



VENTUREPHARM LABORATORIES LIMITED

萬 全 科 技 藥 業 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8225)

**FIRSTQUARTERLYRESULT ANNOUNCEMENT 2013
FOR THE THREEMONTHS ENDED 31MARCH 2013**

**for identification only*

**FIRST QUARTERLY RESULT ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2013**

Characteristics of the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investor should be aware of the potential risk of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and othersophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazette newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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



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The Directors are pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2013, together with the comparative figures.

HIGHLIGHTS

1. The Group achieved a turnover of RMB9,378,000 for the three months ended 31 March 2013 representing an increase of approximately 17% compared with the corresponding period of 2012.
2. The Group achieved operating profit about RMB863,000 for the three months ended 31 March 2013 representing an increase of approximately 69% compared with the corresponding period of 2012.
3. Basic earnings per share is approximately 0.24 cents for the three months ended 31 March 2013,
4. Directors do not recommend to do the payment of any interim dividends for the three months ended 31 March 2013.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	
		Three months ended 31 March	
	Notes	2013 RMB'000	2012 RMB'000
Turnover	2	9,378	8,040
Cost of sales		(6,359)	(4,458)
Gross profit		3,019	3,582
Administrative expenses	3	(3,530)	(2,566)
Profit from operations		(511)	1,016
Other income		87	421
Finance costs		1,287	(925)
Profit before income tax		863	512
Income tax	5	-	-
Profit for the period		863	512
Attributable to :			
Owners of the parent		877	510
Non-controlling interests		(14)	2
		863	512
Earnings per share (cent)	4		
- basic		0.24	0.14
- diluted		0.39	0.33

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share Based Payment reserve	Available for-sales Financial Assets reserve	Special Reserve	Capital reserve	Statutory reserve	Statutory enterprise fund expansion	Retained earnings	Total	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 2012	38,536	3,920	-	6,039	1,818	3,803	6,986	(157,538)	(96,436)	(316)	(96,752)
New issue of shares	-	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	510	510	2	512
At 31 March 2012	38,536	3,920	-	6,039	1,818	3,803	6,986	(157,028)	(95,926)	(314)	(96,240)
At 1 January 2013	38,536	4,285	-	6,039	1,818	3,821	6,986	(155,829)	(94,344)	157	(94,187)
Exercise of share options	145	-	-	-	-	-	-	-	145	-	145
Profit for the period	-	-	-	-	-	-	-	877	877	(14)	863
At 31 March 2013	38,681	4,285	-	6,039	1,818	3,821	6,986	(154,952)	(93,322)	143	(93,179)

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies and basis of preparation

The unaudited condensed financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs) HKAS 34 Interim Financial Reporting. In addition, the financial statements comply with the applicable disclosure provisions of Rule 18, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The accounting policies adopted are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2012.

The accounts have been prepared on a consolidated basis and include the financial statements of the Company and its subsidiaries. All the internal trades, balance of trade, and the unrealized profit should be counteracted. Up to the date of 31 March 2013 the merger performance together with the assumed group structure at present is compiled based on its established status all along.

The directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

On 4 September 2012, the Convertible bond holders passed the Resolution to extend the maturity date of the convertible bond to 10 September 2015 and significantly reduced the current liabilities of the Group.

Meanwhile, considering the working capital and long term fund demand for future development, the Group will consider to raise funds through bank loans, issuance of new shares, convertible bonds, and issuance of new debts, etc.

2. Revenue and segment information

Breakdown of the revenue from all services is as follows:

	Unaudited	
	Three months ended 31 March	
	2013	2012
	RMB'000	RMB'000
Analysis of revenue by category		
Contracted clinical research services (VPS)	6,898	4,579
Contracted pharmaceutical development services (PDS)	2,480	3,120
Import registration services (IRS)	-	341
Total	9,378	8,040

3. Administrative expenses

	Unaudited	
	Three months ended	
	31 March	
	2013	2012
	RMB'000	RMB'000
Administrative expenses	<u>3,530</u>	<u>2,566</u>

4. Earnings per share

Basic earnings per share is calculated by dividing the unaudited net profit approximately RMB 863,000 RMB (approximately RMB 512,000 the corresponding period of 2012) attributable to owners of the Group by the weighted average number of 364,308,664 ordinary shares (2012: 364,308,664 shares) during the year.

The calculation of the diluted earnings per share for the year is based on the profit attributable to ordinary equity shareholders and adjusted to eliminate the interest expense less the tax effect. The weighted average number of 453,119,000 (2012: 453,119,000) 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 and the conversion of convertible bond of 88,810,000 (2012: 88,810,000) shares.

5. Income Taxes

No Hong Kong profit taxes has been provided for, as the Group had no estimated assessable profits in Hong Kong for the period(2012: Nil)

PRC Enterprise Income Tax has been calculated on the estimated assessable profit for the year according to the relevant laws and regulations. The applicable income tax rate is ranging from 15% to 25% as at 31 March 2013(2012: 15%-25%). During the year,Beijing Dezhong VPTechnology DevelopmentCo Ltd,Beijing Venture-SunshinePharmaceuticalTechnology Co., Ltd, Beijing Venture-Sun MedicalTechnology Co., Ltd,Beijing New Dezhong-Venture PharmaceuticalTechnology DevelopmentCo., Ltd andHainan Sinican Bio-labsLimited have applied to the PRC tax authority as High-tech Enterprises and subject to the PRC Enterprise Income Tax at 15%.

	Unaudited	
	Three months	
	ended 31 March	
	2013	2012
	RMB'000	RMB'000
Chinese		
Income Tax	-	-

5.Segmentinformation

As all assets and operations of the group are located in China during this period, there is no geographical segment analysis.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group achieved a turnover of RMB 9,378,000 for the three months ended 31 March 2013, representing an increase of approximately 17% compared with that of the corresponding period in 2012, which was mainly contributed by the strong performance of VPS sales.

PROSPECTS

To capitalize on the opportunity of the increased demand of global R&D outsourcing market, the Group has made the best efforts to improve its service capacities and performance in R&D outsourcing services by providing fully integrated pharmaceutical services which including Active Pharmaceutical Ingredient (API), Pharmaceutical Development service (PDS), Clinical Research Service (VPS), regulatory affair (RA) service and post market service (PMS). In the meantime, the Group believes that as the Government further standardizes and implements its supervision, the market environment will become more favorable to the Group. Meanwhile, the investment from Chinese Government into the scientific research of biologic and pharmaceutical technology will stimulate greatly to the R&D service market. 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.

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Dividends

Directors do not recommend the payment of any interim dividends for the three months ended 31 March 2013.

SIGNIFICANT INVESTMENTS

The Company invested its surplus fund through its principal bank in investment market funds, which was RMB1,483,000 at 31 March 2013.

CONTINGENT LIABILITIES

As at 31 March 2013, the Group did not have any contingent liabilities.

FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR CAPITAL ASSETS

Other than those disclosed in the Company's public announcements, the Group does not have any other plans for significant investments or capital assets.

CAPITAL STRUCTURE

There has not been any significant change to the capital structure in the three months ended 31 March 2013.

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 hedging when necessary.

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 three months ended 31 March 2013.

COMPETING INTERESTS

As at 31 March 2013, 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.

Delay in Quarterly Result Announcement

As the delay of the publication of the audited consolidated financial results of the company and its subsidiaries for the year ended 31 December 2012, the quarterly results announcement for the three months ended 31 March 2013 was extended.

CORPORATE GOVERNANCE

(1) Corporate governance practices

The Company applied the principles and fully complied with the Code Provision as set out in Appendix 15 of the GEM Listing Rules (“CG Code”) with certain deviations save as disclosed in respect of 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 September 2005. Specific enquiries have been made with all Directors and the Directors confirmed that they have complied with the required standard set out in the Company Code in the period from 1 January 2013 to 31 March 2013.

(3) 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 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.

(4) Board practice and procedures

During the period from the date of listing to 31 March 2013, the Company has been in compliance with the board practices and procedures as set out in Rule 5.34 of the GEM Listing Rules.

(5) Audit committee

The audit committee was established with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review the Company’s annual reports and accounts, half-yearly reports and quarterly reports and internal control system of the Group and provide advice and comments to the Board. The audit committee has three members comprising the three Independent Non-executive Directors, Mr. WU Shou Yuan, Mr. Paul CONTOMICHALOS and Mr. ZHANG Jing An. Mr. WU Shou Yuan is the chairman of the audit committee. The company’s financial statements for the three months ended 31 March 2013 have been reviewed by the audit committee.

(6) Directors’ Acknowledgement of Their Responsibility for the Financial Statements

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

By Order of the Board
William XiaGuo

Chairman

Beijing, PRC, 29May, 2013

Executive Directors:

William Xia GUO

Maria Xuemei SONG

Non-Executive Directors:

FENG Tao

LI Jin Liang

Nathan Xin ZHANG

Independent Non-Executive Directors:

WU Shou Yuan

Paul CONTOMICHALOS

ZHANG Jing An