



**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 2014  
FOR THE THREEMONTHS ENDED 31MARCH 2014**

*\*for identification only*

**FIRST QUARTERLY RESULT ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2014**

***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 only make the decision to invest after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professionals and other sophisticated 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.***



# VENTUREPHARM LABORATORIES LIMITED

## 萬全科技藥業有限公司

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

(Stock code: 8225)

The Directors announce the unaudited results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2014, together with the comparative figures.

### HIGHLIGHTS

1. The Group achieved a turnover of RMB2,893,000 for the three months ended 31 March 2014 representing a decrease of approximately 69% compared with the corresponding period of 2013.
2. The Group achieved an operating loss about RMB1,803,000 for the three months ended 31 March 2014 representing a decrease of approximately 309% compared with the corresponding period of 2013.
3. Basic Loss per share is approximately 0.49 cents for the three months ended 31 March 2014,
4. Directors do not recommend to do the payment of any interim dividends for the three months ended 31 March 2014.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	
		Three months ended 31 March	
	Notes	2014 RMB'000	2013 RMB'000
Turnover	2	2,893	9,378
Cost of sales		1,909	(6,359)
<b>Gross profit</b>		984	3,019
		0	
Administrative expenses	3	(2,026)	(3,530)
<b>Profit (loss) from operations</b>		(1,042)	(511)
		0	
Other income		389	87
Finance costs		(1,150)	1,287
		0	
<b>Profit (loss) before income tax</b>		(1,803)	863
Income tax	5	0	-
		0	
<b>Profit (loss) for the period</b>		(1,803)	863
<b>Attributable to :</b>			
Owners of the parent		(1,803)	877
Non-controlling interests		0	(14)
		(1,803)	863
<b>Loss per share (cent)</b>			
- basic		(0.49)	0.24
- diluted		(0.15)	0.39

## 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 2013	38,536	4,285	-	6,039	1,818	3,821	6,986	(155,829)	(94,344)	157	(94,187)
New issue of shares	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)
At 1 January 2014	38,681	4,430	6,039	2,254	3,821	-	6,986	-186,857	-124,791	166	-124,625
Exercise of share options	-	-	-	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	-	-1803	-1803	-	-1803
At 31 March 2014	38,681	4,430	6,039	2,254	3,821	0	6,986	-188,660	-126,594	166	-126,428

## 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 2013.

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 2014 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.

On 26 May 2014, the Company entered into a term sheet ("Term Sheet") with certain holders of the Convertible Notes who hold the majority of the voting rights attached to the Convertible Notes (the "Majority Noteholders"). Pursuant to the terms of the Term Sheet, all parties have agreed to settle all claims and mutually release each other from any further liabilities or obligations under the Convertible Notes. More details will be negotiated with Majority Noteholders.

Subsequently, the Company has undergone commercial negotiations to rectify the authority of the Majority Noteholders to settle the Convertible Notes with the Company for itself and on behalf of all Noteholders. A Supplementary Settlement and Mutual Release Agreement ("Supplementary Agreement") is currently being negotiated and we expect to sign the Supplementary Agreement shortly.

## 2. Revenue and segment information

Breakdown of the revenue from all services is as follows:

	Unaudited	
	Three months ended 31 March	
	2014	2013
	RMB'000	RMB'000
<b>Analysis of revenue by category</b>		
Contracted clinical research services (VPS)	2,893	6,898
Contracted pharmaceutical development services (PDS)		2,480
Import registration services (IRS)	-	-
Total	2,893	9,378

## 3. Administrative expenses

	Unaudited	
	Three months ended	
	31 March	
	2014	2013
	RMB'000	RMB'000
Administrative expenses	2,026	3,530

## 4. Loss per share

Basic Loss per share is calculated by dividing the unaudited net Loss approximately RMB 1,803,000RMB (approximately Profit RMB 863,000 the corresponding period of 2013) attributable to owners of the Group by the weighted average number of 366,108,664ordinary shares (2013: 364,308,664 shares)during the year.

The calculation of the diluted loss per share for the year is based on the loss attributable to ordinary equity shareholders and adjusted to eliminate the interest expense less the tax effect. The weighted average number of452,175,155(2013: 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 of86,066,491(2013: 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(2013: 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 2014(2013: 15%-25%). During the year,Beijing DezhongVenturepharm Medical Development Co.,Ltd.(北京德眾萬全藥物技術開發有限公司), Beijing Venturepharm Sunshine Medical Technology Co.,Ltd.(北京萬全陽光醫藥科技有限公司), Beijing Venturepharm Sunshine Pharmaceutical technology Co.,Ltd.北京萬全陽光醫學技術有限公司), Beijing DezhongVenturepharm Pharmaceutical Technology Co.,Ltd.(北京德眾萬全醫藥科技有限公司) and Hainan Shengke Life Science Research Co.,Ltd.(海南盛科生命科學研究院) 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	
	2014	2013
	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 2,893,000 for the three months ended 31 March 2014, representing a decrease of approximately 69% compared with that of the corresponding period in 2013.

As there was a significant change in the Chinese Government's policies and regulations in drug approval, especially the newly released GMP regulation (revised in 2010 and effective in 2011), which led to the increase in rigidity and cautiously in government approval and increased the timing and risk in new drug development, the total revenue dropped significantly.

### **PROSPECTS**

The Group will focus on the advantages of resources to improve its capacities and performance in services by providing fully integrated pharmaceutical services which including Clinical Research Service (VPS), Regulatory Affair Service (RAS) 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 2014.

### **SIGNIFICANT INVESTMENTS**

The Company invested its surplus fund through its principal bank in investment market funds, which was RMB804,000 at 31 March 2014.

### **CONTINGENT LIABILITIES**

As at 31 March 2014, the Group did not have any contingent liabilities not recorded.

## **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 2014.

## **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 2014.

## **COMPETING INTERESTS**

As at 31 March 2014, 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 2013, the quarterly results announcement for the three months ended 31 March 2014 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 2014 to 31 March 2014.

### **(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 2014, 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 2014 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, 29 July, 2014

*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