zhejiang Dankong Venturepharm Co. Ltd	Zhejiang, the PRC 中國浙江	4,966	-	-	-	45%
NovaDerm Inc	British Virgin Islands ("BVI") 英屬處女群島	2,000	2,000	-	-	40%

During the year, the Company disposed all interest in the associate of 海南盛科天然藥物研究院有限公司 at a consideration of RMB1,000,000 to a third party by signing a disposal agreement with the other shareholder in December 2006. The sales proceeds was subsequently received after year end.

年內，本公司透過與另一股東於二零零六年訂立出售協議，向第三方出售於聯營公司海南盛科天然藥物研究院有限公司的所有權益，代價為人民幣1,000,000元。出售所得款項隨後於年結日後收取。

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

## 16. AVAILABLE-FOR-SALES FINANCIAL ASSETS

## 16. 可供銷售金融資產

		The Group 本集團 RMB'000 人民幣千元	The Company 本公司 RMB'000 人民幣千元
As at 31 December 2005	於二零零五年十二月三十一日	28,275	28,275
Reversal of available-for-sales financial assets reserve	可供銷售金融資產儲備撥回	(7,200)	(7,200)
Opening adjustment on fair value in financial assets	就金融資產公平值作出之期初調整	(1,377)	(1,377)
Restated balance as at 31 December 2005	於二零零五年十二月三十一日經重列之結餘	19,698	19,698
Exchange realignment	匯兌調整	(795)	(795)
Change in fair value in financial assets for the year	年內金融資產公平值變動	345	345
<b>As at 31 December 2006</b>	<b>於二零零六年十二月三十一日</b>	<b>19,248</b>	<b>19,248</b>
Available-for-sales financial assets include:	可供銷售金融資產包括：		
– Two investment bonds (see below detailed terms)	– 兩種投資債券 (見下文詳細條款)	19,248	19,248

The available-for-sales financial assets of RMB19,248,000 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可供銷售金融資產人民幣19,248,000元。

Details of the investment bonds included the followings:

投資債券詳情包括：

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

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 17. UNLISTED INVESTMENT

As at 31 December 2006, the investment in securities comprised of the followings:

Investment in unlisted securities outside Hong Kong	香港境外之非上市投資
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As at 31 December 2006, the Group has an investment in unlisted securities outside Hong Kong.

According to HKAS 32 and 39, unlisted investment outside Hong Kong is considered by directors as available-for-sale financial assets as follows:

As at 31st December	於十二月三十一日
Listed/Unlisted investment	上市／非上市投資
– investment in unlisted investment outside Hong Kong	– 於香港境外非 上市投資之投資
– Amount due from unlisted investment	– 應收非上市投資之 款項

#### 17. 非上市投資

於二零零六年十二月三十一日，證券投資包括：

The Group 本集團	
2006 二零零六年	2005 二零零五年
RMB'000 人民幣千元	RMB'000 人民幣千元

9,396	9,396
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於二零零六年十二月三十一日，本集團投資於香港境外非上市證券。

根據香港會計準則第32號及39號，香港境外非上市投資被董事視作可供銷售金融資產如下：

2006 二零零六年	2005 二零零五年
RMB'000 人民幣千元	RMB'000 人民幣千元

9,396	9,396
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6,080	6,080
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3,316	3,316
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9,396	9,396
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## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 17. UNLISTED INVESTMENT (Continued)

The amounts due from the unlisted investments 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.

#### 17. 非上市投資 (續)

應收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。

Name of Company	Place of incorporation	Particulars of issued and paid-up registered capital 已發行及繳足註冊股本詳情	Percentage of equity attributable to the Company 本公司應佔權益百分比	Principal activities 主要業務
Hainan Pioneer Pharmaceutical Co. Ltd.	Hainan, PRC 中國海南省	RMB32,000,000 人民幣32,000,000元	19%	Sales and manufacturing of Active Pharmaceutical Ingredients products 銷售及生產有效藥劑成份產品



## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 18. WORK-IN-PROGRESS

#### 18. 在製品

		The Group 本集團	
		2006	2005
		二零零六年	二零零五年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Work-in-progress	在製品－已訂約		
– contracted (note (a))	(附註(a))	<b>18,039</b>	13,393
Work-in-progress	在製品－未訂約		
– not-contracted (note (b))	(附註(b))	<b>35,316</b>	29,611
Allowance for work-in-progress	在製品撥備	<b>(6,421)</b>	(5,258)
		<b>46,934</b>	37,746

(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 2006, the carrying amount of work-in-progress that were carried at net realisable value amounted to RMB1,325,000 (2005: RMB2,978,000).

Details of assessment for impairment are set out in note 5(d).

(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) 於二零零六年十二月三十一日，以可變現淨值列賬之在製品賬面值為人民幣1,325,000元（二零零五年：人民幣2,978,000元）。

減值評估詳情載於附註5(d)。

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 19. TRADE RECEIVABLES

The fair value of trade receivables are as follows:

		The Group 本集團	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Trade receivables – net	應收貿易賬款淨額	<b>18,023</b>	9,483

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

		The Group 本集團	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Within 90 days	90日內	<b>7,529</b>	6,714
91 – 180 days	91日至180日	<b>8,752</b>	1,546
181 – 365 days	181日至365日	<b>1,393</b>	1,223
Over 365 days	超過365日	<b>349</b>	–
		<b>18,023</b>	9,483

The carrying amounts of trade receivables approximate their fair values.

#### 19. 應收貿易賬款

應收貿易賬款之公平值如下：

		The Group 本集團	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Trade receivables – net	應收貿易賬款淨額	<b>18,023</b>	9,483

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 Group 本集團	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Within 90 days	90日內	<b>7,529</b>	6,714
91 – 180 days	91日至180日	<b>8,752</b>	1,546
181 – 365 days	181日至365日	<b>1,393</b>	1,223
Over 365 days	超過365日	<b>349</b>	–
		<b>18,023</b>	9,483

應收貿易賬款之賬面值與其公平值相若。

## NOTES TO THE FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

### 20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The prepayments, deposits and other receivables are as follows:

		The Group 本集團	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Prepayments	預付款項	415	3,925
Deposits	按金	6,360	3,082
Other receivables	其他應收款項	11,048	12,430
		<b>17,823</b>	19,437

The carrying amounts of prepayments, deposits and other receivables approximate their fair values.

### 20. 預付款項、按金及其他應收款項

預付款項、按金及其他應收款項如下：

		The Group 本集團	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Prepayments	預付款項	415	3,925
Deposits	按金	6,360	3,082
Other receivables	其他應收款項	11,048	12,430
		<b>17,823</b>	19,437

預付款項、按金及其他應收款項之賬面值與其公平值相若。

### 21. AMOUNTS DUE FROM RELATED COMPANIES

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

		The Group 本集團		The Company 本公司	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
<b>Name of companies</b>	<b>公司名稱</b>				
Sanmenxia Sinoway Pharmaceutical Co., Ltd ("Sinoway Pharmaceutical")	三門峽賽諾維 製藥有限公司 ("賽諾維製藥")	760	1,496	-	-
Venturepharm Inc. ("VP Inc")	Venturepharm Inc. ("VP Inc.")	536	263	25	25
		<b>1,296</b>	1,759	<b>25</b>	25

### 21. 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

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 21. 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 2006 was RMB1,496,000 and RMB536,000 respectively.

Sinoway Pharmaceutical is a domestic owned enterprise established in the PRC. In accordance with Chapter 20 of the Listing Rules of GEM, the Company was required to disclose its continuing financial assistance which the percentage ratio is less than 2.5% or the percentage ratio is equal to or more than 2.5% but less than 25% and the total consideration is less than HKD10,000,000, but no such disclosure was made by the Company. Such non-disclosure may constitute to a breach of the Listing Rules of GEM.

#### 21. 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.於截至二零零六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536,000元。

賽諾維製藥為於中國成立之內資擁有企業。根據創業板上市規則第20章，本公司須披露其百分比低於2.5%或百分比等於2.5%或高於2.5%但低於25%及總代價少於10,000,000港元之持續財務資助，但本公司並無作出有關披露。該未能作出披露之行為可能構成違反創業板上市規則之行為。

## NOTES TO THE FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

### 22. TRADE PAYABLES

#### The Group

		<b>2006</b>	2005
		二零零六年	二零零五年
		<b>RMB'000</b>	RMB'000
		人民幣千元	人民幣千元
Trade payables	應付貿易賬款	<b>463</b>	594

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

### 22. 應付貿易賬款

#### 本集團

		<b>2006</b>	2005
		二零零六年	二零零五年
		<b>RMB'000</b>	RMB'000
		人民幣千元	人民幣千元
Trade payables	應付貿易賬款	<b>463</b>	594

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：

		<b>RMB'000</b>	RMB'000
		人民幣千元	人民幣千元
Within 90 days	90日內	<b>52</b>	272
91 – 180 days	91日至180日	–	4
181 – 365 days	181日至365日	<b>282</b>	318
Over 365 days	超過365日	<b>129</b>	–
		<b>463</b>	594

The carrying amounts of trade payables approximate their fair values.

應付貿易賬款之賬面值與其公平值相若。

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 23. ACCRUALS AND OTHER PAYABLES

		The Group 本集團		The Company 本公司	
		2006	2005	2006	2005
		二零零六年	二零零五年	二零零六年	二零零五年
		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
Accruals	應計款項	440	401	440	401
Other payables	其他應付款項	645	4,477	-	-
		<b>1,085</b>	4,878	<b>440</b>	401

#### 23. 應計款項及其他應付款項

#### 24. INTEREST-BEARING BORROWINGS

		The Group 本集團		The Company 本公司	
		2006	2005	2006	2005
		二零零六年	二零零五年	二零零六年	二零零五年
		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
Bank borrowings	銀行借貸				
- secured (note 30)	- 有抵押(附註30)	6,451	3,000	6,451	3,000
- unsecured	- 無抵押	-	-	-	-
		<b>6,451</b>	3,000	<b>6,451</b>	3,000

#### 24. 計息借貸

The bank borrowings are settled within one year and classified as current liabilities. The carrying amount of the Group's and the Company's borrowings approximate to their fair value.

銀行借貸須於一年內償還，並按流動負債分類。本集團及本公司借貸之賬面值與其公平值相若。

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 25. SHARE CAPITAL

#### 25. 股本

		Number of ordinary shares 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
<b>Ordinary shares of HK0.10 each</b>	<b>每股面值0.10港元之普通股</b>			
Authorised:	法定：			
At 31 December 2005 and 31 December 2006	於二零零五年十二月三十一日及 二零零六年十二月三十一日	1,000,000,000	100,000	106,000
Issued and fully paid:	已發行及繳足：			
At 31 December 2005 and 31 December 2006	於二零零五年十二月三十一日及 二零零六年十二月三十一日	360,000,000	36,000	38,160

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

**26. RESERVES****26. 儲備****The Group****本集團**

		Share-based payment reserve	Held to maturity reserve	Available- for-sales financial assets reserve	Special reserve	Capital reserve	Statutory reserve	Statutory enterprise expansion fund	Retained earnings	Minority interests	Total
		股份 付款儲備	持至 到期儲備	可供 銷售金融 資產儲備	特別儲備	資本儲備	法定儲備	法定企業 發展基金	保留盈利	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 2005	於二零零五年一月一日	-	5,500	-	6,039	903	3,334	6,517	43,992	3,190	69,475
Effect of adopting new accounting policy	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 available-for-sales financial assets upon disposal	出售可供銷售 金融資產時撥回	-	(5,500)	-	-	-	-	-	-	-	(5,500)
Transfer to reserves	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
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	3,054	76,815
Opening adjustment of HKAS 39 (note 16)	香港會計準則第39號之 年初調整	-	(7,200)	-	-	-	-	-	-	-	(7,200)
Change in fair value for available-for-sales financial assets	可供銷售金融資產之 公平值變動	-	-	(1,377)	-	-	-	-	-	-	(1,377)
At 1 January 2006 (restated)	於二零零六年一月一日(重列)	258	-	(1,377)	6,039	894	3,612	6,795	48,963	3,054	68,238
Transfer to reserves	轉撥至儲備	-	-	-	-	-	191	191	(382)	-	-
Profit for the year	本年度溢利	-	-	-	-	-	-	-	15,563	351	5,598
Change in fair value for available-for-sales financial assets	可供銷售金融資產之 公平值變動	-	-	345	-	-	-	-	-	-	345
Reversal of share-based payment reserve	股份付款儲備撥回	(205)	-	-	-	-	-	-	-	-	(205)
<b>At 31 December 2006</b>	<b>於二零零六年十二月三十一日</b>	<b>53</b>	<b>-</b>	<b>(1,032)</b>	<b>6,039</b>	<b>894</b>	<b>3,803</b>	<b>6,986</b>	<b>64,144</b>	<b>3,089</b>	<b>83,976</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 26. RESERVES (Continued)

#### 26. 儲備 (續)

##### The Company

##### 本公司

		Share-based payment reserve	Held to maturity reserve	Available- for-sales financial assets reserve	Capital reserve	Contribution surplus	Retained earnings	Total
		股份 付款儲備	持至 到期儲備	可供 銷售金融 資產儲備	資本儲備	實繳盈餘	保留盈利	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
At 1 January 2005	於二零零五年一月一日	-	5,500	-	894	28,011	(205)	34,200
Effect of adopting new accounting policy	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 available-for-sales financial assets upon disposal	出售可供銷售金融資產時 撥回	-	(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
Opening adjustment of HKAS 39	香港會計準則第39號之 年初調整	-	(7,200)	-	-	-	-	(7,200)
Change in fair value for available-for-sales financial assets	可供銷售金融資產之 公平值變動	-	-	(1,377)	-	-	-	(1,377)
At 1 January 2006 (restated)	於二零零六年一月一日 (重列)	258	-	(1,377)	894	28,011	(1,776)	26,010
Reversal of share-based payment reserve	股份付款儲備撥回	(205)	-	-	-	-	-	(205)
Change in fair value for available- for-sales financial assets	可供銷售金融資產之 公平值變動	-	-	345	-	-	-	345
Net profit for the year	本年度純利	-	-	-	-	-	1,151	1,151
<b>At 31 December 2006</b>	<b>於二零零六年十二月三十一日</b>	<b>53</b>	<b>-</b>	<b>(1,032)</b>	<b>894</b>	<b>28,011</b>	<b>(625)</b>	<b>27,301</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 26. 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 until the reserve balance has reached 50% of the subsidiaries' registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders. 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% or 10% of its net profit after taxation as the statutory enterprise expansion fund. The director shall have discretion in determining the percentage within the range specified by the relevant PRC laws and regulations.

##### Special fund

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.

#### 26. 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註冊股本50%。向股東分配股息後方可向此儲備撥入純利。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%或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情釐定百分比。

##### 特別基金

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

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 26. 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 (loss)/profit which in aggregate amounted to RMB27,301,000 (2005 restated: RMB26,010,000). 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.

#### 26. 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(虧損)/溢利，合共人民幣27,301,000元(二零零五年重列：人民幣26,010,000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

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 27. EARNINGS PER SHARE

##### (a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the year of approximately RMB15,563,000 (2005: RMB5,644,000) and the weighted average number of 360,000,000 (2005: 360,000,000) ordinary shares of the Company in issue during the year.

##### (b) Diluted earnings per share

The calculation of the diluted earnings per share for the year is based on the profit attributable to ordinary equity shareholders of the Company for the year of approximately RMB15,563,000 (2005: RMB5,644,000) and the weighted average number of 375,900,000 (2005 restated: 375,060,000) ordinary shares after adjusting for the effect of the dilutive potential ordinary shares to be issued to the exercise of the options granted under all relevant Share Option Schemes as detailed in note 28 below of 15,900,000 (2005 restated: 15,060,000) shares, calculated as follows:

1. Profit attributable to ordinary equity shareholders of the Company (diluted)

#### 27. 每股盈利

##### (a) 每股基本盈利

每股基本盈利的計算乃基於年內本公司普通股股東應佔溢利約人民幣15,563,000元(二零零五年：人民幣5,644,000元)及年內本公司已發行普通股加權平均股數360,000,000股(二零零五年：360,000,000股)。

##### (b) 每股攤薄盈利

每股攤薄盈利的計算乃基於年內本公司普通股股東應佔溢利約人民幣15,563,000元(二零零五年：人民幣5,644,000元)及普通股加權平均股數375,900,000股(二零零五年重列：375,060,000股)，已就將予發行的攤薄潛在普通股對行使有關購股權計劃下提出的購股權的影響(詳見下文附註28)15,900,000股(二零零五年重列：15,060,000股)作出調整，計算如下：

1. 本公司普通股股東應佔溢利(攤薄)

	2006 二零零六年 RMB 人民幣元	2005 二零零五年 RMB 人民幣元
Profit attributable to ordinary equity shareholders 普通股股東應佔溢利	<b>15,563,000</b>	5,644,000

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For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 27. EARNINGS PER SHARE (Continued)

##### (b) Diluted earnings per share (Continued)

##### 2. Weighted average number of ordinary shares (diluted)

		2006 二零零六年 RMB 人民幣元	2005 二零零五年 RMB 人民幣元
Weighted average number of ordinary shares at 31 December	於十二月三十一日的普通股加權平均股數	<b>360,000,000</b>	360,000,000
Effect of deemed issue of ordinary shares under the Company's share option schemes	根據本公司購股權計劃視作發行普通股的影響	<b>15,900,000</b>	3,540,000
Prior year adjustment for dilutive effect of Pre-IPO Share Option Scheme	就招股前購股權計劃的攤薄影響作出的上年調整	-	11,520,000
At 31 December	於十二月三十一日	<b>15,900,000</b>	15,060,000
Weighted average number of ordinary shares (diluted) at 31 December	於十二月三十一日的普通股加權平均股數(攤薄)	<b>375,900,000</b>	375,060,000

#### 27. 每股盈利 (續)

##### (b) 每股攤薄盈利 (續)

##### 2. 普通股加權平均股數(攤薄)

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 28. SHARE OPTION SCHEME

The Company operates two share option schemes, namely Pre-IPO Share Option Scheme and the Share Option Scheme as defined in directors' report and herein. 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 share option schemes will be valid 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.

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 rights to subscribe for one ordinary share in the Company.

#### 28. 購股權計劃

本公司實行兩項購股權計劃，即首次公開售股前購股權計劃及購股權計劃（定義見董事會報告及本段）。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，兩項購股權計劃之採納年期將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。

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。

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For the year ended 31 December 2006 於二零零六年十二月三十一日

### 28. SHARE OPTION SCHEME (Continued)

Terms and conditions of the options granted and existed at year end are as follows:

### 28. 購股權計劃 (續)

年末授出及存在之購股權之條款及條件：

	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	1,080,000	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 10 August 2006 — 於二零零六年八月十日	1,116,000	10 August 2006 – 30 August 2016 二零零六年八月十日至二零一六年八月三十日
Options granted to employees 授予僱員之購股權		
— on 20 June 2003 — 於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 — 於二零零五年三月二日	812,000	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 — 於二零零五年十二月十四日	288,000	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
— on 10 August 2006 — 於二零零六年八月十日	2,592,000	10 August 2006 – 9 August 2016 二零零六年八月十日至二零一六年八月九日
	17,408,000	

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### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 28. SHARE OPTION SCHEME (Continued)

(a) The number and weighted average exercise prices of share options are as follows:

		2006 二零零六年		2005 二零零五年	
		Weighted average exercise prices 加權 平均行使價 HK\$ 港元	Number of options 購股權數目	Weighted average exercise prices 加權 平均行使價 HK\$ 港元	Number of options 購股權數目
Outstanding at the beginning of the year	年初尚未行使	0.52	16,660,000	0.35	11,520,000
Granted during the year	年內授出	0.36	4,118,400	0.52	5,140,000
Lapsed during the year	年內失效	0.48	(3,370,400)	–	–
Outstanding at the end of the year	年終尚未行使	0.36	17,408,000	0.52	16,660,000
Exercisable at the end of the year	年終可行使	0.36	17,408,000	0.52	16,660,000

The weighted average share price at the date of exercise for shares options exercised during the year was HK\$0.52 (2005: HK\$0.40).

A supplementary agreement has signed that certain conditions should be fulfilled before exercising the options.

The options outstanding at 31 December 2006 had an exercise price of HK\$0.36 (2005: HK\$0.52) and weighted average remaining contractual life of 8 years (2005: 9 years).

#### 28. 購股權計劃 (續)

(a) 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0.52港元(二零零五年：0.40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。

於二零零六年十二月三十一日尚未行使購股權之行使價為0.36港元(二零零五年：0.52港元)，其加權平均剩餘合約年期為8年(二零零五年：9年)。



## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 28. SHARE OPTION SCHEME (Continued)

(b) The estimated fair value of the options is measured based on Black-Scholes Model. The variables input into the model are as follows:

		2006 二零零六年	2005 二零零五年
Weighted average share price at measurement date	於計量日期之加權平均股價	<b>HK\$0.53</b> <b>0.53港元</b>	HK\$0.49 0.49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\$0.52 0.52港元
Expected volatility (expressed as weighted average volatility used in the modeling of Black-Scholes Model)	預期波幅(按柏力克－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-Scholes Model)	購股權有效期(按柏力克－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	<b>NIL</b> <b>無</b>	NIL 無
Risk-free interest rate	無風險利息率	<b>4.3%</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\$0.31 0.31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.

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.

#### 28. 購股權計劃 (續)

(b) 購股權之估計公平值乃按柏力克－舒爾斯期權定價模式計算。計入該模式之變數如下：

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。

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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### 綜合財務報表附註

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#### 29. NON-CASH TRANSACTIONS

During the year ended 31 December 2006, work-in-progress of RMB6,262,000 (2005: RMB301,000) was transferred to new drug technology.

The disposal proceeds of the associate, 海南盛科天然藥物研究所有限公司, of RMB1,000,000 was booked as other receivables at year end, which was settled subsequently in January 2007 resulting in a non-cash nature transaction.

#### 30. PLEDGE OF ASSETS

At 31 December 2006, the Company and the Group had pledged its available-for-sales financial assets of RMB19,248,000 (2005 restated: RMB19,698,000) to a bank to secure bank overdraft granted to the Group. There is no utilisation of the general banking facilities as at 31 December 2006.

#### 31. 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:

#### 29. 非現金交易

截至二零零六年十二月三十一日止年度，在製品人民幣6,262,000元（二零零五年：人民幣301,000元）已轉撥至新藥技術。

出售聯營公司海南盛科天然藥物研究所有限公司所得款項人民幣1,000,000元乃於年結日列作其他應收款項入賬及隨後於二零零七年一月結付及列作非現金性質交易。

#### 30. 已抵押資產

於二零零六年十二月三十一日，本公司及本集團已抵押可供銷售金融資產人民幣19,248,000元（二零零五年（重列）：人民幣19,698,000元），以作為授予本集團銀行透支之抵押。於二零零六年十二月三十一日，並無動用任何一般銀行信貸。

#### 31. 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：

		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Within one year	一年內	2,492	2,730
More than one year but within five years	一年以上但五年內	9,014	9,874
Over five years	超過五年	5,686	4,337
		<b>17,192</b>	16,941

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### 綜合財務報表附註

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#### 31. OPERATING LEASE COMMITMENTS (Continued)

Operating lease payments represent rentals payable by the Group for its laboratories premises located at 北京海殿區四季青金莊3號，山東濟寧太百樓西路173號，海口市濱海大道and 北京豐台區豐台路口139號1幢110室。Leases are negotiated for an average term of ten years (2005: ten years) and rentals are fixed for the lease term.

#### 32. 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 and ceiling specified in the PRC rules. The only obligation of the Group with respect to the retirement scheme is to make the required contributions under the scheme. Contributions to the schemes are charged to the income statement as incurred. No forfeited contribution is available to reduce the contribution payable in the future years.

The total cost charged to income statement of approximately RMB576,000 (2005: RMB1,136,000) represents contributions payable to the scheme by the Group during the year.

#### 31. 經營租約承擔 (續)

經營租約款項是指本集團租賃之試驗室物業(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、海口市濱海大道以及北京豐台區豐台路口139號1幢110室)之應付租金。租約平均年期商定為十年(二零零五年：十年)，而租約期內之租金乃固定。

#### 32. 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。僱主及僱員均須按中國法例之特定比率及限額向計劃作出供款。本集團就退休計劃之唯一責任為根據計劃作出規定供款。計劃供款在產生時自收益表扣除。概無被沒收之供款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576,000元(二零零五年：人民幣1,136,000元)，指本集團年內就計劃應付之供款。

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

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#### 33. 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 有關連人士名稱	Nature 性質	2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
VP Inc.	Revenue 收益 – Contracted research and development, pharmaceutical application, registration and testing services – 已訂約研究及開發、 製藥申請、註冊及測試服務	564	357

The above transactions were carried out in accordance with the terms agreed by both parties.

Balances with these related parties as at 31 December 2006 are set out in note 21.

#### 33. 關連交易

- (a) 本公司於年內與若干有關連人士(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。

於二零零六年十二月三十一日，本公司與該等有關連人士之結餘載於附註21。

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

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#### 33. CONNECTED TRANSACTIONS (Continued)

(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 unlisted investment (note 17) 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. However, 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 in future. Such balance was included in unlisted investment as at 31 December 2006.

#### 33. 關連交易 (續)

(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，本集團與其非上市投資(附註17) 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。然而，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。倘未來本集團持續使用該生產廠房，則將簽訂進一步協議。應收之有關結餘計入二零零六年十二月三十一日之非上市投資內。

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

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#### 33. CONNECTED TRANSACTIONS (Continued)

(c) 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 10, is as follows:

		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Salaries and allowances	薪金及津貼	715	447
Share-based payment expenses	股份付款開支	(205)	258
		<b>510</b>	705

#### 34. GOVERNMENT GRANTS

During the year, the Group received RMB14,000 of government subsidy (2005: RMB291,000) towards the research and development projects.

#### 33. 關連交易 (續)

(c) 主要管理人員：

附註10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：

#### 34. 政府資助

年內，本集團就研究及開發項目收取政府補助金人民幣14,000元(二零零五年：人民幣291,000元)。

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 35. CONTINGENT LIABILITIES

A wholly-owned foreign subsidiary of the Company, 北京萬全醫藥科技有限公司, was incorporated on 8 May 2004 in the High Technology Scientific Zone (中關村科技園區) in Beijing in PRC. It had obtained the High Technology Enterprise Approval Certificate issued by 北京市科學技術委員會 first on 17 June 2004, which was then renewed on 8 August 2006 for another two years. Under the relevant PRC tax regulations, it should be able to enjoy a preferential enterprise income tax rate of 15% upon application and entitle a two years full exemption and followed by a three years tax half reduction from its first year of making profit after making good of accumulated losses.

The application for the preferential tax treatment mentioned above from PRC state tax authority is still in process, however, management has confident that such approval should be obtained very soon in the second quarter of 2007 and considers the prepaid income tax amount as required by local tax authority in 2006 amounting to approximately RMB952,000 can be refundable and enterprise income tax will be exempted both for 2005 and 2006. Management therefore has not made any enterprise income tax provision for its first two years operation other than above-mentioned prepaid income tax. This income tax was calculated on the basis of 33% income tax rate as agreed with local tax authority and paid in April 2006 for the year of assessment of 2005.

#### 35. 或然負債

本公司全資擁有的外資附屬公司北京萬全醫藥科技有限公司於二零零四年五月八日在中國北京中關村科技園區註冊成立。該公司已獲北京市科學技術委員會於二零零四年六月十七日首次頒發高新技術企業認證，並於二零零六年八月八日續期兩年。根據中國有關稅務法規，該公司經申請可享受優惠企業稅率15%，並由扭轉累積虧損後的首個盈利年度起，有權享受兩年稅項全免以及隨後三年稅項減半。

向中國國家稅務機關就上述優惠稅率待遇作出的申請仍在進行中，然而，管理層相信此批文很快可於二零零七年第二季度獲得，並認為地方稅務機關於二零零六年要求支付的預付所得稅約人民幣952,000元可獲退還，且二零零五年及二零零六年的企業所得稅均可獲豁免。因此，除上文所述預付所得稅外，管理層尚未就首兩年營運作出任何企業所得稅撥備，所得稅乃按與地方稅務機關設定之33%稅率計算及於二零零六年四月就二零零五課稅年度而支付。

## NOTES TO THE FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2006 於二零零六年十二月三十一日

#### 35. CONTINGENT LIABILITIES (Continued)

However, the Company has not yet obtained any written confirmation from local tax authority regarding the approval of such preferential tax treatment up to the report date. If management cannot obtain a written confirmation from relevant tax authority, there is a contingent income tax liability of up to a maximum of RMB2 million based on corporate income tax rate of 33% applied to the accumulated assessable profits carried at 31 December 2006 (approximately RMB6 million). This judgement is in accordance with the audit opinion of its PRC statutory auditors for both the year of assessments 2005 and 2006.

#### 36. COMPARATIVE FIGURES

Certain comparative figures have been adjusted or reclassified as a result of the correction of accounting error in order to conform with current year's presentation. Further details are disclosed in note 2 to financial statements.

#### 37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised to issue by the board of directors on 27 March 2007.

#### 35. 或然負債 (續)

然而，截至本報告日期，本公司尚未自地方稅務機關獲得任何有關批准優惠稅率待遇的書面確認。倘管理層無法自有關稅務機關獲得正式書面批文，按於二零零六年十二月三十一日適用累積應課稅溢利之企業所得稅率33%所計算，將產生最高達人民幣2,000,000元之或然所得稅負債。此意見乃根據中國法定核數師就二零零五年及二零零六年年度評估所得之審核意見。

#### 36. 比較數字

若干比較數字已因糾正會計錯誤而作出調整或重新分類，以符合本年之呈列方式。有關詳情於財務報表附註2披露。

#### 37. 批准財務報表

董事會已於二零零六年三月二十七日批准及授權刊發財務報表。



## FIVE YEARS FINANCIAL SUMMARY

### 五年財務概要

		Year ended 31 December				
		截至十二月三十一日止年度				
		2002	2003	2004	2005	2006
		二零零二年	二零零三年	二零零四年	二零零五年	二零零六年
		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
Turnover	營業額	32,453	35,680	36,157	42,157	<b>57,052</b>
Profit before taxation	除稅前溢利	19,550	21,994	11,480	6,403	<b>18,773</b>
Taxation	稅項	(237)	(1,506)	(881)	(887)	<b>(3,175)</b>
Profit after taxation before minority interests	除稅後但未計少數股東權益前溢利	19,313	20,488	10,599	5,516	<b>15,598</b>
Minority interests	少數股東權益	(186)	(128)	84	128	<b>(35)</b>
Profit for the year after minority interest	扣除少數股東權益後之本年度溢利	19,127	20,360	10,683	5,644	<b>15,563</b>

#### ASSETS AND LIABILITIES

#### 資產及負債

		Year ended 31 December				
		截至十二月三十一日止年度				
		2002	2003	2004	2005	2006
		二零零二年	二零零三年	二零零四年	二零零五年	二零零六年
		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
Total assets less current liabilities	總資產減流動負債	38,056	91,031	102,135	106,398	<b>122,136</b>
Minority interests	少數股東權益	(742)	(870)	(3,190)	(3,054)	<b>(3,089)</b>
Shareholders' funds	股東資金	37,314	90,161	98,945	103,344	<b>119,047</b>

(Restated)  
(重列)

## FIVE YEARS 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 2006 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 2002 has been extracted from the Company's prospectus dated 30 June 2003. The results for each of the three years ended 31 December 2004, 2005 and 2006 have been extracted from the corresponding audited annual financial statements.
2. The combined balance sheet as at 31 December 2002 has been extracted from the Company's Prospectus dated 30 June 2003. This financial summary indicates the consolidated results of the Company and its subsidiaries with effect from 1 January 2002 or since their respective dates of incorporation or acquisition, whichever is a shorter period. The consolidation balance sheets at 31 December 2002, 2003, 2004, 2005 and 2006 are the combination of the balance sheets of the Company and its subsidiaries at 31 December 2002, 2003, 2004, 2005 and 2006. In the opinion of the directors, the resulting consolidated financial statements give a more meaningful view of the results and state of affairs of the Group as a whole.

財務概要附註：

1. 截至二零零六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、二零零五年及二零零六年十二月三十一日止三個年度各年之業績乃摘錄自相應之經審核年度財務報表。
2. 於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。財務概要顯示本公司及其附屬公司自二零零二年一月一日或彼等各自註冊成立或收購日期(以較近日期為準)以來之綜合業績。於二零零二年、二零零三年、二零零四年、二零零五年及二零零六年十二月三十一日之綜合資產負債表乃本公司及其附屬公司於二零零二年、二零零三年、二零零四年、二零零五年及二零零六年十二月三十一日之資產負債表之合併。董事認為，合併後之綜合財務報表更好地呈現本集團之業績及整體狀況。

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