



# Venturepharm



**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)

**07** | Annual Report  
年報

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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

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九龍尖沙咀  
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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

Tricor Standard Limited  
Level 28  
Three Pacific Place  
1 Queen's Road East  
Hong Kong

#### LEGAL ADVISOR

Beijing Deheng Law Firm

#### AUDITORS

UHY VOCATION HK CPA 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  
P.O. Box 705  
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Cayman Islands

#### 香港股份過戶登記分處

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28樓

#### 法律顧問

北京德恒律師事務所

#### 核數師

天職香港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,

Through a very tough year in 2007, we dealt with the significant business challenges, while continuing to position the Company for integrated R&D service leadership in China. To capitalize on the industry consolidation and international outsourcing opportunities, we greatly strengthened our activities in the capital market. Responding to the challenges has made us more efficient, more cohesive and resilient, more aware of our strengths. We are on course and moving forward, well positioned for sustained, long-term profitable growth for the benefit of all shareholders.

#### HIGHLIGHTS OF 2007

We achieved the following accomplishments in one of the toughest years of the Chinese healthcare industry:

- Maintaining a leading position in China in new drug applications and in clinical trial studies;
- Becoming the first Chinese company to issue 15 million CHF Convertible Notes in Switzerland;
- Awarded as 2007 Frost & Sullivan Best CRO in Asia: Competitive Strategy Award;
- Awarded as a Top Ten Healthy and Harmonious Enterprises in China;
- The market cap up 220% at year-end versus year-end 2006.

各位股東：

儘管二零零七年舉步維艱，但我們克服重大業務挑戰，同時亦保持本公司在國內綜合研發服務方面之領先地位。為把握行業整合及跨國外判中湧現之商機，我們明顯增強了在資本市場上的活動。在應付挑戰的過程中我們提升了效率、更團結及不屈以及更了解我們的實力所在。我們穩步向前，已準備就緒，為所有股東創造長期持續之溢利增長。

#### 二零零七年摘要

我們於中國醫藥行業一個最艱辛之年頭取得以下成就：

- 在國內新藥申報及臨床試驗研究方面保持領導地位；
- 成為首間在瑞士發行本金額為15,000,000瑞士法郎之可換股債券之中國公司；
- 榮獲「2007 Frost & Sullivan亞洲最佳CRO競爭戰略獎」；
- 榮獲「中國十佳健康及和諧企業」獎；
- 年底市值較二零零六年底上升220%。

## CHAIRMAN'S STATEMENT

### 主席報告

#### FISCAL 2007 IN REVIEW

China's healthcare infrastructure continues to modernize. The industry has been aggressively shaken up in recent years, following the implementation of a series of government-initiated structural reforms, such as putting forward healthcare reform, separating the function of administration and enterprise, revamping the regulations on standards and norms for Good Clinical Practice (GCP) and Good Manufacturing Practice (GMP), conducting anti-bribery policy and price cutting policy, etc. To implement common pharmaceutical development parameters in a manner consistent with world-class standards, will benefit the industry in the long, but has significant impact on the performance of normal operation of pharmaceutical companies in China in the short term.

As the implementation of anti-corruption activities led to a suspension in approving new drugs by the relevant authority and also the industry-wide rectification from 2006 to 2007, the Group which focuses on the R&D of new drugs, has encountered an irresistible impact.

The healthcare industry was severely hit by these rectification policies and regulations in 2007. For example, the Head of China's State Food and Drug Administration (SFDA), along with dozens of senior officials, were sentenced to jail for corruption in 2007. The number of applications approved by SFDA in 2007 dropped by 90% compared with that of the previous year. Hundreds of pharmaceutical companies ran out of business due to these policy changes. The Drug Registration Regulation was finally promulgated by the SFDA and became effective from 1 October 2007. The promulgation of the new regulation has sent a positive signal that the Chinese pharmaceutical industry will bottom up in 2008.

#### 二零零七年財政年度回顧

中國醫藥體制日趨現代化。近年來，隨著政府進行一系列結構性改革，如推進醫藥保健制度改革、政企分家、修訂優良臨床試驗(GCP)準則及藥品生產質量管理規範(GMP)之條例、執行反賄賂政策及減價政策等，對行業產生重大影響。與國際標準接軌，長期而言會使該行業受益，但於短期內則會對國內醫藥公司之正常營運產生重大影響。

由於反腐原因導致由二零零六年至二零零七年國家新藥審批機構的相對停止和行業整頓，對於以新藥研發為主業的萬全集團產生不可抗拒的巨大影響。

於二零零七年，醫藥行業受到該修訂政策及條例之嚴重打擊。例如，於二零零七年，中國國家藥品監督管理局局長及多位高官因腐敗問題而遭判處監禁。於二零零七年，中國國家藥品監督管理局批准之申請數目較上年減少90%。該等政策變動致使數百家醫藥公司倒閉。中國國家藥品監督管理局最終頒佈藥品註冊條例，並於二零零七年十月一日起生效。新條例之頒佈乃一個積極信號，預示中國醫藥行業將於二零零八年開始復蘇。

## CHAIRMAN'S STATEMENT

### 主席報告

The Company's financial performance was negatively impacted by these challenges, causing steep decline in revenues and earnings, as the unfinished projects were slow in revenue recognition and the awarding of some important new contracts was delayed. Revenues dropped to approximately RMB38,728,862 in 2007, a 32% decrease over 2006. The net profits decreased to RMB1,099,652, down 93% from 2006. Earnings per share for 2007 were RMB0.44 cents, a 93% decrease over the RMB4.32 cents reported for 2006.

The true test of a company is the way it responds to adversity. The hurdles of the past year have tested our mettle, but our people have shown they can rise to the occasion. All operations are in good shape, clients' needs are being met with vigor. In 2007, the Company continued to maintain the leading position in R&D in terms the number of new product and clinical study applications. The Company won the 2007 Frost & Sullivan Award for Competitive Strategy Leadership Award, ranking No. 1 among all CRO participants in China, demonstrating the Company's competitiveness and international recognition. The market cap of the Company was up 220% at year-end versus year-end 2006.

#### INVESTING IN OUR FUTURE

In order to achieve sustained growth, we continued enhancing our infrastructure with state-of-the-art automation and information technology systems across our Company. In order to pursue our global vision and achieve size and scale of operations, we also invested significantly in international business development to expand our global footprint, including acquisition.

由於未完成項目之收入確認緩慢及若干重大新合約被推遲授出，本公司之財務表現深受該等挑戰之不利影響，導致收益及盈利雙雙下滑。二零零七年收益減少至約人民幣38,728,862元，較二零零六年減少32%。純利減少至人民幣1,099,652元，較二零零六年減少93%。二零零七年每股盈利為人民幣0.44分，較二零零六年所報之人民幣4.32分下降93%。

身處逆境方見公司實力。往年逆境考驗了我們應對挑戰之勇氣，但事實證明我們能夠戰勝困難。所有業務均正常運作，且我們積極滿足客戶需求。於二零零七年，就新產品數目及臨床研究應用而言，本公司在研發方面保持領先地位。本公司榮獲「2007 Frost & Sullivan之競爭戰略領先獎」，在國內所有臨床研究機構中名列第一，這彰顯了本公司之競爭實力及國際認許。本公司於年底之市值較二零零六年底上升220%。

#### 為未來增長而投資

為實現持續增長，我們繼續投資於最先進之自動化及資訊科技系統加強整個公司之基礎。為實踐全球戰略及達致規模經營，我們亦大力投資發展國際業務以拓展業務據點，包括進行收購事項。



## CHAIRMAN'S STATEMENT

### 主席報告

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 where are currently sub-scale. We expect our clients to gradually embrace more full service outsourcing and our mission is to deliver real added value through effective integrated project management services.

To achieve the capital restructuring and broaden the investor base, the Company successfully issued an aggregate amount of 15 million CHF convertible notes on 10 September 2007, which was solely underwritten by Banque Heritage, a Swiss financial corporation offering a broad range of banking services including asset management, financial products and underwriting. It is the first time for a Chinese enterprise to issue the convertible notes in Switzerland, stirring up the investment enthusiasm of European investors in China.

The Company has been negotiating acquisition of overseas CROs. This "hybrid" model of preserving the best elements of Western CRO's i.e., intellectual design, proprietary technologies, QA/QC, sales and marketing and client interface, with the best of the Eastern CRO's i.e., high quality human and physical capital, fast turn-around times, low cost base, etc., will win in the international competition. We have been investing for growth.

為評估收購製藥資產之機會，有關收購除可擴大經營規模外，且能透過參與非本公司業務組合之新業務來擴展本公司之治療範圍。有關收購亦將加強目前尚未形成規模之現有治療領域。我們預期其客戶將逐步外判更多全方位服務，而我們之使命乃透過提供高效綜合項目管理服務獲得實質增值。

為實現資本結構調整及拓寬投資者，本公司於二零零七年九月十日成功發行總本金額為15,000,000瑞士法郎之可換股票據，並獲Banque Heritage獨家包銷，Banque Heritage為一間經營資產管理、金融產品及包銷等多種銀行業務之瑞士金融法團。本公司乃首間在瑞士發行可換股票據之中國公司，此舉亦推動歐洲投資者對中國之投資熱情。

本公司在尋找洽談收購海外CRO企業。此種「混合」模式將西方臨床研究機構之最好元素（設計、專有技術、質保／質控、銷售及營銷以及客戶群等）與東方臨床研究機構之最好元素（如高質素人力及實物資本、較快完成任務及偏低成本等）揉合在一起，故將在國際競爭中勝出。我們持續為日後的發展壯大進行投資。

## CHAIRMAN'S STATEMENT

### 主席報告

#### CAPITALIZING ON A RISING TIDE

Today's USD15 billion biopharmaceutical outsourcing market will continue to grow substantially in the coming years, as pharmaceuticals and bio-tech companies are increasingly favoring opportunities to outsource even core activities such as R&D, due to challenges of 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. Safety concerns about new and existing products are leading to more trials being required by regulatory agencies and larger patient numbers in such trials. To establish a professional global outsourcing market is a key solution to dealing with the challenges.

Therefore, greater outsourcing opportunities will be generated for companies such as Venturepharm. Our optimism is based on several key business dynamics.

First, China is an important and effective outsourcing partner to global life science industry. China is ranked the top clinical market outside the US. Besides cost advantages, China has large "treatment naive" patient populations, attracting international clinical trials to be conducted in China.

Second, increasingly, there is a clear shift towards a research-based industry, focused on generating new, innovative therapies, supported by improving intellectual property regulations in China. In the wave of international R&D outsourcing to China, the Chinese government is also encouraging Chinese companies to synchronize with the world in R&D activities. As the first research-driven Chinese pharmaceutical company listed overseas, Venturepharm will certainly benefit and edge in the trend.

Third, as a pioneer in the R&D services with rich international cooperation experience, 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.

#### 利用醫藥市場發展契機

由於臨床試驗項目日益複雜，獨家專利範圍不斷縮小及已獲批藥品被強制進行更多上市後安全試驗以研究其長期效應，醫藥及生物科技公司愈加偏向尋找其業務活動（甚至是研發活動）之外判機會，因此現時150億美元之醫藥外判市場將於未來年度保持大幅增長勢頭。對新產品及現有產品安全問題之關注致使監管機構要求進行更多臨床試驗，及在該等試驗中對更多患者進行試驗。建立專業全球外判市場是解決該等挑戰之主要解決方案。

因此，萬全科技藥業等公司將獲得更多外判商機。我們基於數項主要商業因素而抱樂觀態度。

首先，中國乃全球生命科技行業之重要及實際外判合作夥伴。中國為美國以外之最大臨床用藥市場。除成本優勢外，中國擁有眾多「藥物雛期」患者人群，這吸引國外臨床研究機構到中國進行臨床試驗。

其次，受惠於中國不斷完善之知識產權條例，該行業明顯地向以研究為基礎及注重發明全新及創新療法之方向發展。在外國機構將研發項目外判到中國之形勢下，中國政府亦鼓勵中國公司在研發活動方面與世界保持同步。作為首家在海外上市並以研究為導向之中國醫藥公司，萬全科技藥業定將於該趨勢中受益及脫穎而出。

最後，作為在研發服務方面擁有豐富跨國合作經驗之先鋒，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。我們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

Increasing outsourcing business to China is a trend that the Company will leverage upon. In our vision, the Company will be at the center of change across the industry and hopefully, become an agent of this change. The Company has established a collaborative model of drug discovery, pursuing 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. In this model, innovating companies will choose to ally with knowledge leaders like Venturepharm, with a view to not only accelerating drug development schedules but also to achieve this at a considerably lower cost to the stakeholders involved.

### AN EXCITING FUTURE

Looking ahead, we remain confident that we will be at the forefront in capitalizing upon the global outsourcing opportunity as it unfolds. The Chinese pharmaceutical industry is experiencing consolidation amongst key players, a trend which is expected to gain momentum in the future. 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.

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. To complement our expansion strategy, we are also looking to further strengthen our service delivery through acquisition.

本公司將利用國際市場增加向中國外判業務之趨勢。我們預視，本公司將處於全行業變化之核心，望能成為該變化之推動者。本公司已建立新藥研發合作模式，實行更積極政策締結業務及研究聯盟，進而能夠分攤風險及回報。我們正加緊進行特許授權、聯合營銷及新藥發明之研究合作。在此模式中，創新型公司將選擇與萬全科技藥業等有技術實力之行業翹楚締結聯盟，除可加快藥物開發進程，亦可使有關各方以更低成本實現藥物開發。

### 前景令人振奮

展望未來，我們對本公司可在全球外判商機湧現時及早把握機遇充滿信心。中國醫藥行業正經歷強者合併階段，此趨勢預期日後還會升溫。我們在中國藥業不斷維持領先之同時，亦堅定不移地透過提供高質服務解決方案來提升股東價值。

我們在透過內部增長及外部合併兩種方式積極推行增長策略之同時，亦決心利用其強大之創新能力、企業家精神及積極進取之市場推廣技巧，繼續致力提高股東價值。為配合我們之擴展策略，我們亦尋求透過收購來進一步加強其服務提供能力。

## CHAIRMAN'S STATEMENT

### 主席報告

Thanks to the effort and support of the Board and dedicated people throughout the Company, we have met the challenges and emerged with an exciting plan for 2008 to move forward as a stronger and more determined company, well positioned for sustained, long-term profitable growth for the benefits of shareholders and all stakeholders. In 2008, we plan to achieve the following milestones:

1. Key growth driver: to integrate the high quality affordable drug discovery services from China and overseas, with focus on both chemical and biological. It aims at building the high capacity cost-effective drug discovery service in China, and integrating the specialty services from overseas CRO.
2. Key growth driver, powered by pre-clinical and clinical trial studies. Through setting up sales and marketing offices in North America and Europe, through global alliance and M&A of global CRO companies, we plan to strength our sales and marketing capability and turn the VPS CRO from a domestic-market-focused company to the No.1 CRO in China for global specialty pharmaceutical and biotech companies.
3. Key growth driver, powered by compound partner model and royalty sharing model. Through our co-financing, co-developing and co-marketing strategy, we plan to license in therapeutic compound pipelines from overseas into the Chinese market, an emerging global top five market.
4. Additional funding to fuel our global expanding strategy through M&A.

全賴董事會及盡職員工之不懈努力及大力支持，我們已克服種種挑戰並為二零零八年製訂一個令人振奮之拓展計劃，我們將為成就更強大及更堅定之公司而努力不懈，並為股東及所有股權持有人創造長期持續之溢利增長作好準備。於二零零八年，我們計劃達致以下發展里程碑：

1. 重要增長點：整合來自中國及海外的高質低價研發服務，專注於生化醫藥研製。其目的乃在中國建立高產能並具成本效益的藥品研究服務，並整合海外CRO服務。
2. 重要增長點，在臨床前及臨床試驗研究方面的推動。透過在北美及歐洲建立銷售及市場推廣辦事處，以及透過全球聯盟及全球臨床研究機構公司之收購合併，本公司計劃加強銷售及市場推廣能力，將VPS臨床研究機構由一家國內市場為主導公司，打造成面向國際醫藥及生物企業首屈一指之中國臨床研究機構。
3. 重要增長點，新化合物合作夥伴模式及專利共享模式方面的推動。透過本公司之合作投資、合作開發及合作市場推廣策略，本公司擬將不同治療領域的新化合物研發以特許權方式從海外引入中國市場（全球五大新興市場之一）。
4. 融資以支持本公司透過合併收購進行全球擴張之策略。

## CHAIRMAN'S STATEMENT

### 主席報告

Venturepharm has a committed group of employees who are bright, enthusiastic and hard-working. We are indebted to them for our achievements thus far. On behalf of everyone at Venturepharm, we extend our sincerest appreciation to our shareholders for continuing to repose confidence in the Company. We will deliver improved value in 2008 and the years to come. We look forward to your ongoing support and to sharing this dynamic growth phase of our journey with you.

**William Xia GUO**

*Chairman*

Beijing, the PRC  
27 March 2008

萬全科技藥業擁有能幹、熱情、努力工作及盡忠職守之員工。我們全賴彼等鑄就今日成績。謹代表萬全科技藥業全體員工，向繼續對本公司投以信心之股東表示最衷心之感謝。我們定會於二零零八年及以後年度創造更高價值。我們盼望閣下繼續支持本公司，並與閣下分享本公司在發展過程中實現之強勁增長。

主席

郭夏

中國北京  
二零零八年三月二十七日

## FINANCIAL HIGHLIGHTS

### 財務摘要

|                               |              | Year ended 31 December |             |
|-------------------------------|--------------|------------------------|-------------|
|                               |              | 截至十二月三十一日止年度           |             |
|                               |              | 2007                   | 2006        |
|                               |              | 二零零七年                  | 二零零六年       |
|                               |              | RMB                    | RMB         |
|                               |              | 人民幣元                   | 人民幣元        |
| <b>Results</b>                | <b>業績</b>    |                        |             |
| Revenue                       | 收益           | <b>38,729,000</b>      | 57,052,000  |
| Profit for the year           | 年內溢利         | <b>1,597,000</b>       | 15,598,000  |
| <b>Assets and Liabilities</b> | <b>資產及負債</b> |                        |             |
| Total Assets                  | 總資產          | <b>254,964,000</b>     | 141,045,000 |
| Total Liabilities             | 總負債          | <b>131,727,000</b>     | 18,909,000  |
| Shareholders' equity          | 股東權益         | <b>123,236,000</b>     | 122,136,000 |

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

As the implementation of anti-corruption activities led to a suspension in approving new drugs by the relevant authority and also the industry-wide rectification from 2006 to 2007, the Group, which focuses on the R&D of new drugs, has encountered an irresistible impact.

There have been substantial changes and corrections in the Chinese pharmaceutical industry since 2006. The unveiling of scandals surrounding the State Food and Drug Administration of the Chinese government gave rise to a special rectification on all aspects of the pharmaceutical market, including the R&D, production, distribution and usage of pharmaceutical products, which resulted in a wide range of deep and unprecedented impact on the industry. The special rectification actions on regulating the order of pharmaceutical market, which were kicked off in July 2006, had lasted for a year and a half and came to an end by the end of 2007. Drug approval was basically suspended during the period of rectification on the R&D, production, distribution and usage of drugs, which led to supervised withdrawal of 7,999 applications for drug registration. Besides, there were cancellation or revocation of 1,604 drug approvals and registration certificates for medical appliances. In addition, 157 certificates of good manufacturing practices (GMP) were revoked while over 370 enterprises engaged in manufacturing of drugs and medical appliances were suspended for rectification and 27 drug and medical appliance production permits were rescinded. In 2007, there were a total of over 1,000 approved applications for registration, which were only one tenth of the total number before such rectification. Currently, there are over 25,000 registration applications pending for approval.

由於反腐原因導致對二零零六年至二零零七年國家新藥審批相對停滯和行業整頓，對於以新藥研發為主業的萬全集團產生不可抗拒的巨大影響。

自二零零六年以來，中國的製藥行業充滿了變化與動蕩。從中國政府藥品監督管理部門的內部重大事件的暴露，到由此掀起的對整個藥品市場秩序包括研發、生產、流通和使用所有環節的專項整治行動，所涉及的範圍之大，影響之深遠，前所未有。從二零零六年七月份開始開展的整頓和規範藥品市場秩序的專項行動持續一年半到二零零七年底結束。藥品審批基本處於相對停滯狀況，對藥品的研究、生產、流通和使用四個環節進行全面整治，監督撤回藥品註冊申請7,999個；註銷、撤銷藥品批准文號、醫療器械註冊證1,604個；收回藥品GMP證書157張；責令370多家藥品和醫療器械的生產企業停產整頓，吊銷藥品和醫療器械生產企業的許可證27張。二零零七年全年共批准1,000多個註冊申請，批准數量約為專項整治前的十分之一。目前兩萬五千多註冊申請積壓待批。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

The extensive rectification activities brought about huge impact on the industry. 2006 was the hardest time for all drug manufacturing enterprises, and 2007 was the most difficult year for the Company with principal operations in R&D and provision of services. The reasons were that: 1. The difficulties faced by drug manufacturing enterprises in 2006 would have a deferred impact on an enterprise engaged in R&D; 2. The volume of new clinical services declined due to the general suspension of new drug examination and approval procedures in 2007, meanwhile, the approving authority at various levels focused on special rectification actions and postponed the assessment of new drugs, as such the Group had difficulty in the transfer of technology for new drugs; 3. The new Drug Registration Regulation became effective in October 2007 for which a period of wait-and-see and adaption would be needed for the industry. Under such circumstances, our operations were also considerably affected with the overall results lower than those expected at the beginning of the year. However, in the long run, the special rectification measures would help wipe off the unregulated competition in the industry, such that a regulated market would be favourable to the Group with its leading position and economies of scale. With the policies becoming more stable and the pending registration applications being collectively treated, the Group has full confidence that, after a short-term pain, the Group will embrace golden opportunities for growth in 2008 and the many years to come.

這場大規模的整治行動對行業產生了巨大的影響。二零零六年是整個藥品生產企業的最低谷，而對於以研究開發和服務為主體業務的本公司而言，二零零七年是最困難的一年。其原因是：(1) 二零零六年生產企業的困境，對於研發企業而言，有一個後延效應；(2) 二零零七年內地的新藥審評工作基本處於停滯狀態，新增臨床服務業務下降；同時各級審批部門着重於專項整頓工作，新藥受理工作延緩，因此也難於開展更多的新藥技術轉讓；(3) 新的《藥品註冊管理辦法》於二零零七年十月正式實施，行業需要一定的觀望和適應期。在該等情形下，本集團業務也受到明顯的影響，整體業績低於年初的預期。但從長遠而言，專項整治淘汰了行業內不規範的競爭，規範後的市場對於具有領先地位和規模化經營的本集團而言，是非常有利的，隨着政策的穩定和對積壓申請集中審批工作的開展，我們也充分相信，經過短暫的陣痛後，在二零零八年以及未來會有一個無限良好的商機。



## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### RESULTS

For the year ended 31 December 2007, consolidated turnover amounted to RMB38,728,862, representing a decrease of 32% compared to RMB57,051,677 of last year, of which, approximately RMB17,962,000 was derived from technology transfer and contracted pharmaceutical development services, and approximately RMB18,616,000 from clinical research services. Profits attributable to shareholders amounted to approximately RMB1,596,693, representing a decrease of 89.7% compared to approximately RMB15,562,692 for the same period last year. The decrease in turnover and profits was a result of the rectification and inspection measures taken by the government against the whole pharmaceutical industry starting from 2006, which brought about material setback in the development progress of the industry chain resulting from the postponement of new drug approvals for drug manufacturing enterprises.

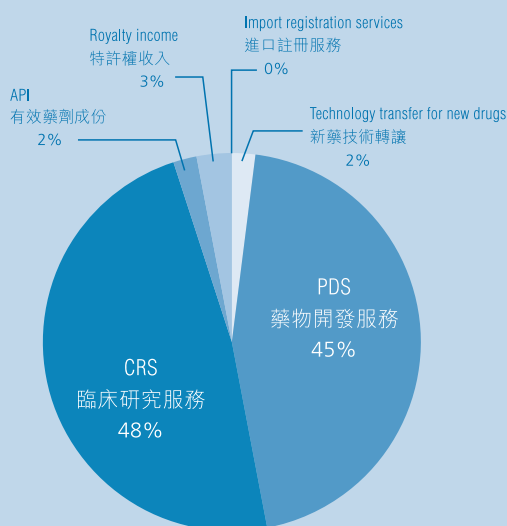
The Group's overall gross profit margin was 59.2% for the year under review compared to 56.6% for the previous year, up 2.6% from that of 2006.

#### 業績

截至二零零七年十二月三十一日止期間，綜合營業額為人民幣38,728,862元，較上年度57,051,677元減少32%。其中技術轉讓及開發服務收入約人民幣17,962,000元，臨床研究服務收入約人民幣18,616,000元。錄得股東應佔溢利約人民幣1,596,693元，較上年度同期約人民幣15,562,692元減少約89.7%。營業額及盈利的減少，是政府於二零零六年開始的全行業整頓及稽查風暴，放緩對製藥企業新藥審批時間和數量導致產業鏈放慢進展速度所致。

於回顧年度內，本集團整體毛利率為59.2%，上年度則為56.6%。毛利率高於二零零六年2.6%。

Revenue Breakdown for 2007 二零零七年收益劃分



## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

General and administrative expenses amounted to RMB18,165,017, representing an increase of 3.6% compared to RMB17,542,086 in 2006. Finance costs amounted to RMB5,338,548, representing a substantial increase compared to RMB1,548,978 in 2006. The major reasons were: the accrued interests of RMB1,040,381 attributable to convertible bonds; and exchange loss of RMB3,376,000 arising from the appreciation of CHF and depreciation of US dollars. For this reason, the Company has taken corresponding hedging measures to minimize its exchange loss, which include but not limited to the conversion into RMB assets. As at the end of the period, the Company obtained an increased interest income of RMB1,526,000.

#### Issue of convertible notes

On 10 September 2007, the Company successfully issued the convertible notes in the principal amount of CHF15 million (approximately HK\$97,200,000) due 2012 to Banque Heritage, a Swiss investment bank (being the subscriber). The net proceeds of approximately CHF15,000,000 (RMB95,936,000) from the issue of convertible notes will be used for general corporate and working capital purposes and funding possible strategic acquisitions which can create synergies with the Company's existing businesses. In order to pursue its global vision and expand its size and scale of operations, the Company is seeking opportunities for merger and acquisition of pharmaceutical assets which, in addition to building size and scale of operations and strengthening research and development services in existing therapeutic areas, can expand the Company's therapeutic capacity by entering into new segments of the industry and complement the Company's geographical expansion strategy to strengthen delivery capabilities..

一般及行政開支人民幣18,165,017元，比二零零六年人民幣17,542,086元增加3.6%。財務費用人民幣5,338,548元，比二零零六年人民幣1,548,978元有大幅增加。主要原因是：發生可轉股債權應計利息人民幣1,040,381元以及瑞士法郎升值及美元貶值形成的匯兌損失人民幣3,376,000元；對此，本公司一直採取相應對沖措施以減少匯兌損失，包括但不限於結匯為人民幣資產。截止本期末，已經獲得債權利息增值收入人民幣1,526,000元。

#### 發行可換股票據

本公司於二零零七年九月十日與認購方－瑞士投資銀行Banque Heritage成功發行本金金額15,000,000瑞士法郎（約合97,200,000港元）於二零一二年到期之可換股票據。發行可換股票據之所得款項淨額約為15,000,000瑞士法郎（合人民幣95,936,000元），將用作一般的公司資本和營運資本以及為能夠與公司已有業務產生協同效應之可能的戰略收購提供資金。為了實現其全球化的遠景規劃，擴充其經營範圍，公司正在尋找醫藥資產的兼並收購，以期建立一定的規模和領域，加強現有治療領域的研發服務，擴大公司進入新的治療領域的能力，完成公司地域擴張策略以增加遞送能力。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year, the Group maintained a sound financial position and prudent liquidity risk management, and had sufficient cash to meet the requirements of its business development. As at 31 December 2007, the Group had current assets of approximately RMB235,906,000, among which RMB30,803,000 was cash. The Group had no short-term bank liabilities and maintained sufficient cash and a strong and sound financial position.

#### Foreign Exchange Exposure

During the period under review, the Group's transactions were substantially denominated in Renminbi ("RMB"). In view of the RMB appreciation trend, the Group engaged in risk-free value-added banking activities in due course and transferred its USD-denominated businesses to RMB-denominated businesses according to the relevant business scale. The Group closely monitors its foreign currency risk from time to time and will use appropriate hedgings where necessary.

#### BUSINESS REVIEW

Aiming at long-term development and based on its business transformation strategy of transforming from a leading technology transfer supplier to an enterprise integrating pharmaceutical development and products commercialisation, the Group continued to expand its product lines and accelerate the establishment of the marketing network so as to rapidly capture its market share. The Group has managed to establish a comprehensive value-added business mode for value chains such as pharmaceutical research and production, clinical trial, development of product lines, franchise commercialisation, thereby enhancing the profitability and risk resistance capability of the Company, and enabling the Company to secure long-term stable profitability in future.

#### 流動資金、財務資源及負債比率

本集團於本年度維持穩健之財政狀況及審慎之流動資金風險管理，備有充足現金以應付業務發展之需要。於二零零七年十二月三十一日，本集團之流動資產約為人民幣235,906,000元，當中約人民幣30,803,000元為現金。本集團並無銀行短期負債，且現金充足，財務狀況極佳。

#### 外匯風險

於回顧期內，本集團之交易絕大部份以人民幣計值，本集團面對人民幣升值之趨勢，適時進行無風險之銀行增值業務，同時根據業務規模將美元轉為人民幣業務。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。

#### 業務回顧

本集團基於長期發展考慮，繼續依據從領先的技術轉讓供貨商轉變為集藥物開發及產品商業化為一體的業務轉型策略，不斷擴充產品線以及加快建立市場網絡以便迅速佔領市場份額。本集團初步建立了藥物研製、臨床試驗、產品線開發、特許權經營商品化使用等價值鏈的全面增值過程業務模式，增加了公司的盈利及抗風險之能力，使得公司在未來贏得長久穩定的獲利能力。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### Sales and Marketing

As at 31 December 2007, the Group signed 28 PDS contracts with contract value of RMB51.33 million and 36 VPS contracts with contract value of approximately RMB27,190,615, aggregating to RMB78,520,615 in total. Despite a decrease of 25.5% in the number of contracts compared to that of the corresponding period last year, the total contract value recorded an increase of 20%. Such an increase reflected the improvement in the depth and value of the R&D and clinical research services of the Group. Meanwhile, two contracts in value of more than one million RMB each were entered into with overseas customers.

The Group continued its investments in the enhancement of marketing capability and the expansion of market network, and introduced new drugs in the domestic market under the brand of Venturepharm while striving to establish and expand overseas markets. During the period, the Group not only focused on business expansion, but also paid more attention to the enhancement of brand value and the improvement of quality management, aiming at becoming a comprehensive and reliable technology and service provider with the most prestigious brand and leading technologies.

#### Clinical Research Service (CRS)

Taken clinical study as the prime focus, the Group has established the most integrated service in the country, which provides a series of services ranging from preclinical pharmacology, phase I clinical and bioequivalence studies, phase II-III clinical studies, and phase IV post-marketing clinical study, to data management and medical statistics, and medical administration related service. The Group has built a nation-wide network with bases in Beijing, Shanghai and Guangzhou and offices in over 20 provincial capital cities. As regards project handling ability, just to mention phases II and III clinical studies alone, the Group operated 50 projects at the same time. With its clinical research services covering various therapeutic areas such as anti-tumor, cardiovascular disease, CNS, endocrine, anti-infection, respiratory system, digestive system, dermatosis, anti-allergy and gynecology, the Group has become the most professional clinical research service provider in respect of traditional Chinese medicine and biotech products.

#### 銷售及市場推廣

於截至二零零七年十二月三十一日，本集團成功簽訂28份PDS及36份VPS合約，價值約人民幣51,330,000元及27,190,615元；總值人民幣78,520,615元。合約數量比去年同期減少25.5%，就合同價值而言，比去年同期增加20%。合同價值的增加，顯示本集團在研發與臨床服務的深度和價值方面均有所提高；同時簽約2個人民幣百萬元以上的海外客戶的合同。

本集團不斷在增強市場推廣能力及拓展市場網絡方面作出投資，以萬全品牌在本地市場推出新藥品，同時全力構建和拓展海外業務市場。期間，本集團非僅僅注重業務數量增長，同時更注重積累服務的品牌價值以及質量管理，力求發展成為品牌最優、質量可靠、技術領先的全面的技術和服務供應商。

#### 臨床研究服務(CRS)

本集團已經建立起國內最完整的以臨床研究為主體內容的服務業務，包括臨床前藥理，I期臨床及生物等效性研究，II-III期臨床研究，IV期暨上市後臨床研究，數據管理及醫學統計，藥政事務服務等一系列服務業務；在全國建立了以北京、上海、廣州為基地，附帶20多個省會城市辦事處的全國性網絡；項目操作能力強，僅II-III期臨床就同期開展50個。本集團之臨床研究服務涉及抗腫瘤，心血管，神經精神，內分泌，抗感染，呼吸，消化，皮科及抗過敏，婦科等多個治療領域。本集團已經成為最專業的中藥和生物製品的臨床研究服務商。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### Pharmaceutical Development Service (PDS)

The Group's portfolio for technology R&D and transfer covers 13 major and high growth therapeutic areas such as endocrine, CNS, cardiovascular disease, dermatosis, cancer, AIDS, allergy and antibiotics. Several of its products are introduced to the domestic market for the first time and are exclusive products. Furthermore, several advanced technology platforms have been established for drug synthesis, pharmaceutical analysis and drug delivery systems.

The Group's R&D strength is able to maintain a leading position in the industry. The Group initiated 55 new projects in 2007 and currently has 228 products under development. During the year, the State Food and Drug Administration ("SFDA") granted 25 new Clinical Study Permits ("CSP") to the Group. For the year ended 31 December 2007, the total number of CSPs obtained by the Group accumulated to 295 and the total number of MPs accumulated to 103.

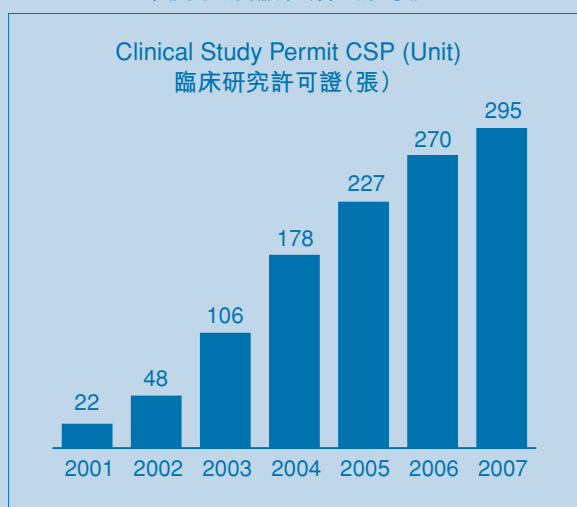
#### 藥物開發服務(PDS)

本集團之技術研發與轉讓的項目，涉及13個主要及高增長之治療範圍，例如內分泌、精神神經系統疾病、心血管疾病、皮膚病、癌症、艾滋病、過敏症及抗生素。多個產品為國內首家及獨家產品；在藥物合成，藥物分析及藥物傳遞系統上，建立了多個優勢技術平台。

隨着不斷的大力投入，本集團一直保持在新藥研發市場之優勢地位。本集團於二零零七年展開55個新項目，目前集團有在研藥品228個。於年度內，本集團已獲國家食品藥品監督管理局（「食品藥品監督局」）批出25張新臨床研究許可證。截至二零零七年十二月三十一日，本集團獲發之臨床研究許可證總數已累積至295張，獲發之生產許可證總數已累積至103張。

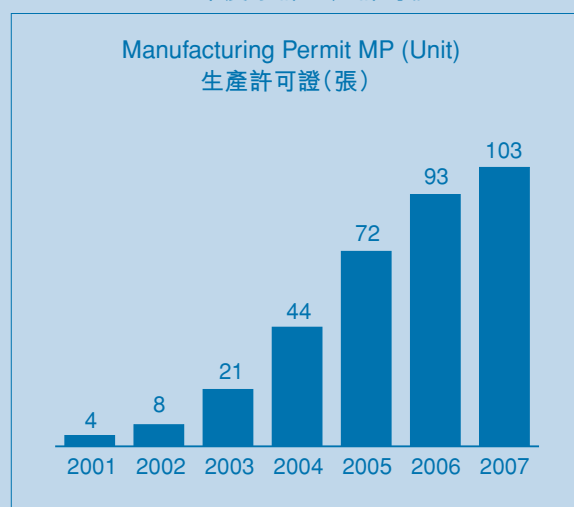
#### Total number of CSPs for the year

年度累計臨床研究許可證



#### Total number of MPs for the year

年度累計生產許可證



## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### Patents

The Group has always placed great emphasis on the protection of intellectual property rights. Since its incorporation and up to 31 December 2007, the Group had submitted 108 patent applications.

#### PROSPECTS

To capitalize on the opportunity of the increased demand of global R&D outsourcing market, the company has made best efforts to improve its service capacities and performance in R&D outsourcing service 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). In the meantime, the Group believes that as the government completes its rectification of the industry and further standardizes its supervision and accelerates its remedial actions, the market environment will become more favorable to the Group given its competitive edge. The upcoming new booming age of the pharmaceutical industry will not only present the Group with rare and precious business opportunities, but also considerable return for the shareholders.

#### 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 market funds, which was RMB72,409,000.

#### 專利

本集團一向注重保護知識產權。本公司由成立至二零零七年十二月三十一日止共提交108份專利申請。

#### 展望

為把握國際研發外包市場需求增長之機遇，本集團不遺餘力提高自身研發能力及質量，以提供涵蓋藥物開發服務(PDS)、有效藥劑成分(API)、合約研究服務(CRS)、藥政服務(RAS)及合約生產服務(CMS)及合約銷售服務(CSS)之全面綜合的服務。同時本集團也相信，隨着政府結束對行業整頓，進一步規範監管，加快治理，市場環境更符合本集團的競爭優勢，醫藥行業的新繁榮時期將為本集團帶來不可多得的機遇，必將為股東帶來豐厚的回報。

#### 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市場基金人民幣72,409,000元。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

#### EMPLOYEES

The total number of employees in the Group was 281 as at 31 December 2007 (2006: 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.

#### APPROPRIATION

The Directors do not recommend the payment of final dividend for the year ended 31 December 2007 and propose that the profit for the year be retained.

#### REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Board has reviewed the consolidated financial statements for the year, including the accounting principles and accounting standards adopted by the Company, and discussed matters relating to auditing, internal controls and financial reporting.

#### 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。

#### 僱員資料

於二零零七年十二月三十一日，本集團合共有281名僱員（二零零六年：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，以及購股權計畫。

#### 分配

董事不建議就截至二零零七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。

#### 財務報表之審閱

審核委員會已審閱本公司本年度之綜合財務報表，包括本公司所採納的會計原則及會計準則，並已討論有關審計、內部監控及財務彙報事宜。

## 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 was awarded 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 Hokkaido 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 2007.

#### 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 58 and 146, 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 2007 are set out in the consolidated income statement on page 52 of the annual report.

The Directors do not recommend the payment of final dividend for the year ended 31 December 2007 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 27 to the financial statements.

本公司董事謹此呈報本公司及附屬公司（「本集團」）截至二零零七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58及146。

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

本集團截至二零零七年十二月三十一日止年度之業績載於本年報第52頁綜合收益表。

董事不建議就截至二零零七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27。

## 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 122 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 147 to 148.

#### 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

##### 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122。

#### 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147至148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

##### 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 121 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 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 2007, 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).

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。

於二零零七年七月十一日，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。

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。

## DIRECTORS' REPORT

### 董事會報告

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

As at 31 December 2007, 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:

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

##### (1) The Company

| Name<br>姓名            | Type of interest<br>權益類別 | Capacity<br>身份   | Number of shares in<br>which interested<br>(other than under<br>equity derivatives)<br>持有權益之股份數目<br>(股本衍生工具除外) | Number of shares in<br>which interested<br>under physically<br>settled equity<br>derivatives<br>根據實物結算<br>股本衍生<br>工具持有權益<br>之股份數目<br>(Note 3)<br>(附註3) |             | Total number<br>of shares<br>股份總數 | Approximate<br>percentage<br>of interest<br>權益概約<br>百分比 |
|-----------------------|--------------------------|--|--|--|-------------|-----------------------------------|---|
|                       |                          |  |  |  |             |                                   |   |
| William Xia GUO<br>郭夏 | Personal<br>個人           | Beneficial owner<br>實益擁有人  | 9,110,377  | 7,884,000  | 16,994,377  | 4.72                              |   |
| William Xia GUO<br>郭夏 | Corporate<br>公司          | Interest of a controlled<br>Corporation (Note 1)<br>受控制法團權益(附註1) | 149,432,583  | —  | 149,432,583 | 41.51                             |   |
| William Xia GUO<br>郭夏 | Corporate<br>公司          | Interest of a controlled<br>Corporation (Note 2)<br>受控制法團權益(附註2) | 15,966,073   | —  | 15,966,073  | 4.44                              |   |

#### 董事及主要行政人員於股份、相關股份及債券之權益

於二零零七年十二月三十一日，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：

#### 於本公司股份及相關股份之好倉

##### (1) 本公司

## DIRECTORS' REPORT

### 董事會報告

Note 1: The controlled corporation, Venturepharm Holdings Inc., is 47.63 % directly held by Mr. William Xia GUO and 44.94 % held by Mr. William Xia GUO through Winsland Agents Limited, his wholly and beneficially owned company incorporated in British Virgin Islands.

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

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

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。

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：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：

**Number of shares in which  
interested under physically  
settled equity derivatives as at  
20 June 2003 and 31 December 2007**

於二零零三年六月二十日  
及二零零七年十二月三十一日

| Name<br>姓名            | 根據實物結算股本衍生工具<br>持有權益之股份數目 | Date of grant<br>授出日期       | Exercise price<br>行使價 |
|-----------------------|---------------------------|-----------------------------|-----------------------|
| William Xia GUO<br>郭夏 | 7,200,000                 | 20 June 2003<br>二零零三年六月二十日  | HK\$0.32<br>0.32港元    |
| William Xia GUO<br>郭夏 | 360,000                   | 2 March 2005<br>二零零五年三月二日   | HK\$0.52<br>0.52港元    |
| William Xia GUO<br>郭夏 | 324,000                   | 10 August 2006<br>二零零六年八月十日 | HK\$0.36<br>0.36港元    |

Options granted to Mr. William Xia GUO contain a vesting schedule, pursuant to which may 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 balance after 31 December 2005. The relevant options will expire after ten years from the date of grant. Mr. William Xia GUO has undertaken to the Stock Exchange that he will not exercise their options granted under the Pre-IPO Share Options 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<br>姓名            | Type of interest<br>權益類別 | Capacity<br>身份  | Capital contribution on a Sino-foreign co-operative joint venture<br>於一間中外合作合營企業之出資額 | Approximate percentage of interest of shareholding in joint venture<br>於合營企業股權之權益概約百分比 |
|-----------------------|--------------------------|---|--|--|
| William Xia GUO<br>郭夏 | Corporate<br>公司          | Interest of a controlled corporation (Note 1)<br>受控制法團權益(附註1) | US\$111,000<br>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 2007, 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，於二零零七年十二月三十一日，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 2007, 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:

#### 主要股東

據本公司任何董事及主要行政人員所知，於二零零七年十二月三十一日，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：

| Name<br>名稱  | Capacity<br>身份   | Number of shares<br>股份數目 | Approximate<br>percentage of<br>interest<br>權益概約<br>百分比 |
|---|--|--------------------------|---|
| Venturepharm Holdings Inc.<br>(Note 1)(附註1)       | Beneficial owner<br>實益擁有人  | 149,432,583              | 41.51   |
| Venturepharm Holdings Inc.<br>(Note 2)(附註2)       | Interest of controlled corporation<br>受控制法團權益                                | 15,966,073               | 4.44  |
| Bright Excel Assets Limited<br>(Note 2)(附註2)      | Beneficial owner<br>實益擁有人  | 15,966,073               | 4.44  |
| C Tech Fund                                       | Beneficial owner<br>實益擁有人  | 80,736,558               | 22.43   |
| William Xia GUO (Notes 1, 2 and 3)<br>郭夏(附註1、2及3) | Beneficial owner and interest of<br>controlled corporations<br>實益擁有人及受控制法團權益 | 182,069,033              | 50.57   |

## DIRECTORS' REPORT

### 董事會報告

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

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

Save as disclosed above, as at 31 December 2007, 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.

#### 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及分別7,200,000股股份及360,000股股份。

除上文所披露者外，於二零零七年十二月三十一日，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。

## DIRECTORS' REPORT

### 董事會報告

#### SHARE OPTION SCHEME

##### 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 2007, 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 2007 are as follows:

| Name of grantees<br>承授人姓名                            | Period during which the options remain exercisable after the date of grant<br>購股權於授出日期後可予行使期限 | Exercise price per share<br>每股行使價 | Number of underlying shares under the option as at 20.6.2003 and 31.12.2007<br>於二零零三年六月二十日及二零零七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)<br>郭夏(附註1及2)           | 10 years<br>十年  | HK\$0.32<br>0.32港元                | 7,200,000   |
| 2 other participants (Notes 1 & 2)<br>兩名其他參與者(附註1及2) | 10 years<br>十年  | HK\$0.32<br>0.32港元                | 2,520,000   |
| 1 other participant (Note 3)<br>一名其他參與者(附註3)         | 10 years<br>十年  | HK\$0.40<br>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。於二零零七年十二月三十一日，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。於二零零七年十二月三十一日，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 adviser 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. 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 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。

## 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.

## 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。

## DIRECTORS' REPORT

### 董事會報告

As at 2 March 2005, options comprising a total of 4,042,000 underlying shares were granted. As at 31 December 2007, 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 2007 are as follows:

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。於二零零七年十二月三十一日，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。於二零零七年十二月三十一日，有關根據購股權計劃授出之尚未行使購股權詳情如下：

| Name of grantees<br>承授人姓名  | Period during which the<br>options remain exercisable<br>after the date of grant<br>購股權於授出<br>日期後可予行使期限 | Exercise price<br>per share<br>每股行使價 | Number of underlying<br>shares under the option as<br>at 2.3.2005 and 31.12.2007<br>於二零零五年三月二日及<br>二零零七年十二月三十一日<br>購股權涉及之相關股份數目 |
|----------------------------|---|--------------------------------------|---|
| William Xia GUO<br>郭夏      | 10 years<br>十年  | HK\$0.52<br>0.52港元                   | 360,000   |
| Other Directors<br>其他董事    | 10 years<br>十年  | HK\$0.52<br>0.52港元                   | 720,000   |
| Other participant<br>其他參與者 | 10 years<br>十年  | HK\$0.52<br>0.52港元                   | 812,000   |
|                            |   |                                      | 1,892,000   |

## 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 2007, the options outstanding are 288,000 and 810,000 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 2007 are as follows:

| Name of grantees<br>承授人姓名 | Period during which the options remain exercisable after the date of grant<br>購股權於授出日期後可予行使期限 | Exercise price per share<br>每股行使價 | Number of underlying shares under the option as at 14.12.2005 and 31.12.2007 |
|---------------------------|---|-----------------------------------|--|
|                           |   |                                   | 於二零零五年十二月十四日及二零零七年十二月三十一日購股權涉及之相關股份數目  |
| 4 participants<br>4名參與者   | 10 years<br>十年  | HK\$0.45<br>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。於二零零七年十二月三十一日，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。於二零零七年十二月三十一日，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 4,118,000 underlying shares were granted. As at 31 December 2007, the options outstanding are 3,708,000 and 410,400 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 2007 are as follows:

| Name of grantees<br>承授人姓名  | Period during which the options remain exercisable after the date of grant<br>購股權於授出日期後可予行使期限 | Exercise price per share<br>每股行使價 | Number of underlying shares under the option as at 10.8.2006 and 31.12.2007 |
|----------------------------|---|-----------------------------------|---|
|                            |   |                                   | 於二零零六年八月十日及二零零七年十二月三十一日購股權涉及之相關股份數目   |
| William Xia GUO<br>郭夏      | 10 years<br>十年  | HK\$0.36<br>0.36港元                | 324,000   |
| Other directors<br>其他董事    | 10 years<br>十年  | HK\$0.36<br>0.36港元                | 792,000   |
| Other participant<br>其他參與者 | 10 years<br>十年  | HK\$0.36<br>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。於二零零七年十二月三十一日，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。於二零零七年十二月三十一日，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

#### 5. 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 May 2007, options comprising a total of 7,568,000 underlying shares were granted. As at 31 December 2007, the options outstanding are 6,805,200 and 762,800 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 2007 are as follows:

| Name of grantees<br>承授人姓名  | Period during which the options remain exercisable after the date of grant<br>購股權於授出日期後可予行使期限 | Exercise price per share<br>每股行使價 | Number of underlying shares under the option as at 10.5.2007 and 31.12.2007<br>於二零零七年五月十日及二零零七年十二月三十一日購股權涉及之相關股份數目 |
|----------------------------|---|-----------------------------------|--|
| William Xia Guo<br>郭夏      | 10 years<br>十年  | HK\$0.625<br>0.625港元              | 966,000  |
| Other directors<br>其他董事    | 10 years<br>十年  | HK\$0.625<br>0.625港元              | 956,000  |
| Other participant<br>其他參與者 | 10 years<br>十年  | HK\$0.625<br>0.625港元              | 4,883,200  |

#### COMPETING INTERESTS

As at 31 December 2007, 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.

#### 5. 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。

於二零零七年五月十日，已授出涉及合共7,568,000股相關股份之購股權。於二零零七年十二月三十一日，有6,805,200份購股權尚未行使，及有762,800份根據購股權計劃授出之購股權已被註銷或失效。於二零零七年十二月三十一日，有關根據購股權計劃授出之尚未行使購股權詳情如下：

#### 競爭權益

於二零零七年十二月三十一日，本公司之董事或管理層股東及彼等各自之聯繫人士(定義見創業板上市規則)概無於任何與本集團業務構成或可能構成競爭的業務中擁有權益。

## DIRECTORS' REPORT

### 董事會報告

#### 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 2007.

#### 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.

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.

#### 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

截至二零零七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%。

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。

## DIRECTORS' REPORT

### 董事會報告

#### PRE-EMPTIVE RIGHTS

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

#### AUDITORS

UHY VOCATION HK CPA Limited was appointed as the auditors of the Company in succession to Baker Tilly Hong Kong Limited who resigned from the office with effect from 1 February 2008. UHY VOCATION HK CPA 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

*Chairman*

**William Xia GUO**

Beijing, the PRC, 27 March 2008

#### 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

天職香港會計師事務所有限公司獲委任為本公司核數師，以接替於二零零八年二月一日辭任之正風會計師事務所。天職香港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**

中國北京，二零零八年三月二十七日

## 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") save with certain deviations in respect of the roles of chairman and chief executive officer.

#### (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 2007.

#### (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，是有關主席與行政總裁之角色。

#### (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，彼等於截至二零零七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:



Notes:

(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 2007, the service contract with each director other than Nathan Xin ZHANG and WANG Hong Bo, expired and be renewed for one more year.

### (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。

二零零七年七月十一日，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。

## CORPORATE GOVERNANCE REPORT

### 企業管治報告

- (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).

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.

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 2007. The Directors can attend meetings in persons or through other means of electronic communication in accordance with the Company's Articles of Association.

- (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。

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

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

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

本公司會就每年定期董事會會議事先編列時間表，以便全體董事有機會出席。於二零零七年，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。

## CORPORATE GOVERNANCE REPORT

### 企業管治報告

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.

During the twelve months ended 31 December 2007, the Board met and held four meetings in March, May, August and November 2007. The attendance records of the aforementioned four Board meetings are set out below:

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。

截至二零零七年十二月三十一日止十二個月，董事會曾於二零零七年三月、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. | Attendance rate |
|--|--------------------|----------------|-----------------|
|  |                    | 出席次數           | 出席率             |
| <b>Executive Director</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.

#### (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.

#### (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。

#### (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。



## CORPORATE GOVERNANCE REPORT

### 企業管治報告

#### (7) AUDITORS' REMUNERATION

The coming annual general meeting should approve the appointment of UHY ZTHZ HK CPA Limited as the new auditors of the Group and that the Board is and be hereby authorized to fix auditors' remuneration. Non-audit services were not provided by previous auditors to the Company during the twelve months ended 31 December 2007.

#### (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.

#### (7) 核數師酬金

於即將舉行之股東週年大會上將批准委聘天職香港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。截至二零零七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 committee holds meetings on quarterly basis. During the twelve months ended 31 December 2007, the audit committee held four meetings and reviewed the Group's annual report, quarterly and interim financial results. The attendance records of the aforementioned four audit committee meetings are set out below:

審核委員會每季舉行會議一次。截至二零零七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：

|                    |                    | <b>Attendance of member at audit committee meetings during the year</b> |                        |
|--------------------|--------------------|---|------------------------|
|                    |                    | 年內審核委員會成員之出席率   |                        |
| <b>Members</b>     | <b>成員</b>          | <b>Attendance no.</b>   | <b>Attendance rate</b> |
|                    |                    | 出席次數  | 出席率                    |
| 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



#### 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 49 to 148, which comprise the consolidated and the Company's balance sheets as at 31 December 2007, 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 significant 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.

#### 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49至第148頁所載萬全科技藥業有限公司(「本公司」)綜合財務報表，包括於二零零七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。

## AUDITORS' REPORT

### 核數師報告書

#### AUDITORS' RESPONSIBILITIES

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

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.

An audit involves 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 entity'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 entity'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.

#### 核數師之責任

本核數師之責任是根據吾等審核之結果對此等財務報表作出意見，並僅向全體股東呈報，除此之外本報告別無其他用途。本核數師概不就本報告之內容向任何其他人士負責或承擔任何責任。

本核數師已按照香港會計師公會所頒布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。

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。

## AUDITORS' REPORT

### 核數師報告書

#### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2007 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.

**UHY VOCATION HK CPA Limited**  
(Formerly known as UHY ZTHZ HK CPA LIMITED)

*Certified Public Accountants*

**David Tze Kin NG**

*Auditor*

Practising Certificate Number P553

Hong Kong, 27 March 2008

#### 意見

本核數師認為，根據香港財務報告準則編製之綜合財務報表足以真實兼公平地顯示 貴公司及 貴集團於二零零七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。

天職香港會計師事務所有限公司  
(前稱香港中天華正會計師事務所有限公司)

*執業會計師*

**吳梓堅**

*核數師*

執業證書編號P553

香港，二零零八年三月二十七日

## CONSOLIDATED INCOME STATEMENT

### 綜合收益表

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

|                               |              |            | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
|-------------------------------|--------------|------------|-----------------------------------|-----------------------------------|
|                               |              | Note<br>附註 |                                   |                                   |
| Turnover                      | 營業額          | 6          | <b>38,729</b>                     | 57,052                            |
| Cost of sales                 | 銷售成本         |            | <b>(15,771)</b>                   | (24,766)                          |
| Gross profit                  | 毛利           |            | <b>22,958</b>                     | 32,286                            |
| Other revenue                 | 其他收益         | 7          | <b>2,433</b>                      | 5,631                             |
| Administrative expenses       | 行政開支         |            | <b>(18,165)</b>                   | (17,542)                          |
| Profit from operations        | 經營溢利         |            | <b>7,226</b>                      | 20,375                            |
| Finance costs                 | 財務費用         | 8          | <b>(5,338)</b>                    | (1,549)                           |
| Share of loss of associates   | 應佔聯營公司虧損     |            | -                                 | (53)                              |
| <b>PROFIT BEFORE TAXATION</b> | <b>除稅前溢利</b> | 9          | <b>1,888</b>                      | 18,773                            |
| Income tax                    | 所得稅          | 11         | <b>(788)</b>                      | (3,175)                           |
| Profit for the year           | 本年度溢利        |            | <b>1,100</b>                      | 15,598                            |
| <b>ATTRIBUTABLE TO:</b>       | <b>應佔：</b>   |            |                                   |                                   |
| Equity holders of the Company | 本公司權益持有人     |            | <b>1,597</b>                      | 15,563                            |
| Minority interest             | 少數股東權益       | 28         | <b>(497)</b>                      | 35                                |
|                               |              |            | <b>1,100</b>                      | 15,598                            |
| <b>EARNINGS PER SHARE</b>     | <b>每股盈利</b>  | 29         |                                   |                                   |
| Basic                         | 基本           |            | <b>0.44 cents</b><br><b>0.44仙</b> | 4.32 cents<br>4.32仙               |
| Diluted                       | 攤薄           |            | <b>0.42 cents</b><br><b>0.42仙</b> | 4.14 cents<br>4.14仙               |

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 2007 於二零零七年十二月三十一日

|   |                 | Note | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
|---|-----------------|------|-----------------------------------|-----------------------------------|
| <b>NON-CURRENT ASSETS</b>                                       | <b>非流動資產</b>    |      |                                   |                                   |
| Property, plant and equipment                                   | 物業、廠房及設備        | 12   | 11,267                            | 6,762                             |
| New drugs technology  | 新藥技術            | 13   | 6,958                             | 8,107                             |
| Interest in associates  | 於聯營公司之權益        | 15   | 833                               | 3,235                             |
| Available-for-sales financial assets                            | 可供銷售金融資產        | 16   | -                                 | 19,248                            |
| Unlisted investment   | 非上市投資           | 17   | -                                 | 9,396                             |
|   |                 |      | <b>19,058</b>                     | 46,748                            |
| <b>CURRENT ASSETS</b>   | <b>流動資產</b>     |      |                                   |                                   |
| Work-in-progress  | 在製品             | 18   | 66,503                            | 46,934                            |
| Trade receivables   | 應收貿易賬款          | 19   | 30,721                            | 18,023                            |
| Prepayments, deposits and other receivables                     | 預付款項、按金及其他應收款項  | 20   | 34,841                            | 17,823                            |
| Amounts due from related companies                              | 應收關連公司款項        | 21   | 629                               | 1,296                             |
| Financial assets at fair value through profit or loss           | 按公平值透過損益記賬之金融資產 | 22   | 72,409                            | -                                 |
| Cash and cash equivalents                                       | 現金及現金等價物        | 23   | 30,803                            | 10,221                            |
|   |                 |      | <b>235,906</b>                    | 94,297                            |
| <b>CURRENT LIABILITIES</b>                                      | <b>流動負債</b>     |      |                                   |                                   |
| Trade payables  | 應付貿易款項          | 24   | 285                               | 463                               |
| Accruals and other payables                                     | 應計款項及其他應付款項     | 25   | 5,237                             | 1,085                             |
| Receipt in advance  | 預收款項            |      | 24,207                            | 5,507                             |
| Dividend payable  | 應付股息            |      | -                                 | 54                                |
| Interest-bearing borrowings                                     | 計息借貸            | 26   | -                                 | 6,451                             |
| Tax payable   | 應付稅項            |      | 6,060                             | 5,349                             |
| Bank overdraft  | 銀行透支            |      | 3                                 | -                                 |
|   |                 |      | <b>35,792</b>                     | 18,909                            |
| <b>NET CURRENT ASSETS</b>                                       | <b>流動資產淨值</b>   |      | <b>200,114</b>                    | 75,388                            |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                    | <b>總資產減流動負債</b> |      | <b>219,172</b>                    | 122,136                           |
| <b>NON-CURRENT LIABILITIES</b>                                  | <b>非流動負債</b>    |      |                                   |                                   |
| Corporate bonds payable   | 已付公司債券          | 31   | 95,936                            | -                                 |
| <b>NET ASSETS</b>   | <b>資產淨值</b>     |      | <b>123,236</b>                    | 122,136                           |
| <b>CAPITAL AND RESERVES</b>                                     | <b>股本及儲備</b>    |      |                                   |                                   |
| Share capital   | 股本              | 27   | 38,160                            | 38,160                            |
| Reserves  | 儲備              | 28   | 82,484                            | 80,887                            |
| Total equity attributable to equity shareholders of the Company | 本公司股權持有人應佔權益總額  |      | <b>120,644</b>                    | 119,047                           |
| <b>MINORITY INTERESTS</b>                                       | <b>少數股東權益</b>   |      | <b>2,592</b>                      | 3,089                             |
| <b>TOTAL EQUITY</b>   | <b>權益總額</b>     |      | <b>123,236</b>                    | 122,136                           |

Approved and authorised for issue by the board of directors on 27 March 2008:

董事會已於二零零八年三月二十七日批准及授權刊發：

Mr. William Xia GUO  
Director

Dr. Maria Xuemei SONG  
Director

董事  
郭夏先生

董事  
宋雪梅博士

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 2007 於二零零七年十二月三十一日

|  |                     | Note | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
|--|---------------------|------|-----------------------------------|-----------------------------------|
|  |                     | 附註   |                                   |                                   |
| <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                                 | 21                                |
| Interest in subsidiaries                                 | 於附屬公司之權益            | 14   | 67,417                            | 52,120                            |
| Available-for-sales financial assets                     | 可供銷售金融資產            | 16   | -                                 | 19,248                            |
|  |                     |      | <b>67,423</b>                     | <b>71,389</b>                     |
| <b>CURRENT ASSETS</b>                                    | <b>流動資產</b>         |      |                                   |                                   |
| Other receivables  | 其他應收款項              |      | 1,476                             | 3,388                             |
| Amount due from a related company                        | 應收關連公司款項            | 21   | 6                                 | 25                                |
| Financial assets at fair value<br>through profit or loss | 按公平值透過損益<br>記賬之金融資產 | 22   | 72,409                            | -                                 |
| Cash and cash equivalents                                | 現金及現金等價物            | 23   | 17,193                            | 298                               |
|  |                     |      | <b>91,084</b>                     | <b>3,711</b>                      |
| <b>CURRENT LIABILITIES</b>                               | <b>流動負債</b>         |      |                                   |                                   |
| Other payables   | 其他應付款項              | 25   | -                                 | 440                               |
| Accrued expenses   | 應計費用                | 25   | 114                               | -                                 |
| Receipts in advance                                      | 預收款項                |      | -                                 | 20                                |
| Interest-bearing borrowings                              | 計息借貸                | 26   | -                                 | 6,451                             |
| Dividend payable   | 應付股息                |      | -                                 | 54                                |
| Bank overdraft   | 銀行透支                |      | 3                                 | -                                 |
|  |                     |      | <b>117</b>                        | <b>6,965</b>                      |
| <b>NET CURRENT ASSETS/(LIABILITIES)</b>                  | <b>流動資產/(負債)淨額</b>  |      | <b>90,967</b>                     | <b>(3,254)</b>                    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>             | <b>總資產減流動負債</b>     |      | <b>158,390</b>                    | <b>68,135</b>                     |
| <b>NON-CURRENT LIABILITIES</b>                           | <b>非流動負債</b>        |      |                                   |                                   |
| Amount due to subsidiary                                 | 應付附屬公司款項            | 14   | 2,674                             | 2,674                             |
| Convertible bonds  | 可換股債券               | 31   | 95,936                            | -                                 |
| <b>NET ASSETS</b>  | <b>資產淨額</b>         |      | <b>59,780</b>                     | <b>65,461</b>                     |
| <b>CAPITAL AND RESERVES</b>                              | <b>股本及儲備</b>        |      |                                   |                                   |
| Share capital  | 股本                  | 27   | 38,160                            | 38,160                            |
| Reserves   | 儲備                  | 28   | 21,620                            | 27,301                            |
| <b>TOTAL EQUITY</b>                                      | <b>權益總額</b>         |      | <b>59,780</b>                     | <b>65,461</b>                     |

Approved and authorised for issue by the board of directors on 27 March 2008:

董事會已於二零零八年三月二十七日批准及授權刊發：

**Mr. William Xia GUO**  
Director

**Dr. Maria Xuemei SONG**  
Director

董事  
郭夏先生

董事  
宋雪梅博士

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 2007 截至二零零七年十二月三十一日止年度

|   |                        | Share-based<br>payment<br>reserve | Available-<br>for-sales<br>financial<br>assets<br>reserve | Special<br>reserve | Capital<br>reserve | Statutory<br>reserve | Statutory<br>enterprise<br>expansion<br>fund | Retained<br>earnings | Minority<br>interests   | Total        |                |
|---|------------------------|-----------------------------------|---|--------------------|--------------------|----------------------|--|----------------------|-------------------------|--------------|----------------|
|   |                        | Share<br>capital                  | 可供銷售<br>金融資產<br>儲備  | 特別儲備<br>reserve    | 資本儲備<br>reserve    | 法定儲備<br>reserve      | 法定企業<br>發展基金<br>fund                         | 保留盈利<br>earnings     | 少數<br>股東權益<br>interests | 合計<br>Total  |                |
|   |                        | RMB'000                           | RMB'000   | RMB'000            | RMB'000            | RMB'000              | RMB'000                                      | RMB'000              | RMB'000                 | RMB'000      |                |
|   |                        | 人民幣千元                             | 人民幣千元   | 人民幣千元              | 人民幣千元              | 人民幣千元                | 人民幣千元  | 人民幣千元                | 人民幣千元                   | 人民幣千元        |                |
| At 1 January 2006   | 於二零零六年一月一日             | 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<br>available-for-sales<br>financial assets | 可供出售<br>金融資產之<br>公平值變動 | -                                 | -   | 345                | -                  | -                    | -  | -                    | -                       | -            | 345            |
| Reversal of share based<br>payment reserve                          | 撥回股份付款<br>儲備           | -                                 | (205)   | -                  | -                  | -                    | -  | -                    | -                       | -            | (205)          |
| At 1 January 2007   | 於二零零七年一月一日             | 38,160                            | 53  | (1,032)            | 6,039              | 894                  | 3,803  | 6,986                | 64,144                  | 3,089        | 122,136        |
| Transfer to reserves  | 轉撥至儲備                  | -                                 | 2,800   | 1,032              | -                  | 6                    | -  | -                    | (3,838)                 | -            | -              |
| Profit for the year   | 本年度溢利                  | -                                 | -   | -                  | -                  | -                    | -  | -                    | 1,597                   | (497)        | 1,100          |
| <b>At 31 December 2007</b>  | <b>於二零零七年十二月三十一日</b>   | <b>38,160</b>                     | <b>2,853</b>  | <b>-</b>           | <b>6,039</b>       | <b>900</b>           | <b>3,803</b>                                 | <b>6,986</b>         | <b>61,903</b>           | <b>2,592</b> | <b>123,236</b> |

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 2007 截至二零零七年十二月三十一日止年度

|  |                       | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
|--|-----------------------|-----------------------------------|-----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                        | <b>經營業務之現金流量</b>      |                                   |                                   |
| Profit before taxation   | 除稅前溢利                 | <b>1,888</b>                      | 18,773                            |
| 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                             |
| Allowance for work-in-progress                                     | 在製品撥備                 | <b>(714)</b>                      | 1,163                             |
| Amortisation and impairment of intangible assets                   | 無形資產之攤銷及減值            | <b>1,149</b>                      | 795                               |
| Depreciation and amortisation of property, plant and equipment     | 物業、廠房及設備之折舊及攤銷        | <b>1,769</b>                      | 529                               |
| Exchange gain  | 匯兌收益                  | <b>23</b>                         | 795                               |
| Loss/(Gain) on disposal of associate                               | 出售聯營公司虧損／(收益)         | <b>935</b>                        | (241)                             |
| Impairment of investment   | 投資減值                  | <b>167</b>                        | -                                 |
| Interest income  | 利息收入                  | <b>(1,526)</b>                    | (2,057)                           |
| Investment gain  | 投資收入                  | <b>(163)</b>                      | -                                 |
| Share-based payment expenses                                       | 股份付款開支                | <b>(76)</b>                       | (205)                             |
| Share of loss of associate   | 應佔聯營公司虧損              | -                                 | 53                                |
| Operating cash flows before movements in working capital           | 營運資金變動前之經營現金流量        | <b>3,452</b>                      | 23,474                            |
| Increase in work-in-progress                                       | 在製品增加                 | <b>(19,569)</b>                   | (14,128)                          |
| Increase in trade receivables                                      | 應收貿易賬款增加              | <b>(12,698)</b>                   | (12,409)                          |
| (Increase)/decrease in prepayments, deposits and other receivables | 預付款項、按金及其他應收賬款(增加)／減少 | <b>(17,018)</b>                   | 1,971                             |
| Decrease in amounts due from related companies                     | 應收關連公司款項減少            | <b>667</b>                        | 463                               |
| Decrease in trade payables   | 應付貿易賬款減少              | <b>(178)</b>                      | (131)                             |
| Increase/(Decrease) in accruals and other payables                 | 應計款項及其他應付款項增加／(減少)    | <b>4,152</b>                      | (3,793)                           |
| Increase in receipt in advance                                     | 預收款項增加                | <b>18,700</b>                     | 1,245                             |
| Decrease in dividend payable                                       | 應付股息減少                | <b>(54)</b>                       | -                                 |
| <b>Cash used in operations</b>                                     | <b>經營業務所用現金</b>       | <b>(22,546)</b>                   | (3,308)                           |
| PRC enterprise income tax (paid)/recovered                         | 已(已繳)／收回中國企業所得稅       | <b>(77)</b>                       | 1,472                             |
| <b>Net cash used in operating activities</b>                       | <b>經營活動所用現金淨額</b>     | <b>(22,623)</b>                   | (1,836)                           |

## CONSOLIDATED CASH FLOW STATEMENT

### 綜合現金流量表

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

|   |                     | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
|---|---------------------|-----------------------------------|-----------------------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       | <b>投資活動之現金流量</b>    |                                   |                                   |
| Decrease in unlisted investment                                   | 減少非上市投資             | 9,396                             | -                                 |
| Purchase of property, plant and equipment                         | 購置物業、廠房及設備          | (6,279)                           | (2,268)                           |
| Purchase of new drugs technology                                  | 購買新藥技術              | -                                 | (40)                              |
| Decrease in investment in associate                               | 於聯營公司之投資減少          | 2,235                             | -                                 |
| Decrease in available for sales investment                        | 可供銷售投資減少            | 19,248                            | -                                 |
| Increase in financial assets at fair value through profit or loss | 按公平值透過損益記賬之金融資產增加   | (72,409)                          | -                                 |
| Bank interest received  | 已收銀行利息              | 574                               | 66                                |
| Interest received on available-for-sales financial assets         | 可供銷售金融資產之所收利息       | 952                               | 1,687                             |
| (Decrease)/Increase in interest-bearing borrowings                | 計息借貸(減少)/增加         | (6,451)                           | 3,451                             |
| Net cash (used in)/generated from investing activities            | 投資活動(所用)/所得現金淨額     | (52,734)                          | 2,896                             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       | <b>融資活動之現金流量</b>    |                                   |                                   |
| Increase in corporate bonds payable                               | 已付公司債券增加            | 95,936                            | -                                 |
| <b>Net cash generated from financing activities</b>               | <b>融資活動所得現金淨額</b>   | <b>95,936</b>                     | <b>-</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>20,579</b>                     | <b>1,060</b>                      |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>         | <b>年初之現金及現金等價物</b>  | <b>10,221</b>                     | <b>9,161</b>                      |
| <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>30,800</b>                     | <b>10,221</b>                     |

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。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 1. CORPORATE INFORMATION

Venturepharm Laboratories Limited (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 consolidated financial statements of the Group on pages 52 to 57 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

The consolidated financial statements are presented in thousands of units of Renminbi (“RMB’000”) which is the functional currency of the Company.

The consolidated financial statements for the year ended 31 December 2007 were approved for issue by the board of directors on 27 March 2008.

#### 1. 公司資料

萬全科技藥業有限公司(「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。

第52至57頁之本集團綜合財務報表乃根據香港財務報告準則(「香港財務報告準則」，其統稱詞彙包括香港會計師公會(「香港會計師公會」)頒佈之所有適用個別香港財務報告準則、香港會計準則及詮釋)編製。綜合財務報表亦包括香港公司條例及香港聯合交易所有限公司創業板證券上市規則(「創業板上規規則」)之適用披露規定。

本綜合財務報表以本公司的功能貨幣人民幣千元編製。

截至二零零七年十二月三十一日止年度之綜合財務報表已於二零零八年三月二十七日經董事會批准刊發。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 2. ADOPTION OF NEW OR AMENDED HKFRAs

##### (a) Standards, amendment and interpretations effective in 2007

IFRS/HKFRS 7 “Financial instruments: Disclosures” and the complementary amendment to IAS/HKAS 1, “Presentation of financial statements – Capital disclosures”, introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group’s financial instruments, or the disclosures relating to taxation and trade and other payables.

IFRIC/HK(IFRIC) – Int 10, “Interim financial reporting and impairment”, prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group’s financial statements.

#### 2. 採納全新或經修訂之香港財務報告準則

##### (a) 於二零零七年生效之準則、修訂及詮釋

國際財務報告準則／香港財務報告準則第7號：『財務工具：披露』及國際會計準則／香港會計準則第1號之補充修訂：『財務報表之呈列—資本披露』引入有關財務報表的新披露項目及並不對本集團財務報表之分類及估值或有關稅項及貿易及其他應付賬款造成任何影響。

國際財務報告詮釋委員會／香港（國際財務報告詮釋委員會）— 詮釋第10號「中期財務報告及減值」規定於中期確認之商譽、股本工具投資及按成本計算之金融資產投資之減值虧損不得於下一個結算日予以撥回。此標準不會對本集團之財務報表造成任何影響。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 2. ADOPTION OF NEW OR AMENDED HKFRAs

(Continued)

##### (b) Standards, amendments and interpretations effective in 2007 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Group's operations:

HKFRS 4, "Insurance contracts";

HK(IFRIC) – Int 7, "Applying the restatement approach under HKAS 29, Financial reporting in hyper-inflationary economies";

HK(IFRIC) – Int 8, "Scope of HKRS 2";

HK(IFRIC) – Int 9, "Re-assessment of embedded derivatives"; and

HK(IFRIC) – Int 11, "HKFRS 2 – Group and treasury share transactions".

#### 2. 採納全新或經修訂之香港財務報告準則 (續)

##### (b) 於二零零七年生效但無關之準則、修訂及詮釋

下列將予公佈之準則、修訂及詮釋屬強制性規定，須於二零零七年一月一日或以後開始之年度期間生效，但與本集團營運無關：

香港財務報告準則第4號 「保險合約」

香港(國際財務報告 – 註釋第7號「採用香港會計  
詮釋委員會) 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 – 註釋第8號「香港財務報告  
詮釋委員會) 準則第2號之範圍]

香港(國際財務報告 – 註釋第9號「重估嵌入式  
詮釋委員會) 衍生工具」，及

香港(國際財務報告 – 註釋第11號「香港財務報告  
詮釋委員會) 準則第2號集團及庫存股份  
交易]

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 2. ADOPTION OF NEW OR AMENDED HKFRAs

(Continued)

##### (c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them:

HKAS 23 (Amendment), "Borrowing costs" (effective from 1st January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Amended) from 1st January 2009 but is currently not applicable to the Group as there are no qualifying assets.

#### 2. 採納全新或經修訂之香港財務報告準則 (續)

##### (c) 尚未生效及本集團並無提前採納之準則、修訂及詮釋

以下為已公佈之準則、修訂及對現有準則之詮釋，而本集團須於二零零八年一月一日或之後開始之會計期間或較後期間採納，但本集團並無提早採納：

香港會計準則第23號(經修訂)，「借款成本」(自二零零九年一月一日之後生效)。有關修訂規定實體將直接源自購入、製造或生產合資格資產(須經一段時間準備方可使用或出售之資產)之借款成本撥充資本，作為該資產成本之一部份。不會考慮即時將該等借款成本支銷。本集團將自二零零九年一月一日起應用香港會計準則第23號(經修訂)，但因無合資格資產，目前並不適用於本集團。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 2. ADOPTION OF NEW OR AMENDED HKFRAs

(Continued)

##### (c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)

HKFRS 8, "Operating segments" (effective from 1st January 2009). IFRS/HKFRS 8 replaces IAS/HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply IFRS/HKFRS 8 from 1st January 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated to Groups of cash-generating units based on segment level, the change will also require management to reallocate goodwill to the newly identified operating segments. Management does not anticipate that this will result in any material impairment to the goodwill balance.

#### 2. 採納全新或經修訂之香港財務報告準則 (續)

##### (c) 尚未生效及本集團並無提前採納之準則、修訂及詮釋 (續)

香港財務準則8「營運分部」(自二零零九年一月一日起生效)。國際財務報告準則／香港財務準則8已取代國際會計準則／香港會計準則14，並將分部報告與美國準則SFAS 131「有關企業分部 and 相關資料之披露」之規定統一起來。此項新準則要求採用「管理方法」，即分部資料須按照與內部報告所採用之相同基準呈報。本集團將會自二零零九年一月一日起應用國際財務報告準則／香港財務準則8。預期影響現正由管理層詳細評估中，但可報告分部之數目以及報告分部之方式，很有可能會跟隨向主要經營決策者提供之內部報告以一致之方式變動。由於商譽是根據分部水準分配至現金產生單位組別，此項變動將要求管理層重新分配商譽至新識別之營運分部。管理層預期這不會導致商譽結餘出現任何重大減值。



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

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

### 2. ADOPTION OF NEW OR AMENDED HKFRAs

(Continued)

#### (d) Interpretations to existing standards that are not yet effective and not relevant for the Group's operations

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1st January 2008 or later periods but are not relevant for the Group's operations:

HK(IFRIC) – Int 11, "Group and treasury share transactions" (effective from 1st March 2007);

HK(IFRIC) – Int 12, "Service concession arrangements" (effective from 1st January 2008);

HK(IFRIC) – Int 13, "Customer loyalty programmes" (effective from 1st July 2008); and

HK(IFRIC) – Int 14, "IAS/HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective from 1 January 2008).

### 2. 採納全新或經修訂之香港財務報告準則 (續)

#### (d) 仍未生效且與本集團營運亦無關聯之現有準則之詮釋

以下為已公佈對現有準則之詮釋，本集團須於二零零八年一月一日或之後開始之會計期間或較後期間採納，但與本集團之營運無關：

香港(國際財務報告準則委員會) – 詮釋11「集團及庫存股份交易」(自二零零七年三月一日起生效)；

香港(國際財務報告準則委員會) – 詮釋12「服務特許權之安排」(自二零零八年一月一日起生效)；

香港(國際財務報告準則委員會) – 詮釋13「客戶忠誠度計劃」(自二零零八年七月一日起生效)；及

香港(國際財務報告準則委員會) – 詮釋14「國際財務準則/香港會計準則19—界定福利資產限額、最低資金要求及兩者相互關係」(自二零零八年一月一日起生效)。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 3.1 Preparation of financial standards

###### 3.1a Basis of preparation

The consolidated financial statements of Venturepharm Laboratories Limited have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

###### 3.1b Basis of consolidation

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

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

#### 3. 主要會計政策概要

##### 3.1 編製財務準則

###### 3.1a 編製基準

萬全科技藥業有限公司之綜合財務報表乃根據香港財務報告準則編製。綜合財務報表乃根據歷史成本慣例編製。

編製符合香港財務報告準則之財務報表須使用若干關鍵會計估計。管理層亦須於應用本集團會計政策過程中行使其判斷。涉及高度判斷及複雜性之領域或綜合財務報表之假設及估計之領域披露於附註5。

###### 3.1b 綜合基準

綜合財務報表包括本公司及其附屬公司每年截至十二月三十一日止之財務報表。

綜合財務報表已按合併會計法計入集團重組之影響。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

#### 3.1 Preparation of financial standards (Continued)

##### 3.1b Basis of consolidation (Continued)

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 cost directly attributable to the acquisition. Identifiable assets acquired 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 recognized 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)

#### 3.1 編製財務準則 (續)

##### 3.1b 綜合基準 (續)

本集團按收購會計法將所收購附屬公司入賬。收購成本為於交換日期特定資產、已發行股本工具及所產生或承擔負債之公平值，加收購直接應計成本。業務合併時購入之已識別資產，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 2007 截至二零零七年十二月三十一日止年度

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

##### 3.1 Preparation of financial standards (Continued)

###### 3.1b 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.

##### 3.2 Interest in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

#### 3. 主要會計政策概要 (續)

##### 3.1 編製財務準則 (續)

###### 3.1b 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。

##### 3.2 於附屬公司之權益

附屬公司指本集團有權管控其財政及營運政策之所有實體(包括特殊目的之實體)，一般持有其超過半數投票權之股權。在評定本集團是否控制另一實體時，目前可行使或可兌換之潛在投票權之存在及影響均予以考慮。

附屬公司在控制權轉移至本集團之日全面綜合入賬。附屬公司在控制權終止之日起停止綜合入賬。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

##### 3.2 Interest in subsidiaries (Continued)

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

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (Note 3.9). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

#### 3. 主要會計政策概要 (續)

##### 3.2 於附屬公司之權益 (續)

本集團按收購會計法將所收購附屬公司入賬。收購成本為於交換日期特定資產、已發行股本工具及所產生或承擔負債之公平值，加收購直接應計成本。業務合併時購入之已識別資產及承擔之負債和或然負債，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。

集團內公司之間之交易、交易結餘及未實現收益均予以對銷。除非交易提供所轉讓資產減值之憑證，否則未實現虧損亦予以對銷。附屬公司之會計政策已按需要作出改變，以確保與本集團採用之政策符合一致。

在本公司之資產負債表內，於附屬公司之投資按成本值扣除減值虧損準備列賬(附註3.9)。附屬公司之業績由本公司按已收及應收股息入賬。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

##### 3.3 Interests in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (Note 3.9).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses in associates are recognised in the consolidated income statement<sup>1</sup>.

<sup>1</sup> The Company may alternatively adopt an accounting policy to recognise dilution gains or losses in equity.

#### 3. 主要會計政策概要 (續)

##### 3.3 於聯營公司之權益

聯營公司指所有本集團對其有重大影響力而無控制權之實體，通常持有其20%–50%投票權之股權。聯營公司投資以權益會計法入賬，初始以成本確認。本集團於聯營公司之投資包括收購時已辨別之商譽(扣除任何累計減值虧損)(附註3.9)。

本集團應佔收購後聯營公司之溢利或虧損於損益表內確認，而應佔收購後儲備之變動則於儲備賬內確認。投資賬面值會根據累計之收購後儲備變動作出調整。如本集團應佔一家聯營公司之虧損等於或超過其於該聯營公司之權益，包括任何其他無抵押應收款，本集團不會確認進一步虧損，除非本集團已代聯營公司承擔責任或作出付款。

本集團與其聯營公司之間交易之未實現收益按集團於聯營公司權益之數額對銷。除非交易提供所轉讓資產減值之憑證，否則未實現虧損亦予以對銷。聯營公司之會計政策已按需要作出改變，以確保與本集團採用之政策一致。

於聯營公司之攤薄收益及虧損乃於綜合收益表內確認<sup>1</sup>。

<sup>1</sup> 本公司可能會採取另一項會計政策以確認股權之攤薄收益或虧損。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

##### 3.3 Interests in associates (Continued)

In the Company's balance sheet the investments in associated companies are stated at cost less provision for impairment losses (Note 3.8). The results of associated companies are accounted for by the Company on the basis of dividend received and receivable.

##### 3.4 Foreign currencies

###### *Functional and presentation currency*

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)

##### 3.3 於聯營公司之權益 (續)

在本公司之資產負債表內，於聯營公司之投資按成本值扣除減值虧損準備列賬(附註3.8)。聯營公司之業績由本公司按已收及應收股息入賬。

##### 3.4 外幣

###### *功能及列賬貨幣*

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 2007 截至二零零七年十二月三十一日止年度

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

##### 3.4 Foreign currencies (Continued)

###### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

###### *Group companies*

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:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

#### 3. 主要會計政策概要 (續)

##### 3.4 外幣 (續)

###### *交易及結餘*

外幣交易採用交易日之匯率換算為功能貨幣。結算此等交易產生之匯兌損益以及將外幣計值之貨幣資產和負債以年終匯率換算產生之匯兌盈虧於損益表確認，但作為合資格現金流量對沖或投資淨額對沖而撥入股本遞延處理之匯兌損益則不在此限。

分類為可出售金融資產之外幣貨幣證券之公平值變動於該證券之攤銷成本變動產生之匯兌差額與該證券之其他賬面值變動分列。有關攤銷成本變動產生之匯兌差額於收益表內確認，而其他賬面值變動則於權益內確認。

###### *集團公司*

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：

- 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；



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

##### 3.4 Foreign currencies (Continued)

###### Group companies (Continued)

- 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
- 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 operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

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.

##### 3.5 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.

#### 3. 主要會計政策概要 (續)

##### 3.4 外幣 (續)

###### 集團公司 (續)

- 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
- 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，換算於海外營運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。部份出售或出售海外業務時，記錄於股權之匯兌差額於收益表確認為出售收益或虧損之一部份。

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。

##### 3.5 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。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

#### 3.5 Revenue recognition (Continued)

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

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

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)

#### 3.5 收益確認 (續)

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

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

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 2007 截至二零零七年十二月三十一日止年度

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

##### 3.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment<sup>2</sup>.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from "other reserves" to "retained earnings".

<sup>2</sup> Management may choose to keep these gains/(losses) in equity until the acquired asset affects profit or loss. At this time, management should reclassify the gains/(losses) into profit or loss.

#### 3. 主要會計政策概要 (續)

##### 3.6 物業、廠房及設備

物業、廠房和設備按歷史成本減折舊列賬。歷史成本包括收購該項目直接應佔之開支。成本亦可包括從權益中轉撥有關以外幣購買廠房及設備之合資格現金流量對沖所產生之任何收益／虧損<sup>2</sup>。

其後成本只有在與該項目有關之未來經濟利益有可能流入本集團，而該項目之成本能可靠計量時，才包括在資產之賬面值或確認為獨立資產(按適用)。重置部份之賬面價值予以核銷。所有其他維修及保養在產生之財政期間內於損益表支銷。

重估樓宇所產生之賬面值增加計入股東權益項下之其他儲備內。賬面值減少並對銷以往相同資產增加則直接於權益項下之其他儲備內扣除；所有其他減少於損益表支銷。每年根據資產經重估賬面值於損益表內支銷之折舊與資產原來成本計算之折舊之間之差額從「其他儲備」撥入「保留溢利」。

<sup>2</sup> 管理層可選擇保留該等收益／(虧損)在權益內直至收購之資產影響損益為止。屆時管理層應重新將該等收益／(虧損)分類至損益表。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

##### 3.6 Property, plant and equipment (Continued)

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 assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains – net, in the income statements. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

#### 3. 主要會計政策概要 (續)

##### 3.6 物業、廠房及設備 (續)

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%       |

資產之剩餘價值及可使用年期在各結算日進行檢討，及在適當時調整。

若資產之賬面值高於其估計可收回價值，其賬面值即時撇減至可收回金額。

出售之損益乃按有關資產之銷售所得款項淨額與其賬面值之差額釐定，並列入損益表「其他(虧損)/收益-淨額」中。重估資產出售時，則計入其他儲備內之金額將轉至保留盈利。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

##### 3.7 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.

##### 3.8 Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### 3. 主要會計政策概要 (續)

##### 3.7 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。

##### 3.8 於附屬公司、聯營公司及非金融資產之投資減值

具無限期可使用年期或未能投入使用之資產不予攤銷，但須每年進行減值檢測。當有事件發生或情況改變顯示賬面值可能無法收回時，則須就資產減值進行檢討。減值虧損按資產賬面值超出其可收回金額之差額確認。可收回金額為資產公平值減銷售成本及使用價值兩者之較高者。評估減值時，資產按個別可識別現金流量(現金產生單位)之最低層次分類。於各報告日期，已減值商譽以外之資產將就撥回減值之可能性進行檢討。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

#### 3.9 Financial Assets

The Group classifies its financial assets in the following categories at fair value through profit or loss, loans and receivable, held-to-maturity investments and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(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 are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as “trade and other receivables” and “cash and cash equivalents” in the balance sheet (Notes 3.10 and 3.11).

### 3. 主要會計政策概要 (續)

#### 3.9 金融資產

本集團將其金融資產分類為以下類別：按公平值透過損益記賬之金融資產、貸款及應收款，持有至到期投資以及可供出售。分類乃根據購入金融資產之目的進行。管理層在初始確認時釐定金融資產之分類。

(a) 按公平值透過損益記賬之金融資產

按公平值透過損益記賬之金融資產指持有作買賣用途之金融資產。金融資產若在購入時主要用作在短期內出售，則分類為此類別。衍生工具分類為持作買賣資產，除非其被指定為對沖用途。此類別之資產分類為流動資產。

(b) 貸款及應收款項

貸款及應收款項為有固定或可釐定付款且沒有在活躍市場上報價之非衍生金融資產。該項目列入流動資產內，但到期日由結算日起計超過12個月者，則分類為非流動資產。貸款及應收款項於資產負債表分類列為「貿易及其他應收賬款」及「現金及現金等價物」(附註 3.10及 3.11)。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

##### 3.9 Financial Assets (Continued)

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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

#### 3. 主要會計政策概要 (續)

##### 3.9 金融資產 (續)

###### (c) 可供出售金融資產

可供出售金融資產為被指定為此類別或並無分類為任何其他類別之非衍生工具。除非管理層有意在結算日後12個月內出售該項投資，否則該等資產列入非流動資產內。

定期購入及出售之金融資產在交易日確認－交易日指本集團承諾購入或出售該資產之日期。對於並非按公平值透過損益記賬之所有金融資產，其投資初步按公平值加交易成本確認。按公平值透過損益記賬之金融資產，則初步按公平值確認，而交易成本則在損益表支銷。當從投資收取現金流量之權利經已到期或經已轉讓，而本集團已將擁有權之所有重大風險和回報實際轉讓時，金融資產即終止確認。可供出售金融資產及按公平值透過損益記賬之金融資產其後則按公平值列賬。貸款及應收款利用實際利率法按攤銷成本列賬。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

##### 3.9 Financial Assets (Continued)

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

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the income statement within “other (losses)/gains – net”, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group’s right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as “gains and losses from investment securities”.

#### 3. 主要會計政策概要 (續)

##### 3.9 金融資產 (續)

###### (c) 可供出售金融資產 (續)

來自「按公平值透過損益記賬之金融資產」類別之公平值變動所產生之盈虧，列入產生期間收益表內之「其他(虧損)／收益－淨額」中。來自按公平值透過損益記賬之金融資產之股息，於本集團收取有關款項之權利確定時，在收益表內確認為其他收入一部份。

以外幣計值並分類為可供出售貨幣證券之公平值變動，將按因證券之攤銷成本變動及證券賬面值之其他變動所產生之匯兌差異予以分列。匯兌差額於損益表確認，而賬面值之其他變動則於權益確認。分類為可供出售之貨幣證券及非貨幣證券之公平值變動於權益確認。

當分類為可供出售之證券售出或減值時，在權益中確認之累計公平值調整列入損益表內作為「投資證券之盈虧」。



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

##### 3.9 Financial Assets (Continued)

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

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### 3. 主要會計政策概要 (續)

##### 3.9 金融資產 (續)

###### (c) 可供出售金融資產 (續)

可供出售證券以實際利率法計算之利息在損益表內確認為其他收入一部份。可供出售權益工具之股息則於本集團收取有關款項之權利確定時在損益表內確認為其他收入一部份。

有報價之投資之公平值根據當時之買盤價計算。若某項金融資產之市場並不活躍(及就非上市證券而言)，本集團利用估值方法設定公平值。該等方法包括利用近期公平原則交易、參考大致相同之其他工具、貼現現金流量分析法和期權定價模式，充份利用市場數據而儘量少依賴實體特有之數據。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

##### 3.9 Financial Assets (Continued)

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

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in Note 3.10.

#### 3. 主要會計政策概要 (續)

##### 3.9 金融資產 (續)

###### (c) 可供出售金融資產 (續)

本集團於各結算日評估是否有客觀證據表明某項金融資產或某組金融資產經已減值。對於分類為可供出售之權益證券，證券公平值若大幅度或長期跌至低於其成本值，會被視為證券已經顯示減值。若可供出售金融資產存在此等證據，累計虧損（按收購成本與當時公平值之差額，減該金融資產之前在損益表確認之任何減值虧損計算）自權益中剔除並在損益表記賬。在損益表確認之權益工具減值虧損不會透過損益表撥回。應收賬款及其他應收款項之減值測試在附註3.10中說明。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

##### 3.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "selling and marketing costs". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "selling and marketing costs" in the income statement.

##### 3.11 Cash and cash equivalents

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

#### 3. 主要會計政策概要 (續)

##### 3.10 應收賬款及其它應收款項

應收賬款及其他應收款初步以公平值確認，其後利用實際利率法按攤銷成本扣除減值撥備計量。當有客觀證據證明本集團將無法按應收款之原有條款收回所有款項時，即就應收賬款及其他應收款設定減值撥備。債務人之重大財務困難、債務人可能破產或進行財務重組，以及拖欠或逾期付款(逾期超過30天以上)，均被視為是應收賬款已減值之跡象。撥備金額為資產之賬面值與按原實際利率折現之估計未來現金流量之現值之差額。資產之賬面值透過使用備付賬戶削減，而有關之虧損數額則在收益表內之「銷售及推廣成本」中確認。如一項應收賬款無法收回，其會與應收賬款內之備付賬戶撇銷。之前已撇銷之款項如其後收回，將撥回收益表中之「銷售及推廣成本」內。

##### 3.11 現金及現金等價物

現金及現金等價物包括手頭現金、銀行通知存款、原到期日為三個月或以下之其他短期高流動性投資，及銀行透支。銀行透支於資產負債表內在流動負債下列作借款。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

##### 3.12 Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities (Note 3.13).

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's equity holders.

#### 3. 主要會計政策概要 (續)

##### 3.12 股本

普通股被列為權益。強制性可贖回優先股分類為負債(附註3.13)。

直接由發行新股或購股權引致之新增成本在權益中列為所得款項之減少(扣除稅項)。

倘本集團任何公司購買本公司股本(庫存股份)，所付代價(包括扣除所得稅後之任何直接應佔新增成本)自本公司權益持有人應佔權益中扣除，直至股份註銷、重新發行或出售為止。倘該等股份其後售出或重新發行，則任何已收代價(經扣除任何直接引致之新增交易成本及相關所得稅影響)計入本公司權益持有人應佔權益。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

##### 3.13 Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible bonds, the fair value of the derivative component is determined using an option-pricing model; and this amount is carried as a derivative liability until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the liability component and is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. In subsequent periods, the derivative component is measured at fair value with gains and losses recognised in the income statement until extinguished on conversion or redemption.

##### 3.14 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### 3.15 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)

##### 3.13 可換股債券

可換股債券具負債屬性之部份經扣除交易成本後於資產負債表內確認為一項負債。於發行可換股債券時，衍生部份之公平值採用期權定價模式釐定；此金額並且被列作衍生負債，直至兌換或贖回為止。剩餘所得款額分配至負債部份，並按攤銷成本基準列為負債，直至兌換或贖回為止。於隨後期間，衍生部份按公平價計量，其盈虧於收益表內確認，直至兌換或贖回為止。

##### 3.14 應付賬款

應付賬款初步以公平值確認，其後利用實際利率法按攤銷成本計量。

##### 3.15 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 2007 截至二零零七年十二月三十一日止年度

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

##### 3.16 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.

##### 3.17 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)

##### 3.16 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。

##### 3.17 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 2007 截至二零零七年十二月三十一日止年度

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

##### 3.17 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.

##### 3.18 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.

#### 3. 主要會計政策概要 (續)

##### 3.17 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。

##### 3.18 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。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

##### 3.18 Income tax (Continued)

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.

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.

#### 3. 主要會計政策概要 (續)

##### 3.18 所得稅 (續)

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。

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。



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

##### 3.18 Income tax (Continued)

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.

##### 3.19 Leases (as the lessee for operating leases)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

##### 3.20 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.

#### 3. 主要會計政策概要 (續)

##### 3.18 所得稅 (續)

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。

##### 3.19 租賃 (作為營運租賃之承租人)

如租賃擁有權之重大部份風險和回報由出租人保留，則分類為營運租賃。根據營運租賃支付之款項(扣除自出租人收取之任何獎勵金後)於租賃期內以直線法在損益表支銷。

##### 3.20 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。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

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

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.

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)

##### 3.20 以股份付款 (續)

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。

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

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

##### 3.21 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.

#### 4. FAIR VALUE RISK

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk, credit risk and liquidity risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The fair value of financial instruments traded in active markets (such as 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.

#### 3. 主要會計政策概要 (續)

##### 3.21 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。

#### 4. 公平值風險

本集團之活動承受多種財務風險：市場風險（包括外匯風險及利率風險）、信貸風險、流動資金風險。本集團之整體風險管理計劃專注於財務市場之不可預測性，務求盡量減低對本集團財務表現之潛在不利影響。

於活躍市場買賣之金融工具（如買賣及可供出售證券）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。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 4. FAIR VALUE RISK (Continued)

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

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of 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.

#### 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.

#### 4. 公平值風險 (續)

並非於活躍市場買賣之金融工具(例如場外衍生工具)之公平值乃使用估值方法釐定。本集團使用多種方法，並基於各結算日存在之市況作出假設。長期債務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。利率掉期之公平值按預計未來現金流量之現值計算。遠期外匯合約之公平值則採用結算日之遠期匯率報價釐定。

應收貿易賬款及應付貿易賬款之賬面值扣除減值撥備後與其公平值合理相若。就披露而言，金融負債之公平值按本集團就類似金融工具適用之當時市場利率將日後已約定現金流量貼現而估算。

#### 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)不斷評估各項估計及判斷。

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

The Group performs annual tests on whether there has been impairment of intangible assets in accordance with the accounting policy stated in note 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.

#### 5. 重要會計估計及假設 (續)

##### 重要會計估計、假設及判斷

於編製綜合財務報表時，本集團須作出會計估計及判斷。本集團將根據過往經驗及其他因素(包括日後在合理情況下相信會出現之事件)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之相關業績。有關評估及假設很大可能導致下一個財政年度之資產及負債賬面值須作出大幅度調整。有關詳情載於下文。

##### (a) 無形資產減值

本集團每年均按照附註3(j)所述會計政策之規定，檢測無形資產減值。而現金產生單位之可收回金額，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之估計和假設以及其他與計算使用價值有關之假設。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

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

###### (b) Trade debtors

The aged debt profile of trade debtors is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded 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.

###### (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.

#### 5. 重要會計估計及假設 (續)

##### 重要會計估計、假設及判斷 (續)

###### (b) 應收貿易賬款

本集團定期檢討應收貿易賬款之賬齡，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。當應收貿易賬款之可收回機會存疑，本集團則會根據客戶之信貸狀況、應收貿易賬款結餘之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之應收貿易賬款作出撥備，可能會對未來之營運業績構成影響。

###### (c) 固定資產之可用年限

本集團根據香港會計準則第16號之規定估計固定資產之可用年期，從而判斷所須列賬之折舊支出。本集團於購入資產之時，根據以往經驗、資產之預期使用量、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之假設是否仍然合理。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

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

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

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

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

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

#### 5. 重要會計估計及假設 (續)

##### 重要會計估計、假設及判斷 (續)

##### (d) 在製品減值

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

##### (e) 非流動資產減值

如發生觸發事件，顯示資產之賬面值可能無法收回，本集團將評估該資產之賬面值。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之賬面值，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之未來現金流量淨額之現值，加上出售時該資產之剩餘價值。如非流動資產之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 2007 截至二零零七年十二月三十一日止年度

#### 6. TURNOVER AND SEGMENT INFORMATION

#### 6. 營業額及分類資料

|   |                             | 2007          | 2006    |
|---|-----------------------------|---------------|---------|
|   |                             | 二零零七年         | 二零零六年   |
|   |                             | 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                 | 595           | 5,853   |
| 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  | 17,367        | 23,445  |
| 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 | 18,616        | 26,007  |
| Import registration services  | 進口註冊服務                      | 28            | -       |
| Royalty income  | 特許權收入                       | 1,369         | 1,022   |
| Sales of active pharmaceutical ingredients products   | 銷售有效藥劑成份產品                  | 754           | 725     |
|   |                             | <b>38,729</b> | 57,052  |

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之製藥研發、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 2007 截至二零零七年十二月三十一日止年度

#### 7. OTHER REVENUE

#### 7. 其他收益

|   |               | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
|---|---------------|-----------------------------------|-----------------------------------|
| Bad debts recovery                                      | 收回壞賬          | -                                 | 929                               |
| Bank interest income                                    | 銀行利息收入        | 574                               | 66                                |
| Convertible bond interest income                        | 可換股債券利息收入     | 952                               | -                                 |
| Gain on disposal of associate                           | 出售聯營公司收益      | -                                 | 241                               |
| Gain on foreign exchange                                | 匯兌收益          | 146                               | 456                               |
| Government subsidy                                      | 政府補助金         | 598                               | 14                                |
| Interest income on available-for-sales financial assets | 可供出售金融資產之利息收入 | -                                 | 1,991                             |
| Investment gain   | 投資收入          | 163                               | -                                 |
| Sundry sales  | 雜項銷售          | -                                 | 735                               |
| Sundry income   | 雜項收入          | -                                 | 1,199                             |
|   |               | <b>2,433</b>                      | <b>5,631</b>                      |

#### 8. FINANCE COSTS

#### 8. 財務費用

|                                     |          | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
|-------------------------------------|----------|-----------------------------------|-----------------------------------|
| Bank charges                        | 銀行費用     | 325                               | 43                                |
| Exchange loss                       | 匯兌損失     | 3,376                             | 1,228                             |
| CB Expense                          | 可換股債券開支  | 597                               | -                                 |
| CB Interest                         | 可換股債券利息  | 1,040                             | -                                 |
| Interest expenses on bank overdraft | 銀行透支利息開支 | -                                 | 278                               |
|                                     |          | <b>5,338</b>                      | <b>1,549</b>                      |

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 9. PROFIT BEFORE TAXATION

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

#### 9. 除稅前溢利

除稅前溢利乃經扣除／(計入)下列項目後列賬：

|   |               | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
|---|---------------|-----------------------------------|-----------------------------------|
| Depreciation  | 折舊            | 1,769                             | 529                               |
| Employee benefit expenses (note 10)                                       | 僱員福利支出(附註10)  | 10,195                            | 6,873                             |
| Amortisation of new drugs technology including in administrative expenses | 計入行政開支之新藥技術攤銷 | 1,149                             | 795                               |
| Auditors' remuneration  | 核數師酬金         | 633                               | 361                               |
| Minimum lease payments paid under operating lease                         | 按經營租約已付最低租金   | 2,530                             | 1,756                             |
| Provision for trade receivables   | 應收貿易賬款撥備      | -                                 | 4,798                             |
| Provision for work-in-progress  | 在製品撥備         | -                                 | 1,163                             |
| Loss on disposal of associate   | 出售聯營公司之虧損     | 934                               | -                                 |

#### 10. EMPLOYEE BENEFIT EXPENSES

#### 10. 僱員福利支出

|  |          | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
|--|----------|-----------------------------------|-----------------------------------|
| Wages and salaries                       | 工資及薪金    | 9,409                             | 6,502                             |
| Retirement benefits scheme contributions | 退休福利計劃供款 | 862                               | 576                               |
| Lapse of share-based options             | 購股權失效    | (76)                              | (205)                             |
|  |          | 10,195                            | 6,873                             |

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 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   |         |
|---------------------|-----|----------------|---------|--------------------|---------|-----------------------------|---------|------------------------------|---------|---------|---------|
|                     |     | 董事袍金           |         | 薪金及花紅              |         | 公積金供款                       |         | 僱員股份付款                       |         | 合計      |         |
|                     |     | 2007           | 2006    | 2007               | 2006    | 2007                        | 2006    | 2007                         | 2006    | 2007    | 2006    |
|                     |     | 二零零七年          | 二零零六年   | 二零零七年              | 二零零六年   | 二零零七年                       | 二零零六年   | 二零零七年                        | 二零零六年   | 二零零七年   | 二零零六年   |
|                     |     | 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  | -              | -       | 480                | 454     | -                           | 3       | -                            | -       | 480     | 457     |
| Maria, Sui Mui SONG | 宋雪梅 | -              | -       | 221                | 168     | 12                          | 11      | -                            | -       | 233     | 179     |
| FENG Tao            | 馮濤  | -              | -       | -                  | -       | -                           | -       | (13)                         | (13)    | -       | (13)    |
| WU Xin              | 吳欣  | -              | -       | -                  | -       | -                           | -       | (13)                         | (13)    | -       | (13)    |
| Nathan Xin ZHANG    | 張欣  | -              | -       | -                  | -       | -                           | -       | (13)                         | (13)    | -       | (13)    |
| WU Ming Yu          | 吳明瑜 | 30             | -       | -                  | -       | -                           | -       | (13)                         | (13)    | 30      | (13)    |
| Paul CONTOMICHALOS  |     | -              | -       | -                  | -       | -                           | -       | (12)                         | (12)    | -       | (12)    |
| WANG Hong Bo        | 王紅波 | -              | -       | -                  | -       | -                           | -       | (12)                         | (12)    | -       | (12)    |
|                     |     | 30             | -       | 701                | 622     | 12                          | 14      | (76)                         | (76)    | 743     | 560     |

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

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

The five highest paid individuals included two (2006: two) directors of the Company. The emoluments of the remaining three (2006: three) individuals were as follows:

|  |          | The Group<br>本集團 |                  |
|--|----------|------------------|------------------|
|  |          | 2007<br>二零零七年    | 2006<br>二零零六年    |
|  |          | RMB'000<br>人民幣千元 | RMB'000<br>人民幣千元 |
| Salaries and allowances                  | 薪金及津貼    | 816              | 362              |
| Retirement benefits scheme contributions | 退休福利計劃供款 | 25               | 23               |
|  |          | <b>841</b>       | <b>385</b>       |

The emoluments of each of the five highest paid employees are less than HKD1,000,000.

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(二零零六年：兩名)本公司董事。其餘三名(二零零六年：三名)之酬金如下：

|  |          | The Group<br>本集團 |                  |
|--|----------|------------------|------------------|
|  |          | 2007<br>二零零七年    | 2006<br>二零零六年    |
|  |          | RMB'000<br>人民幣千元 | RMB'000<br>人民幣千元 |
| Salaries and allowances                  | 薪金及津貼    | 816              | 362              |
| Retirement benefits scheme contributions | 退休福利計劃供款 | 25               | 23               |
|  |          | <b>841</b>       | <b>385</b>       |

五名最高薪酬僱員之酬金均少於1,000,000港元。

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 2007 截至二零零七年十二月三十一日止年度

#### 11. INCOME TAX

#### 11. 所得稅

|                           |         | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
|---------------------------|---------|-----------------------------------|-----------------------------------|
| The charge represents:    | 稅項支出指：  |                                   |                                   |
| PRC enterprise income tax | 中國企業所得稅 | 788                               | 3,175                             |

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 2007 截至二零零七年十二月三十一日止年度

#### 11. INCOME TAX (Continued)

Reconciliation between the income tax and accounting profit at applicable tax rates for the year ended 31 December 2007 and 31 December 2006 is as follows:

#### 11. 所得稅 (續)

於截至二零零七年十二月三十一日及二零零六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：

|   |                                     | 2007    |        | 2006    |       |
|---|-------------------------------------|---------|--------|---------|-------|
|   |                                     | 二零零七年   |        | 二零零六年   |       |
|   |                                     | RMB'000 | %      | RMB'000 | %     |
|   |                                     | 人民幣千元   | %      | 人民幣千元   | %     |
| Profit before taxation                              | 除稅前溢利                               | 1,888   | 100.0  | 18,773  | 100.0 |
| Tax at the domestic income tax of 15% (2006: 15%)   | 按本地所得稅稅率<br>15%計算之稅項<br>(二零零六年：15%) | 269     | 14.3   | 2,816   | 15.0  |
| income tax of 33%                                   | 33%計算之稅項                            | 32      | 1.7    | -       | -     |
| Tax effect on non-deductible items                  | 不可扣稅項目之<br>稅務影響                     | 1,073   | 56.8   | 1,004   | 5.3   |
| Tax effect on non-taxable income                    | 毋須課稅收入之<br>稅務影響                     | (122)   | (6.5)  | 377     | (1.8) |
| Tax effect of unrecognized deferred tax assets      | 未確認遞延稅項<br>資產之稅務影響                  | 358     | 19.0   | 434     | 2.3   |
| Effect on tax exemption granted to PRC subsidiaries | 授予中國附屬公司之<br>稅項寬免之影響                | (822)   | (43.5) | (742)   | (3.9) |
| Tax expense for the year                            | 本年度稅項開支                             | 788     | 41.8   | 3,175   | 16.9  |

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 12. PROPERTY, PLANT AND EQUIPMENT

#### 12. 物業、廠房及設備

|                                 |               | Leasehold<br>improvement<br>租賃裝修<br>RMB'000<br>人民幣千元 | Machinery<br>機器<br>RMB'000<br>人民幣千元 | Furniture,<br>fixtures and<br>equipment<br>傢俬、<br>裝置及設備<br>RMB'000<br>人民幣千元 | Motor<br>vehicles<br>汽車<br>RMB'000<br>人民幣千元 | Total<br>合計<br>RMB'000<br>人民幣千元 |
|---------------------------------|---------------|--|-------------------------------------|---|---|---------------------------------|
| <b>The Group</b>                | <b>本集團</b>    |  |                                     |   |   |                                 |
| <b>Cost</b>                     | <b>成本</b>     |  |                                     |   |   |                                 |
| At 1 January 2006               | 於二零零六年一月一日    | 1,778  | 5,837                               | 2,962   | 1,274                                       | 11,851                          |
| Additions                       | 增添            | 668  | 1,365                               | 235   | -   | 2,268                           |
| Disposal                        | 出售            | -  | -                                   | (826)   | (200)                                       | (1,026)                         |
| At 31 December 2006             | 於二零零六年十二月三十一日 | 2,446  | 7,202                               | 2,371   | 1,074                                       | 13,093                          |
| Addition                        | 增添            | 5,811  | 101                                 | 367   | -   | 6,279                           |
| Disposal                        | 出售            | -  | (14)                                | -   | -   | (14)                            |
| At 31 December 2007             | 於二零零七年十二月三十一日 | 8,257  | 7,289                               | 2,738   | 1,074                                       | 19,358                          |
| <b>Accumulated depreciation</b> | <b>累計折舊</b>   |  |                                     |   |   |                                 |
| At 1 January 2006               | 於二零零六年一月一日    | 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          | 於出售時攤銷        | -  | -                                   | (826)   | (200)                                       | (1,026)                         |
| At 31 December 2006             | 於二零零六年十二月三十一日 | 1,505  | 3,544                               | 945   | 337   | 6,331                           |
| Charge for the year             | 本年度支出         | 899  | 586                                 | 252   | 32  | 1,769                           |
| Eliminated on disposal          | 於出售時攤銷        | -  | (9)                                 | -   | -   | (9)                             |
| At 31 December 2007             | 於二零零七年十二月三十一日 | 2,404  | 4,121                               | 1,197   | 369   | 8,091                           |
| <b>Net carrying amount</b>      | <b>賬面淨值</b>   |  |                                     |   |   |                                 |
| At 31 December 2007             | 於二零零七年十二月三十一日 | 5,853  | 3,168                               | 1,541   | 705   | 11,267                          |
| At 31 December 2006             | 於二零零六年十二月三十一日 | 941  | 3,658                               | 1,426   | 737   | 6,762                           |

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 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

| Cost                            | 成本            |    |
|---------------------------------|---------------|----|
| At 31 December 2006             | 於二零零六年十二月三十一日 |    |
| and 31 December 2007            | 及二零零七年十二月三十一日 | 75 |
| <b>Accumulated depreciation</b> | <b>累計折舊</b>   |    |
| At 1 January 2006               | 於二零零六年一月一日    | 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 |
| Charge for the year             | 本年度支出         | 15 |
| At 31 December 2007             | 於二零零七年十二月三十一日 | 69 |
| <b>Net carrying amount</b>      | <b>賬面淨值</b>   |    |
| At 31 December 2007             | 於二零零七年十二月三十一日 | 6  |
| At 31 December 2006             | 於二零零六年十二月三十一日 | 21 |



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 13. NEW DRUGS TECHNOLOGY

#### 13. 新藥技術

The Group

本集團

RMB'000  
人民幣千元

|  |                      |              |
|--|----------------------|--------------|
| <b>Cost or valuation</b>                       | <b>成本或估值</b>         |              |
| At 1 January 2006                              | 於二零零六年一月一日           | 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        |
| At 31 December 2006                            | 於二零零六年十二月三十一日        | 9,365        |
| Additions                                      | 增添                   | –            |
| Transfer from work-in-progress during the year | 於本年度轉撥自在製品           | –            |
| <b>At 31 December 2007</b>                     | <b>於二零零七年十二月三十一日</b> | <b>9,365</b> |
| <b>Amortisation and impairment</b>             | <b>攤銷及減值</b>         |              |
| At 1 January 2006                              | 於二零零六年一月一日           | 463          |
| Amortisation charge for the year               | 本年度攤銷支出              | 795          |
| At 31 December 2006                            | 於二零零六年十二月三十一日        | 1,258        |
| Amortisation charge for the year               | 本年度攤銷支出              | 1,149        |
| <b>At 31 December 2007</b>                     | <b>於二零零七年十二月三十一日</b> | <b>2,407</b> |
| <b>Net carrying amount</b>                     | <b>賬面淨值</b>          |              |
| <b>At 31 December 2007</b>                     | <b>於二零零七年十二月三十一日</b> | <b>6,958</b> |
| At 31 December 2006                            | 於二零零六年十二月三十一日        | 8,107        |

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 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 2007. Details of critical accounting estimates were set out in Note 5(a).

#### 14. INTEREST IN SUBSIDIARIES

|                               |           | 2007           | 2006    |
|-------------------------------|-----------|----------------|---------|
|                               |           | 二零零七年          | 二零零六年   |
|                               |           | RMB'000        | RMB'000 |
|                               |           | 人民幣千元          | 人民幣千元   |
| Unlisted shares, at cost      | 非上市股份，按成本 | <b>30,374</b>  | 30,374  |
| Amounts due from subsidiaries | 應收附屬公司款項  | <b>37,043</b>  | 21,746  |
| Amounts due to subsidiaries   | 應付附屬公司款項  | <b>(2,674)</b> | (2,674) |
|                               |           | <b>64,743</b>  | 49,446  |

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，董事認為於截至二零零七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

|                               |           | The Company    |         |
|-------------------------------|-----------|----------------|---------|
|                               |           | 本公司            |         |
|                               |           | 2007           | 2006    |
|                               |           | 二零零七年          | 二零零六年   |
|                               |           | RMB'000        | RMB'000 |
|                               |           | 人民幣千元          | 人民幣千元   |
| Unlisted shares, at cost      | 非上市股份，按成本 | <b>30,374</b>  | 30,374  |
| Amounts due from subsidiaries | 應收附屬公司款項  | <b>37,043</b>  | 21,746  |
| Amounts due to subsidiaries   | 應付附屬公司款項  | <b>(2,674)</b> | (2,674) |
|                               |           | <b>64,743</b>  | 49,446  |

非上市股份之成本乃按本集團於集團重組日期估附屬公司相關資產淨值賬面值計算。

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

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

Particulars of the Company's principal subsidiaries as at 31 December 2007 are as follows:

| Company name<br>公司名稱  | Place of incorporation/<br>establishment/<br>operations<br>註冊成立/成立/<br>經營地點 | Registered capital issued<br>and fully paid<br>share capital<br>已發行註冊資本<br>及繳足股本 | Attributable equity<br>interest held<br>所持應佔<br>股本權益 |                  | Principal activities<br>主要業務  |
|---|---|--|--|------------------|---|
|   |   |  | Directly<br>直接                                       | Indirectly<br>間接 |   |
| Beijing Dezhong VP<br>Technology<br>Development Co Ltd <sup>(1)</sup><br>北京德眾萬全藥物技術<br>開發有限公司 <sup>(1)</sup>    | Beijing, the PRC<br>中國北京  | RMB7,154,420<br>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<br>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<br>Bio-labs Limited <sup>(2)</sup>   | Hainan, the PRC<br>中國海南   | US\$360,000<br>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<br>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<br>Venturepharm<br>Pharm-Chemical<br>Company Limited <sup>(3)</sup><br>漢中萬全醫藥化工<br>有限公司 <sup>(3)</sup> | Hanzhong, the PRC<br>中國漢中   | US\$600,000<br>600,000美元   | —  | 51%              | Sales and manufacturing of active pharmaceutical ingredients products<br>銷售及製造有效藥劑成分產品  |

#### 14. 於附屬公司之權益 (續)

本公司於二零零七年十二月三十一日之主要附屬公司詳情如下：

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

Particulars of the Company's principal subsidiaries as at 31 December 2007 are as follows: (Continued)

| Company name<br>公司名稱  | Place of<br>incorporation/<br>establishment/<br>operations<br>註冊成立/成立/<br>經營地點 | Registered<br>capital issued<br>and fully paid<br>share capital<br>已發行註冊資本<br>及繳足股本 | Attributable<br>equity<br>interest held<br>所持應佔<br>股本權益 |                              | Principal<br>activities<br>主要業務   |
|---|--|---|---|------------------------------|---|
|   |  |   | Directly<br>直接  | Indirectly<br>間接             |   |
| P.K. Pharmatech<br>Private Limited <sup>(5)</sup>   | Mumbai, India<br>印度孟買  | INR100,000<br>100,000印度盧比   | –   | 50%<br>(note (a))<br>(附註(a)) | Inactive<br>並無開展業務  |
| Beijing Venture-<br>Sunshine<br>Pharmaceutical<br>Technology Co., Ltd<br>("V Biopharm") <sup>(1)</sup><br>北京萬全陽光醫藥科技<br>有限公司("萬全陽光") <sup>(1)</sup> | Beijing, the PRC<br>中國北京   | RMB1,655,747<br>人民幣1,655,747元   | –   | 100%                         | The research development<br>and production of drugs,<br>natural drugs and synthetic<br>drugs; technological transfer<br>of and services for the<br>research and development of<br>biodrugs, natural drugs and<br>synthetic drugs;<br>pharmacodynamic and clinical<br>research of drugs<br>研究、開發及生產藥品、天然藥品<br>及合成藥品；研究及開發生物藥品、<br>天然藥品及合成藥品之技術轉讓及<br>服務；藥品之藥效研究及臨床研究 |
| Venturepharm<br>Laboratories (BVI)<br>Limited ("VP (BVI)") <sup>(4)</sup>   | British Virgin Islands<br>("BVI")<br>英屬處女群島("BVI")                             | US\$100<br>100美元  | 100%  | –                            | Investment holding<br>投資控股  |
| Venturepharm<br>Life Science Capital<br>Limited <sup>(5)</sup><br>萬全生命科技投資有限公司 <sup>(5)</sup>   | Hong Kong, the PRC<br>中國香港   | HK\$10,000<br>10,000港元  | –   | 100%                         | Inactive<br>並無開展業務  |

#### 14. 於附屬公司之權益 (續)

本公司於二零零七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

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

Particulars of the Company's principal subsidiaries as at 31 December 2007 are as follows: (Continued)

| Company name<br>公司名稱   | Place of incorporation/<br>establishment/<br>operations<br>註冊成立/成立/<br>經營地點 | Registered capital issued and fully paid share capital<br>已發行註冊資本及繳足股本 | Attributable equity interest held<br>所持應佔股本權益 |                  | Principal activities<br>主要業務  |
|--|---|--|---|------------------|---|
|  |   |  | Directly<br>直接                                | Indirectly<br>間接 |   |
| Venovo Pharma US Inc. <sup>(4)</sup>   | British Virgin Islands ("BVI")<br>英屬處女群島 (「BVI」)                            | US\$1<br>1美元   | 100%  | —                | Investment holding<br>投資控股  |
| 北德眾萬全醫藥科技有限公司 <sup>(1)</sup>   | Beijing, the PRC<br>中國北京  | US\$200,000<br>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<br>研究、開發及生產新藥品、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 |
| Beijing Venture-Sun Medical Technology Co., Ltd<br>北京萬全陽光醫學技術有限公司 <sup>(1)</sup> | Beijing, the PRC<br>中國北京  | US\$200,000<br>200,000美元   | —   | 100%             | The research development and production of drugs, natural drugs and synthetic drugs; technological transfer of and services for the research and development of biodrugs, natural drugs and synthetic drugs; pharmacodynamic and clinical research of drugs<br>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    |
| VPSCRO Group Inc <sup>(4)</sup>  | British Virgin Islands<br>英屬處女群島  | US\$780<br>780美元   | —   | 100%             | Inactive<br>並無開展業務  |

#### 14. 於附屬公司之權益 (續)

本公司於二零零七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

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

Remark:

- (1) Statutory financial statements being audited by 北京永恩力合會計師事務所.
- (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事務所.
- (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：

- (1) 法定財務報表經北京永恩力合會計師事務所審核。
- (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。
- (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

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 15. INTEREST IN ASSOCIATES

#### 15. 於聯營公司之權益

|                              |          | The Group<br>本集團                  |                                   |
|------------------------------|----------|-----------------------------------|-----------------------------------|
|                              |          | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
| As at 1 January              | 於一月一日    | 3,235                             | 4,047                             |
| Additions in investment cost | 投資成本增添   | -                                 | -                                 |
| Disposal of investment       | 出售投資     | (2,235)                           | (759)                             |
| Impairment of investment     | 投資減值     | (167)                             | -                                 |
| Share of associates' results | 應佔聯營公司業績 |                                   |                                   |
| - loss before taxation       | - 除稅前虧損  | -                                 | (53)                              |
| - taxation                   | - 稅項     | -                                 | -                                 |
| As at 31 December            | 於十二月三十一日 | 833                               | 3,235                             |

Details of the Group's associate at 31 December 2007, which is held indirectly by the Company, are as follows:

於二零零七年十二月三十一日，由本公司間接擁有之本集團聯營公司詳情如下：

| Name of associate<br>聯營公司名稱 | Place of incorporation<br>註冊成立地點                 | Assets<br>資產     | Liabilities<br>負債 | Revenue<br>收益    | Profit/<br>(loss)<br>溢利/<br>(虧損) | Interest<br>held<br>所持有<br>權益 |
|-----------------------------|--|------------------|-------------------|------------------|----------------------------------|-------------------------------|
|                             |  | RMB'000<br>人民幣千元 | RMB'000<br>人民幣千元  | RMB'000<br>人民幣千元 | RMB'000<br>人民幣千元                 | RMB'000<br>人民幣千元              |
| NovaDerm Inc                | British Virgin Islands ("BVI")<br>英屬處女群島 ("BVI") | 2,081            | 2,081             | -                | -                                | 40%                           |

During the year, the Company disposed all interest in Zhejiang Dankong Venturepharm Co. Ltd at a consideration of RMB1,300,000. RMB1,150,000 was received during the year and RMB150,000 was subsequently received after year end.

年內，本公司以代價為人民幣1,300,000元出售浙江東港萬全醫藥化工有限公司全部權益。年內已收取人民幣1,150,000元，人民幣150,000元已於年結日後收取。

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### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 16. AVAILABLE-FOR-SALES FINANCIAL ASSETS

#### 16. 可供出售金融資產

|   | <b>Group and<br/>Company<br/>集團及公司<br/>2007<br/>二零零七年<br/>RMB'000<br/>人民幣千元</b> | <b>Group and<br/>Company<br/>集團及公司<br/>2006<br/>二零零六年<br/>RMB'000<br/>人民幣千元</b> |
|---|---|---|
| Available-for-sales financial assets 可供出售金融資產 | -   | 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出售金融資產人民幣19,248,000元。

Details of the investment bonds included the followings:

投資債券詳情包括：

| <b>Bond issuer<br/>債券發行人</b>   | <b>Terms/<br/>Maturity period<br/>年期／到期日</b> | <b>Interest rate<br/>利率</b> | <b>Cost<br/>成本</b>           |
|--|--|-----------------------------|------------------------------|
| LLOYDS TSB Bank<br>15 years US\$ callable dual range accrual note      | 2005-2020<br>二零零五年至二零零二年                     | 8.6% coupon rate<br>票息率8.6厘 | US\$700,000<br>700,000美元     |
| LLOYDS TSB Bank<br>15 years US\$ callable non-inversion                | 2005-2020<br>二零零五年至二零零二年                     | 8.3% coupon rate<br>票息率8.3厘 | US\$1,900,000<br>1,900,000美元 |
| DEUTSCHE BANK AG LONDON BRANCH<br>15 years US\$ callable non-inversion | 2005-2020<br>二零零五年至二零零二年                     | 8.3% coupon rate<br>票息率8.3厘 | US\$1,900,000<br>1,900,000美元 |
| DEUTSCHE BANK AG LONDON BRANCH<br>15 years US\$ callable non-inversion | 2005-2020<br>二零零五年至二零零二年                     | 8.3% coupon rate<br>票息率8.3厘 | US\$1,900,000<br>1,900,000美元 |



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 17. UNLISTED INVESTMENT

As at 31 December 2007, 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 |   |       |
|   |            | - | 9,396 |

As at 31 December 2007, 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:

|   |                 | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
|---|-----------------|-----------------------------------|-----------------------------------|
| As at 31st December                                   | 於十二月三十一日        | -                                 | 9,396                             |
| 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 | -                                 | 6,080                             |
| - Amount due from unlisted investment                 | - 應收非上市投資之款項    | -                                 | 3,316                             |
|   |                 | -                                 | 9,396                             |

#### 17. 非上市投資

於二零零七年十二月三十一日，證券投資包括：

| The Group<br>本集團                  |                                   |
|-----------------------------------|-----------------------------------|
| 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
| -                                 | 9,396                             |

於二零零七年十二月三十一日，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出售金融資產如下：

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### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 18. WORK-IN-PROGRESS

#### 18. 在製品

|                                |              | The Group<br>本集團 |                  |
|--------------------------------|--------------|------------------|------------------|
|                                |              | 2007<br>二零零七年    | 2006<br>二零零六年    |
|                                |              | RMB'000<br>人民幣千元 | RMB'000<br>人民幣千元 |
| Work-in-progress               | 在製品          |                  |                  |
| – contracted (note (a))        | – 已訂約(附註(a)) | <b>43,521</b>    | 18,039           |
| Work-in-progress               | 在製品          |                  |                  |
| – not-contracted (note (b))    | – 未訂約(附註(b)) | <b>28,689</b>    | 35,316           |
| Allowance for work-in-progress | 在製品撥備        | <b>(5,707)</b>   | (6,421)          |
|                                |              | <b>66,503</b>    | 46,934           |

(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.

(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。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 19. TRADE RECEIVABLES

The fair value of trade receivables are as follows:

|                                 |          | <b>2007</b>     | 2006     |
|---------------------------------|----------|-----------------|----------|
|                                 |          | 二零零七年           | 二零零六年    |
|                                 |          | <b>RMB'000</b>  | RMB'000  |
|                                 |          | 人民幣千元           | 人民幣千元    |
| Trade receivables               | 應收貿易賬款   | <b>43,251</b>   | 30,553   |
| Less: Impairment of receivables | 減：應收賬款減值 | <b>(12,530)</b> | (12,530) |
| Trade receivables – net         | 應收貿易賬款淨額 | <b>30,721</b>   | 18,023   |

The Group allows an average credit period of 90 days to its trade customers. As of 31st December 2007, trade receivables of RMB12,530,000 (2006: RMB12,530,000) were impaired. There was no provision as of 31st December 2007 (2006: RMB3,457,000). It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

#### 19. 應收貿易賬款

應收貿易賬款之公平值如下：

本集團提供予其貿易客戶之平均信貸期為90日。於二零零七年十二月三十一日，應收貿易賬款人民幣12,530,000元（二零零六年：人民幣12,530,000元）出現減值。於二零零七年十二月三十一日並無撥備金額（二零零六年：人民幣3,457,000元）。根據評估，部份應收賬款預期可收回。該等應收賬款之賬齡如下：

|               |            | <b>The Group</b> |         |
|---------------|------------|------------------|---------|
|               |            | 本集團              |         |
|               |            | <b>2007</b>      | 2006    |
|               |            | 二零零七年            | 二零零六年   |
|               |            | <b>RMB'000</b>   | RMB'000 |
|               |            | 人民幣千元            | 人民幣千元   |
| 1 – 30 days   | 1日 – 30日   | <b>14,815</b>    | 1,723   |
| 31 – 60 days  | 31日 – 60日  | <b>2,676</b>     | 5,752   |
| 61 – 90 days  | 61日 – 90日  | <b>4,353</b>     | 54      |
| 91 – 180 days | 91日 – 180日 | –                | 8,752   |
| Over 180 days | 超過180日     | <b>8,877</b>     | 1,742   |
|               |            | <b>30,721</b>    | 18,023  |

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 19. TRADE RECEIVABLES (Continued)

The ageing analysis of trade receivables that are not impaired is as follows:

|                                   | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
|-----------------------------------|-----------------------------------|-----------------------------------|
| Past due without impaired 逾期但不需減值 | <b>8,877</b>                      | 10,494                            |

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not held any collateral over these balances.

#### 19. 應收貿易賬款 (續)

並無減值之應收貿易賬款之賬齡分析如下：

未逾期亦未作減值之應收款項乃來自很多的客戶，而這些客戶最近並沒有拖欠還款的記錄。

已逾期但未作減值的應收賬款乃來自多名與本集團有良好還款記錄的客戶。根據以往經驗，由於有關的應收賬款的信貸質素並沒有重大改變，管理層認為可以全數收回餘款，因此相信不需要為該等應收賬款作任何減值撥備。本集團並無持有該等餘款之任何抵押品。

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 19. TRADE RECEIVABLES (Continued)

Movement on the provision for impairment of trade receivables are as follow:

|                                     |          | Group<br>本集團                      |                                   |
|-------------------------------------|----------|-----------------------------------|-----------------------------------|
|                                     |          | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
| At 1st January                      | 於一月一日    | 12,530                            | 9,073                             |
| Provision for receivable impairment | 應收賬款減值撥備 | -                                 | 3,457                             |
| At 31st December                    | 於十二月三十一日 | 12,530                            | 12,530                            |

The other classes within trade receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value receivables. The Group does not hold any collateral as security.

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

The prepayments, deposits and other receivables are as follows:

|                   |        | The Group<br>本集團                  |                                   |
|-------------------|--------|-----------------------------------|-----------------------------------|
|                   |        | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
| Prepayments       | 預付款項   | 7,763                             | 415                               |
| Deposits          | 按金     | 317                               | 6,360                             |
| Other receivables | 其他應收款項 | 26,761                            | 11,048                            |
|                   |        | 34,841                            | 17,823                            |

#### 19. 應收貿易賬款 (續)

應收貿易賬款減值撥備變動如下：

|                                     |          | Group<br>本集團                      |                                   |
|-------------------------------------|----------|-----------------------------------|-----------------------------------|
|                                     |          | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
| At 1st January                      | 於一月一日    | 12,530                            | 9,073                             |
| Provision for receivable impairment | 應收賬款減值撥備 | -                                 | 3,457                             |
| At 31st December                    | 於十二月三十一日 | 12,530                            | 12,530                            |

應收貿易賬款內其他類別不含已減值資產。

於本報告日期，所面臨之最大信用風險為公平值應收賬款。本集團並無持有任何抵押品作為擔保。

#### 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：

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### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

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

#### 21. AMOUNTS DUE FROM RELATED COMPANIES

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

#### 20. 預付款項、按金及其他應收款項 (續)

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. 應收關連公司款項

應收關連公司款項之詳情如下：

| Name of companies   | 公司名稱                          | The Group<br>本集團                  |                                   | The Company<br>本公司                |                                   |
|---|-------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   |                               | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
| Sanmenxia Sinoway<br>Pharmaceutical Co., Ltd<br>(“Sinoway Pharmaceutical) | 三門峽賽諾維<br>製葯有限公司<br>(「賽諾維製葯」) | 636                               | 760                               | -                                 | -                                 |
| Venturepharm Inc.<br>(“VP Inc”)   |                               | (12)                              | 536                               | 6                                 | 25                                |
| Hanzhong Venturepharm<br>Pharm Chemical Company<br>Limited                | 漢中萬全醫葯化工<br>有限公司              | 5                                 | -                                 | -                                 | -                                 |
|   |                               | 629                               | 1,296                             | 6                                 | 25                                |

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

兩間公司均為本公司主要股東之附屬公司。

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

有關款項為無抵押、免息，須按要求償還。

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### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 21. AMOUNTS DUE FROM RELATED COMPANIES

(Continued)

The maximum balance due from Sinoway Pharmaceutical, VP Inc. and Hanzhong Venturepharm Pharm Chemical Company Limited for the year ended 31 December 2007 was RMB194,000, RMB1,525,000 and RMB22,000 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)

賽諾維製藥、VP Inc.及漢中萬全醫藥化工有限公司於截至二零零七年十二月三十一日止年度之最高結欠款項分別為人民幣194,000元、人民幣1,525,000元及人民幣22,000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

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

#### 22. 按公平值透過損益記賬之金融資產

|                          |        | Group and Company<br>本集團及本公司      |                                   |
|--------------------------|--------|-----------------------------------|-----------------------------------|
|                          |        | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
| Dual currency investment | 雙貨幣投資  | 24,363                            | –                                 |
| Money market funds       | 金融市場基金 | 39,285                            | –                                 |
| Investment funds         | 投資基金   | 8,761                             | –                                 |
|                          |        | <b>72,409</b>                     | –                                 |

Other financial assets at fair value through profit or loss are presented within the section on investing activities in the cash flow statement.

其他按公平值透過損益記賬之金融資產乃於現金流量表之投資活動中呈列。

Changes in fair values of other financial assets at fair value through profit or loss are recorded in other gains – net in the income statement.

其他按公平值透過損益記賬之金融資產之公平值變動乃記入收益表內之其他收入內。

The fair value of all equity securities is based on their current bid prices in an active market.

所有股本證券之公平值乃根據其於活躍市場之買入價計算。



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 23. CASH AND CASH EQUIVALENTS

#### 23. 現金及現金等價物

|  |                         | The Group<br>本集團                  |                                   | The Company<br>本公司                |                                   |
|--|-------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|  |                         | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
| Cash at bank and in hand   | 銀行及手頭現金                 | <b>13,622</b>                     | 10,221                            | <b>12</b>                         | 298                               |
| Term deposit   | 定期按金                    | <b>17,181</b>                     | –                                 | <b>17,181</b>                     | –                                 |
|  |                         | <b>30,803</b>                     | 10,221                            | <b>17,193</b>                     | 298                               |
| Bank balances and cash were<br>denominated in<br>following currencies: | 銀行結餘及現金<br>以下列貨幣<br>計值： |                                   |                                   |                                   |                                   |
| Hong Kong dollars  | 港幣                      | –                                 | 103                               | –                                 | 103                               |
| Renminbi   | 人民幣                     | <b>12,181</b>                     | 8,963                             | –                                 | –                                 |
| Swiss Francs   | 瑞士法郎                    | <b>9,750</b>                      | –                                 | <b>9,750</b>                      | –                                 |
| British Pounds   | 英磅                      | <b>5</b>                          | 5                                 | <b>5</b>                          | 5                                 |
| U.S. dollars   | 美元                      | <b>8,854</b>                      | 1,137                             | <b>7,438</b>                      | 190                               |
| Others   | 其他                      | <b>13</b>                         | 13                                | –                                 | –                                 |
|  |                         | <b>30,803</b>                     | 10,221                            | <b>17,193</b>                     | 298                               |

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#### 24. TRADE PAYABLES

#### 24. 應付貿易賬款

|                |        | The Group<br>本集團                  |                                   |
|----------------|--------|-----------------------------------|-----------------------------------|
|                |        | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
| Trade payables | 應付貿易賬款 | <b>285</b>                        | 463                               |

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:

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：

|                |           | RMB'000<br>人民幣千元 | RMB'000<br>人民幣千元 |
|----------------|-----------|------------------|------------------|
| Within 90 days | 90日內      | <b>17</b>        | 52               |
| 91 – 180 days  | 91日至180日  | -                | -                |
| 181 – 365 days | 181日至365日 | -                | 282              |
| Over 365 days  | 超過365日    | <b>268</b>       | 129              |
|                |           | <b>285</b>       | 463              |

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

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 25. ACCRUALS AND OTHER PAYABLES

#### 25. 應計款項及其他應付款項

|                |        | The Group<br>本集團 |         | The Company<br>本公司 |         |
|----------------|--------|------------------|---------|--------------------|---------|
|                |        | 2007             | 2006    | 2007               | 2006    |
|                |        | 二零零七年            | 二零零六年   | 二零零七年              | 二零零六年   |
|                |        | 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   | 832              | 440     | 114                | -       |
| Other payables | 其他應付款項 | 4,405            | 645     | -                  | 440     |
|                |        | 5,237            | 1,085   | 114                | 440     |

#### 26. INTEREST-BEARING BORROWINGS

#### 26. 計息借貸

|                 |       | The Group<br>本集團 |         | The Company<br>本公司 |         |
|-----------------|-------|------------------|---------|--------------------|---------|
|                 |       | 2007             | 2006    | 2007               | 2006    |
|                 |       | 二零零七年            | 二零零六年   | 二零零七年              | 二零零六年   |
|                 |       | 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       | - 有抵押 | -                | 6,451   | -                  | 6,451   |
| - unsecured     | - 無抵押 | -                | -       | -                  | -       |
|                 |       | -                | 6,451   | -                  | 6,451   |

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

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 27. SHARE CAPITAL

#### 27. 股本

|   |                                | Number of<br>ordinary shares<br>普通股數目 | Amount<br>金額<br>HK\$'000<br>千港元 | Shown in<br>the financial<br>statements<br>財務報表列示<br>RMB'000<br>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 2006 and<br>31 December 2007 | 於二零零六年十二月三十一日及<br>二零零七年十二月三十一日 | 1,000,000,000                         | 100,000                         | 106,000   |
| Issued and fully paid:                      | 已發行及繳足：                        |                                       |                                 |   |
| At 31 December 2006 and<br>31 December 2007 | 於二零零六年十二月三十一日及<br>二零零七年十二月三十一日 | 360,000,000                           | 36,000                          | 38,160  |

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 28. RESERVES

#### 28. 儲備

##### The Group

##### 本集團

|   |                      | Share-based<br>payment<br>reserve | Available-<br>for-sales<br>financial<br>assets<br>reserve | Special<br>reserve | Capital<br>reserve | Statutory<br>reserve | Statutory<br>enterprise<br>expansion<br>fund | Retained<br>earnings | Minority<br>interests | Total         |
|---|----------------------|-----------------------------------|---|--------------------|--------------------|----------------------|--|----------------------|-----------------------|---------------|
|   |                      | 股份儲備                              | 可供出售金<br>融資產儲備  | 特別儲備               | 資本儲備               | 法定儲備                 | 法定企業<br>發展基金                                 | 保留盈利                 | 少數股東<br>權益            | 合計            |
|   |                      | RMB'000                           | RMB'000   | RMB'000            | RMB'000            | RMB'000              | RMB'000                                      | RMB'000              | RMB'000               | RMB'000       |
|   |                      | 人民幣千元                             | 人民幣千元   | 人民幣千元              | 人民幣千元              | 人民幣千元                | 人民幣千元  | 人民幣千元                | 人民幣千元                 | 人民幣千元         |
| At 1 January 2006   | 於二零零六年一月一日           | 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               | 35                    | 15,598        |
| Change in fair value for<br>available-for-sales<br>financial assets | 可供出售金融資產之<br>公平值變動   | -                                 | 345   | -                  | -                  | -                    | -  | -                    | -                     | 345           |
| Reversal of share based<br>payment reserve                          | 股份付款儲備<br>撥回         | (205)                             | -   | -                  | -                  | -                    | -  | -                    | -                     | (205)         |
| At 1 January 2007   | 於二零零七年一月一日           | 53                                | (1,032)   | 6,039              | 894                | 3,803                | 6,986  | 64,144               | 3,089                 | 83,976        |
| Transfer to reserves  | 轉撥至儲備                | 2,800                             | 1,032   | -                  | 6                  | -                    | -  | (3,838)              | -                     | -             |
| Profit for the year   | 本年度溢利                | -                                 | -   | -                  | -                  | -                    | -  | 1,597                | (497)                 | 1,100         |
| <b>At 31 December 2007</b>  | <b>於二零零七年十二月三十一日</b> | <b>2,853</b>                      | <b>-</b>  | <b>6,039</b>       | <b>900</b>         | <b>3,803</b>         | <b>6,986</b>                                 | <b>61,903</b>        | <b>2,592</b>          | <b>85,076</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

**28. RESERVES** (Continued)**28. 儲備** (續)**The Company****本公司**

|   |                      | Share-based<br>payment<br>reserve<br>股份付款儲備<br>RMB'000<br>人民幣千元 | Available-<br>for-sales<br>financial<br>assets<br>reserve<br>可供出售金融<br>資產儲備<br>RMB'000<br>人民幣千元 | Capital<br>reserve<br>資本儲備<br>RMB'000<br>人民幣千元 | Contribution<br>surplus<br>供款盈餘<br>RMB'000<br>人民幣千元 | Retained<br>earnings<br>保留盈利<br>RMB'000<br>人民幣千元 | Total<br>合計<br>RMB'000<br>人民幣千元 |
|---|----------------------|---|---|--|---|--|---------------------------------|
| At 1 January 2006   | 於二零零六年一月一日           | 258   | (1,377)   | 894  | 28,011  | (1,776)  | 26,010                          |
| Reversal of share-based<br>payment reserve                        | 股份付款儲備<br>撥回         | (205)   | -   | -  | -   | -  | (205)                           |
| Change in fair value for available-<br>for-sales financial assets | 可供出售金融資產之<br>公平值變動   | -   | 345   | -  | -   | -  | 345                             |
| Net profit for the year   | 本年度純利                | -   | -   | -  | -   | 1,151  | 1,151                           |
| At 1 January 2007   | 於二零零七年一月一日           | 53  | (1,032)   | 894  | 28,011  | (625)  | 27,301                          |
| Transfer  | 轉撥                   | -   | 1,032   | -  | -   | (1,032)  | -                               |
| Loss for the year   | 本年度虧損                | -   | -   | -  | -   | (5,681)  | (5,681)                         |
| <b>At 31 December 2007</b>  | <b>於二零零七年十二月三十一日</b> | <b>53</b>   | <b>-</b>  | <b>894</b>                                     | <b>28,011</b>                                       | <b>(7,338)</b>                                   | <b>21,620</b>                   |

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 28. 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.

#### 28. 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

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 28. 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 RMB21,620,000 (2006: RMB27,301,000). 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.

#### 28. 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21,620,000元(二零零六年：人民幣27,301,000元)。根據本公司組織章程，應付之股息須自本公司溢利或其他儲備中撥出(包括股份溢價賬)。此外，根據開曼群島之公司法(二零零二年修訂版)，本公司須在緊接派發股息之後，能夠支付日常業務中到期之借貸。



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

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

### 29. 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 RMB1,597,000 (2006: RMB15,563,000) and the weighted average number of 360,000,000 (2006: 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 RMB1,597,000 (2006: RMB15,563,000) and the weighted average number of 381,405,000 (2006: 375,900,000) 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 21,405,000 (2006: 15,900,000) shares, calculated as follows:

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

### 29. 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1,597,000元(二零零六年: 人民幣15,563,000元)及年內本公司已發行普通股加權平均股數360,000,000股(二零零六年: 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1,597,000元(二零零六年: 人民幣15,563,000元)及普通股加權平均股數381,405,000股(二零零六年: 375,900,000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授出的購股權的影響(詳見下文附註28)21,405,000股(二零零六年: 15,900,000股)作出調整, 計算如下:

- 本公司普通股股東應佔溢利(攤薄)

|   | 2007<br>二零零七年<br>RMB<br>人民幣元 | 2006<br>二零零六年<br>RMB<br>人民幣元 |
|---|------------------------------|------------------------------|
| Profit attributable to ordinary equity shareholders 普通股股東應佔溢利 | 1,597,000                    | 15,563,000                   |

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

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

2. Weighted average number of ordinary shares (diluted)

#### 29. 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)

|  |                         | 2007<br>二零零七年<br>RMB<br>人民幣元 | 2006<br>二零零六年<br>RMB<br>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>21,405,000</b>            | 15,900,000                   |
| At 31 December   | 於十二月三十一日                | <b>21,405,000</b>            | 15,900,000                   |
| 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>381,405,000</b>           | 375,900,000                  |

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### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 30. 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.

#### 30. 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。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

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

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

#### 30. 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<br>instruments<br>股權數目 | Exercisable period<br>行使期                                      |
|--|----------------------------------|--|
| Options granted to directors<br>授予董事之購股權 |                                  |  |
| on 20 June 2003<br>於二零零三年六月二十日           | 7,200,000                        | 20 June 2003 – 19 June 2013<br>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<br>於二零零五年三月二日            | 1,080,000                        | 2 March 2005 – 1 March 2015<br>二零零五年三月二日至二零一五年三月一日             |
| on 10 August 2006<br>於二零零六年八月十日          | 1,116,000                        | 10 August 2006 – 30 August 2016<br>二零零六年八月十日至二零一六年八月三十日        |
| on 10 May 2007<br>於二零零七年五月十日             | 1,922,000                        | 10 May 2007 – 9 May 2017<br>二零零七年五月十日至二零一七年五月九日                |
| Options granted to employees<br>授予僱員之購股權 |                                  |  |
| on 20 June 2003<br>於二零零三年六月二十日           | 4,320,000                        | 20 June 2003 – 19 June 2013<br>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<br>於二零零五年三月二日            | 812,000                          | 2 March 2005 – 1 March 2015<br>二零零五年三月二日至二零一五年三月一日             |
| on 14 December 2005<br>於二零零五年十二月十四日      | 288,000                          | 14 December 2005 – 13 December 2015<br>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<br>於二零零六年八月十日          | 2,052,000                        | 10 August 2006 – 9 August 2016<br>二零零六年八月十日至二零一六年八月九日          |
| on 10 May 2007<br>於二零零七年五月十日             | 4,883,200                        | 10 May 2007 – 9 May 2017<br>二零零七年五月十日至二零一七年五月九日                |
|  | 23,673,200                       |  |

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### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

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

#### 30. 購股權計劃 (續)

- (a) 購股權之數目及加權平均行使價如下：

|  |         | 2007<br>二零零七年  |                               | 2006<br>二零零六年  |                               |
|--|---------|--|-------------------------------|--|-------------------------------|
|  |         | Weighted<br>average<br>exercise<br>prices<br>加權平均<br>行使價<br>HK\$<br>港元 | Number of<br>options<br>購股權數目 | Weighted<br>average<br>exercise<br>prices<br>加權平均<br>行使價<br>HK\$<br>港元 | Number of<br>options<br>購股權數目 |
| Outstanding at the beginning of the year | 於年初尚未行使 | 0.36   | 17,408,000                    | 0.52   | 16,660,000                    |
| Granted during the year                  | 於年內授出   | 0.62   | 7,568,000                     | 0.36   | 4,118,400                     |
| Lapsed during the year                   | 於年內失效   | 0.44   | (1,302,800)                   | 0.48   | (3,370,400)                   |
| Outstanding at the end of the year       | 於年終尚未行使 | 0.62   | 23,673,200                    | 0.36   | 17,408,000                    |
| Exercisable at the end of the year       | 可於年終行使  | 0.62   | 23,673,200                    | 0.36   | 17,408,000                    |

The weighted average share price at the date of exercise for shares options exercised during the year was HK\$0.60 (2006: HK\$0.52).

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

The options outstanding at 31 December 2007 had an exercise price of HK\$0.62 (2006: HK\$0.36) and weighted average remaining contractual life of 7 years (2006: 8 years).

年內已行使之購股權於行使日期之加權平均股價為0.60港元(二零零六年：0.52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。

於二零零七年十二月三十一日尚未行使購股權之行使價為0.62港元(二零零六年：0.36港元)，其加權平均剩餘合約年期為7年(二零零六年：8年)。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 30. 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:

|  |                                    | 2007<br>二零零七年                      | 2006<br>二零零六年       |
|--|------------------------------------|------------------------------------|---------------------|
| Weighted average share price at measurement date   | 於計量日期之加權平均股價                       | <b>HK\$0.60</b><br><b>0.60港元</b>   | HK\$0.53<br>0.53港元  |
| Weighted average exercise price  | 加權平均行使價                            | <b>HK\$0.625</b><br><b>0.625港元</b> | HK\$0.52<br>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>45.53%</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><br>十年              | 10 years<br>十年      |
| Expected dividends   | 預期股息                               | <b>NIL</b><br>無                    | NIL<br>無            |
| Risk-free interest rate  | 無風險利息率                             | <b>4.243%</b>                      | 4.3%                |
| Weighted average fair value at measurement date  | 於計量日期之加權平均公平值                      | <b>HK\$0.625</b><br><b>0.625港元</b> | HK\$ 0.31<br>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.

#### 30. 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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#### 31. CONVERTIBLE BONDS

On 10 September 2007, Venturepharm Laboratories Limited, issued bonds of an aggregate principal amount of CHF 15,000,000 (the "Bonds"). Unless previously redeemed, repurchased and cancelled or converted, any outstanding Convertible Notes shall be redeemed at the Redemption Amount on the date falling on the fifth anniversary of the date of issue of the Convertible Notes.

The Noteholders will have the right to convert, at the Conversion Price, the whole of the principal amount of the Convertible Notes into Shares at any time and from time to time, from the date of issue of the Convertible Notes.

Noteholders may at any time during the period on or after the date of issue of the Convertible Notes and prior to the close of business on the Maturity Date or (i) if the Company shall have exercised its rights to redeem the Convertible Notes (Tax Redemption or Early Redemption), then up to the fifth business day preceding the date fixed for such redemption, (ii) if the Company shall be in breach of its obligations under the terms of the Convertible Notes (Event of Default), then up to the time when the Convertible Notes become due and repayable, to convert, at the Conversion Price, the whole or any part of the Convertible Notes held by the Noteholders into Conversion Shares.

The Company shall be entitled at any time while the Convertible Notes are outstanding to redeem all outstanding Convertible Notes at the Redemption Amount provided that the closing price of the Shares on the Stock Exchange for a period of 30 consecutive trading days is at least 130% of the then applicable Conversion Price on each such trading day.

#### 31. 可換股債券

於二零零七年九月十日，萬全科技藥業有限公司發行本金總額為15,000,000瑞士法郎之債券（「債券」）。除非先前已予贖回、購回及註銷或轉換，本公司將於可換股票據之發行日期第五週年當日以贖回金額贖回任何未償還之可換股票據。

票據持有人可自可換股票據發行日期起任何時候及不時於每次轉換時按換股價格將全部本金額可換股票據轉換成股份。

票據持有人可在可換股票據發行日起或之後並在到期日營業結束前的期間內之任何時間，或者 (i) 若公司行使贖回可換股票據（稅收贖回或提早贖回）之權利，則直到定為贖回之日前的第五個營業日；(ii) 若公司違反其於可換股票據條款項下的責任（違約事件），則直到可換股票據到期須償還時，按換股價格將票據所有人所持有的全部或任何部份可換股票據轉換成換股股份。

倘若聯交所連續三十個交易日之股份收盤價至少是在每個如此之交易日當時適用之換股價格的130%，本公司有權在可換股票據尚未償還時，隨時按贖回金額贖回所有已經公開發行並出售的可換股票據。

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#### 31. CONVERTIBLE BONDS (Continued)

##### GROUP AND COMPANY

Liability component on initial recognition

於首次確認時  
負債部分

**2007**  
二零零七年  
**RMB'000**  
人民幣千元

2006  
二零零六年  
RMB'000  
人民幣千元

**95.936**

–

Interest expense of approximately RMB1,040,000 (2006: Nil) has been recognized in the income statement in respect of the convertible bonds for the year ended 31 December 2007.

有關截至二零零七年十二月三十一日止年度之可換股債券，利息開支約人民幣1,040,000元(二零零六年：零)已於收益表確認。

#### 30. 可換股債券 (續)

##### 集團及公司



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### 財務報表附註

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#### 32. NON-CASH TRANSACTIONS

During the year ended 31 December 2007, there was no work-in-progress (2006: RMB6,262,000) transferred to new drug technology.

#### 33. PLEDGE OF ASSETS

At 31 December 2007, there was no available-for-sales financial assets pledged (2006 restated: RMB19,248,000) to a bank to secure bank overdraft granted to the Group. There is no utilisation of the general banking facilities as at 31 December 2007.

#### 34. 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 machinery, land and buildings which fall due as follows:

#### 32. 非現金交易

截至二零零七年十二月三十一日止年度，並無在製品(二零零六年：人民幣6,262,000元)已轉撥至新藥技術。

#### 33. 已抵押資產

於二零零七年十二月三十一日，並無任何已抵押可供出售金融資產人民幣(二零零六年：人民幣19,248,000元)，以作為授予本集團銀行透支之抵押。於二零零七年十二月三十一日，並無動用任何一般銀行信貸。

#### 34. 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機器、土地及樓宇之未來最低租金承擔屆滿期如下：

|                       |      | 2007<br>二零零七年<br>RMB<br>人民幣元 | 2006<br>二零零六年<br>RMB<br>人民幣元 |
|-----------------------|------|------------------------------|------------------------------|
| Within one year       | 一年內  | 2,582                        | 2,492                        |
| more than one year    | 一年以上 |                              |                              |
| but within five years | 但五年內 | 8,535                        | 9,014                        |
| Over five years       | 超過五年 | 4,602                        | 5,686                        |
|                       |      | <b>15,719</b>                | 17,192                       |

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

Operating lease payments represent rentals payable by the Group for its laboratories premises located at 北京海澱區四季青鄉金莊3號, 海南省海口保稅區A06-2, GMP車間, 北京海澱區西三旗建材城西路16號1號樓2層223室and 海口市秀英區南海大道279號.

#### 35. 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 RMB862,000 (2006: RMB576,000) represents contributions payable to the scheme by the Group during the year.

#### 34. 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鄉金莊3號、海南省海口保稅區A06-2、GMP車間、北京海澱區西三旗建材城西路16號1號樓2層223室及海口市秀英區南海大道279號) 之應付租金。

#### 35. 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862,000元 (二零零六年：人民幣576,000元)，指本集團年內就計劃應付之供款。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

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#### 36. 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<br>connected person<br>有關連人士名稱 | Nature<br>性質  | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
|--|---|-----------------------------------|-----------------------------------|
| VP Inc.                                | Revenue<br>收益<br>– Contracted research and<br>development, pharmaceutical<br>application, registration and<br>testing services<br>– 已訂約研究及開發、製藥申請、<br>註冊及測試服務 | –                                 | 564                               |

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

Balances with these related parties as at 31 December 2007 are set out in note 21.

#### 36. 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。

於二零零七年十二月三十一日，本公司與該等有關連人士之結餘載於附註21。

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### 財務報表附註

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#### 36. 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 2007.

##### (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:

#### 36. 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二零零七年十二月三十一日之非上市投資內。

##### (c) 主要管理人員：

主要管理人員之酬金(包括附註10所披露已付本公司董事及若干最高薪僱員之款項)如下：

|                              |        | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
|------------------------------|--------|-----------------------------------|-----------------------------------|
| Salaries and allowances      | 薪金及津貼  | 713                               | 715                               |
| Share-based payment expenses | 股份付款開支 | -                                 | (205)                             |
|                              |        | <b>713</b>                        | 510                               |

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### 財務報表附註

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#### 37. GOVERNMENT GRANTS

During the year, the Group received RMB597,700 of government subsidy (2006: RMB14,000) towards the research and development projects.

#### 38. CONTINGENT LIABILITIES

As at 31 December 2007, the Group and Company has no significant contingent liabilities.

#### 39. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group's risk management is coordinated at its headquarter, in close monitor with the board of directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. Long term financial investments are managed to generate lasting returns. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

#### 37. 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597,000元(二零零六年：人民幣14,000元)。

#### 38. 或然負債

於二零零七年十二月三十一日，本集團及本公司並無重大或然負債。

#### 39. 風險管理目標及政策

本集團因使用金融工具而承受市場風險，特別是因其經營及投資業務所產生之外匯風險、利率風險及價格風險。其他價格風險乃指金融工具之公平值或將來現金流因市價變動時所衍生之風險(由利率風險或外匯風險所產生的除外)，而不論有關變動是由影響個別金融工具或其發行者的因素，或影響市場內買賣的所有相類似金融工具的因素所導致。本集團之風險管理由總部負責，並由董事會密切監督，主要透過盡量減少接觸金融市場以確保短期至中期之現金流動。同時，本集團透過控制長期金融投資以產生長遠回報。本集團並不積極從事投機目的之金融資產交易，亦不發行期權。本集團承受之最大財務風險載述如下。

## NOTES TO THE FINANCIAL STATEMENTS

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 39. RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

##### 39.1 Currency risk

Currency risk to the Group is minimal as most of the Group's transactions are carried out in Hong Kong dollars. All businesses in the Mainland China that are exposed to higher currency risk have been disposed of during the year.

##### 39.2 Interest rate risk

As the Group has interest-bearing assets and liabilities, the Group's income and operating cash flows are affected by changes in market interest rate. However the management estimated that the effect of increase/decrease of 100% basis points in the interest rate up to the next annual balance sheet date will be insignificant.

##### 39.3 Other price risk

The Company is exposed to other price risk in respect of its investment in subsidiaries. The sensitivity to price risk in regards to the investment in subsidiaries cannot be reliably determined due to numerous uncertainties regarding the future development of these subsidiaries.

#### 39. 風險管理目標及政策 (續)

##### 39.1 外匯風險

由於本集團大部份的交易以港元結算，本集團的外匯風險維持於低水平。年內已出售所有承受較高外匯風險之國內業務。

##### 39.2 利率風險

由於本集團擁有附息的資產及負債，因此本集團之收入及經營現金流受市場利率變動之影響。然而管理層估計利率增加／減少100%基點直至下個年度結算日所帶來之影響不大。

##### 39.3 其他價格風險

本集團就其於附屬公司之投資承受其他價格風險。投資於附屬公司相關之價格敏感度，因涉及該等附屬公司之多項不確定因素而不能可靠地釐定。

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#### 39. RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

##### 39.4 Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

#### 39. 風險管理目標及政策 (續)

##### 39.4 信貸風險

本集團所承受的最高信貸風險乃是於結算日已確認的金融資產的賬面值，其摘要如下：

|                                |             | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
|--------------------------------|-------------|-----------------------------------|-----------------------------------|
| Class of financial assets      | 金融資產類別－賬面值  |                                   |                                   |
| – carrying amounts             |             |                                   |                                   |
| Financial assets at fair value | 按公平值透過損益記賬之 |                                   |                                   |
| through profit or loss         | 金融資產        | <b>72,409</b>                     | –                                 |
| Cash and cash equivalents      | 現金及現金等價物    | <b>30,803</b>                     | 10,221                            |
| Trade receivables              | 應收貿易賬款      | <b>30,721</b>                     | 18,023                            |
| Prepayments, deposits and      | 預付款項、按金及    |                                   |                                   |
| other receivables              | 其他應收款項      | <b>34,841</b>                     | 17,823                            |
| Amount due from related        | 應收關連公司款項    |                                   |                                   |
| companies                      |             | <b>629</b>                        | 1,296                             |
| Work-in-progress               | 在製品         | <b>66,503</b>                     | 46,934                            |
|                                |             | <b>235,906</b>                    | 94,297                            |

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 39. RISK MANAGEMENT OBJECTIVES AND POLICIES

*(Continued)*

##### 39.4 Credit risk *(Continued)*

The Group continuously monitors defaults of customers and other counterparties, identifies either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

#### 39. 風險管理目標及政策 (續)

##### 39.4 信貸風險 (續)

本集團不斷地監控個別或同類客戶及其他交易方的拖欠情況，並於信貸管理中考慮這些資料。在合理的成本下，本集團會利用有關客戶及其他交易方的外部報告。本集團的政策為只與有信譽的客戶作交易。

本集團之管理層相信所有以上未作減值的金融資產，包括其中已逾期的，全屬良好的信貸質素。

本集團之金融資產沒有以抵押品或信用增強品抵押。

就應收賬款及其他應收款項而言，本集團並無任何重大信貸風險集中於個別的交易方或有相近特徵的交易方組別。由於本集團之速動資金乃存放於信譽良好並具備高外部信貸評級的銀行，因此相關信貸風險甚低。



## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 39. RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

##### 39.5 Liquidity risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-today business. Liquidity needs are monitored on a day-to-day basis. The Group maintains mainly sufficient cash and current financial assets to meet its liquidity requirements for up to 30-day periods.

As at 31 December 2007 and 31 December 2006, the Group's financial liabilities have contractual maturities which are summarised below:

#### 39. 風險管理目標及政策 (續)

##### 39.5 流動性風險

本集團主要透過謹慎控制長期債務的還款期及日常營運資金的現金流動以管理其現金流動性。本集團會按每天的需要以管理其現金流需求。本集團主要以維持充足的現金及流動金融資產以應最多達30日之流動資金需要。

於二零零七年十二月三十一日及二零零六年十二月三十一日，本集團之附有合約到期日的金融負債列載如下：

|                     |                   | <b>1 to 3<br/>months</b> | <b>4 to 12<br/>months</b> | <b>1 to 2<br/>years</b> | <b>3 to 5<br/>years</b> |
|---------------------|-------------------|--------------------------|---------------------------|-------------------------|-------------------------|
|                     |                   | 一至三個<br>月內到期             | 四至十二個<br>月內到期             | 一至二年<br>內到期             | 三至五年<br>內到期             |
|                     |                   | 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                   |
| At 31 December 2007 | 於二零零七年<br>十二月三十一日 |                          |                           |                         |                         |
| Convertible bonds   | 可換股債券             | -                        | -                         | -                       | 95,936                  |
| Trade payables      | 應付貿易賬款            | 14                       | -                         | 271                     | 95,936                  |
| As 31 December 2006 | 於二零零六年<br>十二月三十一日 |                          |                           |                         |                         |
| Trade payables      | 應付貿易賬款            | 52                       | -                         | 411                     | -                       |

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 39. RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

##### 39.6 Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at 31 December 2007 and 2006 may be categorised as follows. See notes 3.9 and 3.13 for explanations about how the category of financial instruments affects their subsequent measurement.

(i) Financial assets

#### 39. 風險管理目標及政策 (續)

##### 39.6 按類別分類之金融資產及負債概要

本集團於二零零七年十二月三十一日及二零零六年十二月三十一日已確認的金融資產及負債可分類如下。有關金融工具之分類如何影響其日後之測量，請參閱附註3.9及3.13。

(i) 金融資產

|   |                 | 2007<br>二零零七年<br>RMB<br>人民幣元 | 2006<br>二零零六年<br>RMB<br>人民幣元 |
|---|-----------------|------------------------------|------------------------------|
| Bank balances and cash                                | 銀行結餘及現金         | <b>30,803</b>                | 10,221                       |
| Work-in-progress                                      | 在製品             | <b>66,503</b>                | 46,934                       |
| Loans and receivables:                                | 貸款及應收款項         |                              |                              |
| Trade receivables                                     | 應收貿易賬款          | <b>30,721</b>                | 18,023                       |
| Prepayment, deposits and other receivables            | 預付款項、按金及其他應收款項  | <b>34,841</b>                | 17,823                       |
| Amounts due from related companies                    | 應收關連公司款項        | <b>629</b>                   | 1,296                        |
| Financial assets at fair value through profit or loss | 按公平值透過損益記賬之金融資產 | <b>72,409</b>                | -                            |
|   |                 | <b>235,906</b>               | 94,297                       |

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 39. RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

##### 39.6 Summary of financial assets and liabilities by category (Continued)

###### (ii) Financial liabilities

Financial liabilities at amortised cost:

#### 39. 風險管理目標及政策 (續)

##### 39.6 按類別分類之金融資產及負債概要 (續)

###### (ii) 金融負債

按攤銷成本計量之金融負債：

|                             |           | 2007<br>二零零七年<br>RMB<br>人民幣元 | 2006<br>二零零六年<br>RMB<br>人民幣元 |
|-----------------------------|-----------|------------------------------|------------------------------|
| Current liabilities         | 流動負債      | <b>285</b>                   | 463                          |
| Trade payables              | 應付貿易賬款    | <b>5,237</b>                 | 1,085                        |
| Accruals and other payables | 應計及其他應付款項 | <b>24,207</b>                | 5,507                        |
| Receipts in advance         | 預收款項      | -                            | 54                           |
| Dividend payable            | 應付股息      | -                            | 6,451                        |
| Interest-bearing borrowings | 計息借款      | <b>6,060</b>                 | 5,349                        |
| Tax payable                 | 應付稅項      | <b>3</b>                     | -                            |
| Bank overdraft              | 銀行透支      | <b>35,792</b>                | 18,909                       |
| Non-current liabilities     | 非流動負債     |                              |                              |
| Convertible bonds           | 可換股債券     | <b>95,936</b>                | -                            |

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

#### 40. CAPITAL MANAGEMENT

The Group's capital management objectives are:

- (i) to ensure the Group's ability to continue as a going concern;
- (ii) to provide an adequate return to shareholders;
- (iii) to support the Group's sustainable growth; and
- (iv) to provide capital for the purpose of potential mergers and acquisitions.

The Group sets the amount of equity capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The capital-to-overall financing ratio at balance sheet date was as follows:

|                                    |           | 2007<br>二零零七年<br>RMB'000<br>人民幣千元 | 2006<br>二零零六年<br>RMB'000<br>人民幣千元 |
|------------------------------------|-----------|-----------------------------------|-----------------------------------|
| Capital                            | 資本        |                                   |                                   |
| Total equity                       | 總權益       | <b>123,236</b>                    | 122,136                           |
| Overall financing                  | 整體融資      |                                   |                                   |
| Convertible bonds                  | 可換股債券     |                                   |                                   |
| liability components               | 債權部份      | <b>95,936</b>                     | -                                 |
| Capital-to-overall financing ratio | 資本佔整體融資比率 | <b>1.28</b>                       | N/A                               |

#### 41. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised to issue by the board of directors on 27 March 2008.

#### 40. 資本管理

本集團之資本管理的目標如下：

- (i) 確保本集團有能力可以持續經營；
- (ii) 為股東帶來充足的回報；
- (iii) 支持本集團之可持續發展；及
- (iv) 提供資本以作合併及收購。

本集團於整體融資的結構上訂立資本金額。本集團管理其資本結構，並因應經濟情況及其資產之特性作出相適的調整。為了保持及調整其資本結構，本集團可能會調整派發予股東之股息，回撥資本予股東，發行新股或出售資產以減低負債。於結算日，資本佔整體融資比率如下：

#### 41. 批准財務報表

董事會已於二零零八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           |         |         |         |               |  |
|   |                 | 2003                   | 2004    | 2005    | 2006    | 2007          |  |
|   |                 | 二零零三年                  | 二零零四年   | 二零零五年   | 二零零六年   | 二零零七年         |  |
|   |                 | 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             | 35,680                 | 36,157  | 42,157  | 57,052  | <b>38,729</b> |  |
| Profit before taxation                          | 除稅前溢利           | 21,994                 | 11,480  | 6,403   | 18,773  | <b>1,888</b>  |  |
| Taxation  | 稅項              | (1,506)                | (881)   | (887)   | (3,175) | <b>(788)</b>  |  |
| Profit after taxation before minority interests | 除稅後但未計少數股東權益前溢利 | 20,488                 | 10,599  | 5,516   | 15,598  | <b>1,100</b>  |  |
| Minority interests                              | 少數股東權益          | (128)                  | 84      | 128     | (35)    | <b>497</b>    |  |
| Profit for the year after minority interest     | 扣除少數股東權益後之本年度溢利 | 20,360                 | 10,683  | 5,644   | 15,563  | <b>1,597</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           |         |         |         |                 |  |
|                                       |          | 2003                   | 2004    | 2005    | 2006    | 2007            |  |
|                                       |          | 二零零三年                  | 二零零四年   | 二零零五年   | 二零零六年   | 二零零七年           |  |
|                                       |          | 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 | 91,031                 | 102,135 | 106,398 | 122,136 | <b>219,172</b>  |  |
| Non current liabilities               | 非流動負債    |                        |         |         |         |                 |  |
| Corporate bonds payable               | 應付公司債券   | -                      | -       | -       | -       | <b>(95,936)</b> |  |
| Minority interests                    | 少數股東權益   | (870)                  | (3,190) | (3,054) | (3,089) | <b>(2,592)</b>  |  |
| Shareholders' funds                   | 股東資金     | 90,161                 | 98,945  | 103,344 | 119,047 | <b>120,644</b>  |  |

## 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 2007 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 results for each of the four years ended 31 December 2003, 2004, 2005 and 2006 have been extracted from the corresponding audited annual financial statements.
2. This financial summary indicates the consolidated results of the Company and its subsidiaries with effect from 1 January 2003 or since their respective dates of incorporation or acquisition, whichever is a shorter period. The consolidation balance sheets at 31 December 2003, 2004, 2005, 2006 and 2007 are the combination of the balance sheets of the Company and its subsidiaries at 31 December 2003, 2004, 2005 2006 and 2007. 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. 截至二零零七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。截至二零零三年、二零零四年、二零零五年及二零零六年十二月三十一日止四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. 本財務概要顯示本公司及其附屬公司自二零零三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。於二零零三年、二零零四年、二零零五年、二零零六年及二零零七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二零零三年、二零零四年、二零零五年、二零零六年及二零零七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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