Venturepharm Laboratories Limited

萬 全 科 技 藥 業 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8225)

ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

In reference to the Announcement of Annual Results made on 27 March 2008, a clarification Announcement of Annual Results is hereby made to add more details to the previous Announcement of Annual Results.

The directors (the "**Directors**") of Venturepharm Laboratories Limited (the "**Company**") hereby announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2007, together with the comparative figures for the year ended 31 December 2006 as follows:

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2007 (Expressed in RMB)

	Notes	2007 RMB'000	2006 RMB'000
Turnover	2	38,729	57,052
Cost of sales		(15,771)	(24,766)
Gross profit		22,958	32,286
Other revenue	3	2,433	5,631
Administrative expenses		(18,165)	(17,542)
Profit from operations		7,226	20,375
Finance costs	4	(5,338)	(1,549)
Share of loss of associates		-	(53)

PROFIT BEFORE TAXATION	5	1,888	18,773
Income tax	6	(788)	(3,175)
Profit for the year		1,100	15,598
ATTRIBUTABLE TO:			
Equity holders of the Company		1,597	15,563
Minority interest		(497)	35
		1,100	15,598
EARNINGS PER SHARE	10		
Basic		0.44cents	4.32 cents
Diluted		0.42cents	4.14 cents

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

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

CONSOLIDATED BALANCE SHEET

for the year ended 31 December 2007 (Expressed in RMB)

		2007 RMB'000	2006 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		11,267	6,762
New drugs technology		6,958	8,107
Interest in associates		833	3,235
Unlisted investment		-	9,396
		19,058	46,748
CURRENT ASSETS			
Work-in-progress		66,503	46,934
Trade receivables	7	30,721	18,023
Prepayments, deposits and other receivables		34,841	17,823
Amounts due from related companies		629	1,296
Bank balances and cash		30,803	10,221
Available-for-sales financial assets	8	72,409	-

		235,906	94,297
CURRENT LIABILITIES			
Trade payables	9	285	463
Accruals and other payables		5,237	1,085
Receipt in advance		24,207	5,507
Dividend payable		-	54
Interest-bearing borrowings		-	6,451
Tax payable		6,060	5,349
Bank overdraft		3	-
		35,792	18,909
NET CURRENT ASSETS		200,114	75,388
TOTAL ASSETS LESS CURRENT LIABILITIES		219,172	122,136
NON CURRENT LIABILITIES			
Corporate bonds payable		95,936	-
NET ASSETS		123,236	122,136
CAPITAL AND RESERVES			
Share capital		38,160	38,160
Reserves		82,484	80,887
Total equity attributable to equity shareholders of the Company		120,644	119,047
MINORITY INTERESTS		2,592	3,089
TOTAL EQUITY		123,236	122,136

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital RMB'000	Share-based payment reserve RMB'000	Available-for-sales financial assets reserve RMB'000	Special reserve RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Statutory enterprise expansion fund RMB'000	Retained earnings RMB'000	Minority interests RMB'000	Total RMB'000
At 1 January 2006	38,160	258	(1,377)	6,039	894	3,612	6,795	48,963	3,054	106,398

Transfer to reserves	–	–	–	–	–	191	191	(382)	–	–
Profit for the year	–	–	–	–	–	–	–	15,563	35	15,598
Change in fair value for available-for-sales financial assets	–	-	345	–	–	–	–	–	–	345
Reversal of share based payment reserve	–	(205)	–	–	–	–	–	–	–	(205)
At 1 January 2007	38,160	53	(1,032)	6,039	894	3,803	6,986	64,144	3,089	122,136
Transfer to reserves	-	2,800	1,032	-	6	-	-	(3.838)	-	-
Profit for the year	-	-	-	-	-	-	-	1,597	(497)	1,100
At 31 December 2007	38,160	2,853	–	6,039 900		3,803	6,986	61,903	2,592	123,236

Notes:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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.

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 fiar 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.

Minority interests in the net assets of consolidated subsidiary companies are presented separatedly 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.

2. TURNOVER AND SEGMENT INFORMATION

	2007 RMB'000	2006 RMB'000
Transfer of technology for new drugs and new drugs development	595	5,853
Contracted pharmaceutical development services and clinical research services associated with technology transferred by the Group	17,367	23,445
Contracted pharmaceutical development services and clinical research services not associated with technology transferred by the Group	18,616	26,007
Import registration services	28	–
Royalty income	1,369	1,022
Sales of active pharmaceutical ingredients products	754	725
	38,729	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.

3. OTHER REVENUE

	2007 RMB'000	2006 RMB'000
Bad debts recovery	-	929
Bank interest income	574	66
Convertible bond interest income	952	-,
Gain on disposal of associate	-	241
Gain on foreign exchange	146	456
Government subsidy	598	14
Interest income on available-for-sales financial assets	-,	1,991
Investment gain	163	-
Sundry sales	-,	735
Sundry income	-	1,199
	2,433	5,631

4. FINANCE COSTS

	2007 RMB'000	2006 RMB'000
Bank charges	325	43
Exchange loss	3,376	1,228
CB Expense	597	–
CB Interest	1,040	–
Interest expenses on bank overdraft	–	278
	5,338	1,549

5. PROFIT BEFORE TAXATION

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

	2007 RMB'000	2006 RMB'000
Depreciation	1,769	529
Employee benefit expenses (note 10)	10,195	6,873
Amortisation of new drugs technology including in administrative expenses	1,149	795
Auditors' remuneration	633	361
Minimum lease payments		

paid under operating lease	2,530	1,756
Provision for trade receivables	-	4,798
Provision for work-in-progress	-	1,163

6. INCOME TAX

	2007 RMB'000	2006 RMB'000
The charge represents:		
PRC enterprise income tax	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.

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

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.

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

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:

	2007 RMB'000	%	2006 RMB'000	%
Profit before taxation	1,888	100.0	18,773	100.0
Tax at the domestic				
income tax of 15% (2006:15%)	269	14.3	2,816	15.0
income tax of 33%	32	1.7	-	-
Tax effect on non-deductible items	1,073	56.8	1,004	5.3
Tax effect on non-taxable income	(122)	(6.5)	(337)	(1.8)

Tax effect of unrecognized deferred tax assets	358	19.0.	434	2.3
Effect on tax exemption granted to PRC subsidiaries	(822)	(43.5)	(742)	(3.9)
Tax expense for the year	788	41.8	3,175	16.9

7. TRADE RECEIVABLES

The fair value of trade receivables are as follows:

	2007	2006
	RMB'000	RMB'000
Trade receivables	43,251	30,553
Less: Impairment of receivables	(12,530)	(12,530)
Trade receivables - net	30,721	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 (2006: RMB12,530) were impaired. There was no provision as of 31st December 2007 [(2006: RMB3,457)]. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2007	2006
	RMB'000	RMB'000
1 – 30 days	14,815	1,723
31 – 60 days	2,676	5,752
61 – 90 days	4,353	54
91 – 180 days	-	8,752
180 – 365 days	508	1,393
More than 180 days	20,899	349
	43,251	18.023

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2007	2006

	RMB'000	RMB'000
Dual currency investment	24,363	-
Money market funds	39,285	-
Investment funds	8,761	-
	72,409	-

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

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.

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

9. TRADE PAYABLES

	2007 RMB'000	2006 RMB'000
Trade payables	285	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:

	RMB'000	RMB'000
Within 90 days	17	52
91 – 180 days	–	–
181 – 365 days	–	282
Over 365 days	268	129
	285	463

10. 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 below of 21,405,000 (2006: 15,900,000) shares, calculated as follows:

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

	2007 RMB	2006 RMB
Profit attributable to ordinary equity shareholders	15,970,000	15,563,000

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

	2007 RMB	2006 RMB
Weighted average number of ordinary shares at 31 December	360,000,000	360,000,000
Effect of deemed issue of ordinary shares under the Company's share option schemes	21,405,000	15,900,000
At 31 December	21,405,000	15,900,000
Weighted average number of ordinary shares (diluted) at 31 December	381,405,000	375,900,000

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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.

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 RMB15,562,692for 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.

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: (1) the accrued interests of RMB1,040,381 attributable to convertible bonds; and (2) 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 CHF14,540,000 (HK$94,219,200) 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.

LIQUIDITY, FINANCIAL RESOURCES AND GEARINGRATIO

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 RMB235,906,335, 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 hedging 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 commercialization, 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 commercialization, thereby enhancing the profitability and risk resistance capability of the Company, and enabling the Company to secure long-term stable profitability in future.

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 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)

Taking 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.

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.

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.

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 an financial reporting.

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:

Name	Capacity	Number of shares	Approximate percentage of interests
Venturepharm Holdings Inc.	Beneficial owner	149,432,583	41.51
Venturepharm Holdings Inc.	Interest of controlled Corporation	15,966,073	4.44
Bright Excel Assets Limited	Beneficial owner	15,966,073	4.44
C Tech Fund Beneficial owner	Beneficial owner	80,736,558	22.43
William Xia GUO	Beneficial owner and interest controlled corporations	182,069,033	50.57

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

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.

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.

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.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

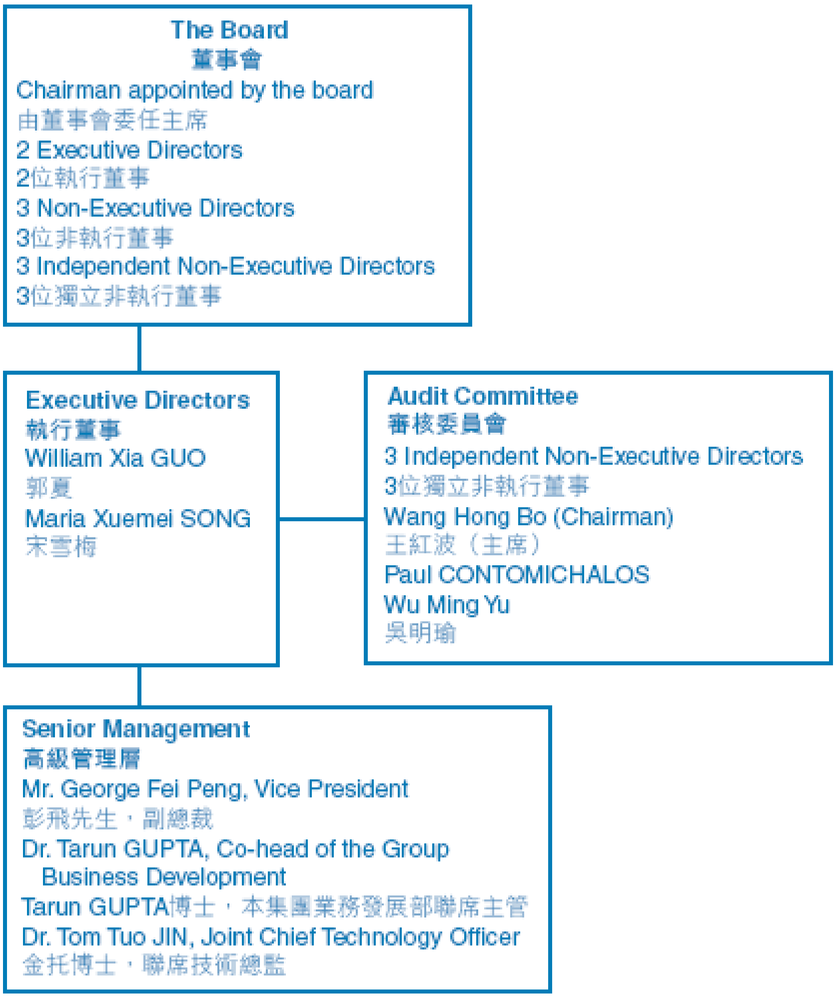
The Company applied the principles and fully complied with the Code Provision as set out in Appendix 15 of the GEM Listing Rules ("CG Code") save with certain deviations in respect of the roles of chairman and chief executive officer.

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.

Board of directors

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



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

FENG Tao
WU Xin
Nathan Xin ZHANG

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

(c)Save as disclosed above, no directors proposed for re-election at the forthcoming annual general meeting have 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.

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

		Attendance of individual directors at board meetings during the year 年內個別董事之董事會會議出席率	
		Attendance no. 出席次數	Attendance rate 出席率
Executive Director	**執行董事**		
William Xia GUO	郭夏	4/4	100%
Maria Xuemei SONG	宋雪梅	4/4	100%
Non-executive Directors	**非執行董事**		
FENG Tao	馮濤	4/4	100%
WU Xin	吳欣	4/4	100%
Nathan Xin ZHANG	張欣	4/4	100%
Independent Non-executive Directors	**獨立非執行董事**		
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%

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.

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 CONTOMCHALOS. 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.

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.

Auditors' remuneration

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

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.

The audit committees hold meetings on quarterly basis. During the twelve months ended 31 December 2007, the audit committee held four meetings during the period and reviewed the Group's last year's annual report, quarterly and interim financial results. The attendance records of the aforementioned four audit committee meetings are set out below:

Attendance of member at audit committee meetings during the year

Members	Attendance no.	Attendance rate
WANG Hong Bo	4/4	100%
Paul CONTOMICHALOS	4/4	100%
WU Ming Yu	4/4	100%

Directors' acknowledgement of their responsibility for the financial statements

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

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All information required by the Listing Rules will be published on the website of the Stock Exchange as soon as practicable.

As at the date of this announcement, the board of Directors comprises:

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

By order of the Board
VENTUREPHARM LABORATORIES LIMITED
William Xia GUO

28 March 2008 Hong Kong,

This announcement will remain on the GEM website at http://www.hkgem.com "the Latest Company Announcements" page for at least 7 days from the day of its posting.