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VENTUREPHARM LABORATORIES LIMITED

萬全科技藥業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8225)

- (1) PROPOSED RIGHTS ISSUE IN THE PROPORTION OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE AT HK\$0.10 PER RIGHTS SHARE**
- (2) ISSUE OF 2014 CONVERTIBLE NOTE UNDER SPECIFIC MANDATE AND CONNECTED TRANSACTION**
- (3) APPLICATION FOR WHITEWASH WAIVER**
- (4) INCREASE IN AUTHORISED SHARE CAPITAL**
- (5) CHANGE IN BOARD LOT**

RIGHTS ISSUE

The Company proposed to raise not less than approximately HK\$54.9 million and not more than approximately HK\$68.3 million, before expenses, by way of issue of not less than 549,162,996 and not more than 682,900,582 new Shares pursuant to the Rights Issue on the basis of three (3) Rights Shares for every two (2) Shares in issue on the Record Date at the Subscription Price of HK\$0.10 per Rights Share.

The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK\$53.8 million, assuming that none of the Share Options are exercised and no principal of the Convertible Notes will be converted, and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date.

The Rights Issue will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. on 3 October 2014. It is expected that the last day of dealings in Shares on a cum-rights basis is 29 September 2014 and Shares will be dealt with on an ex-rights basis from 30 September

2014.

Mr. Guo and Bright Excel have irrevocably undertaken to the Company to subscribe or procure the subscription of all of their respective entitlements to the Rights Shares, being 13,665,565 and 23,949,109 Rights Shares, which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by each of them pursuant to the terms of the Rights Issue. In addition, Mr. Guo has irrevocably undertaken to the Company that he shall not exercise any Share Options granted to him (being 9,708,000 Share Options as of the date of the undertaking) from the date of the Underwriting Agreement until the completion of the Rights Issue. VP Holdings has undertaken to the Company to procure the subscription by Winsland of all of its entitlement, being a total of 224,148,874 Rights Shares, which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by it pursuant to the terms of the Rights Issue, and Winsland has undertaken to the Company to subscribe for the said 224,148,874 Rights Shares.

ISSUE OF 2014 CONVERTIBLE NOTE

Before the trading hours of the Stock Exchange commences on 25 August 2014, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the 2014 Convertible Note in the principal amount of US\$1,000,000. The 2014 Convertible Note is convertible into Conversion Shares at the Conversion Price (subject to adjustment(s)). The issue of the Convertible Note is conditional upon, among other things, the Rights Issue having become unconditional. Assuming the exercise in full of the conversion rights attaching to the 2014 Convertible Note at the Conversion Price, a total of 77,500,000 Conversion Shares will be issued, representing approximately 21.17% of the existing issued share capital of the Company; approximately 17.47% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares; approximately 7.81% of the issued share capital of the Company as enlarged by the completion of the Rights Issue (assuming no other further issue of Shares and no principal of the 2007 Convertible Notes have been converted on or before Record Date); and approximately 6.38% of the issued share capital of the Company as enlarged by the completion of the Rights Issue (assuming all the outstanding Share Options, other than the 9,708,000 Share Options held by Mr. Guo, are exercised, and the 2007 Convertible Notes are converted in full on or before the Record Date).

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR THE WHITEWASH WAIVER

As at the date of this announcement, the Concert Group was holding an aggregate of 174,509,033 Shares, representing approximately 47.67% of the total issued share capital of the Company. Mr. Guo, an executive Director of the Company and the chairman of the Board, is the controlling shareholder of VP Holdings, Winsland and Bright Excel.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite all the Untaken Shares. Assuming that all of the Share Options are exercised (other than the 9,708,000 Share Options held by Mr. Guo) and the 2007 Convertible Notes are converted in full, and there will not be any other further issue of new Shares or repurchase of Shares on or before the Record Date and no acceptance by the Qualifying Shareholders (except the Concert Group) under the Rights Issue, the Underwriter will be required to take up 645,285,908 Rights Shares (including the 224,148,874 Rights Shares which will be provisionally allotted to VP Holdings, pursuant to the Rights Issue and which the Underwriter has agreed to accept pursuant to the relevant Irrevocable Undertaking) and the total shareholding of the Concert Group upon completion of the Rights Issue would amount to approximately 75.33% of the then issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. Under such circumstance, the voting rights in the Company of the Concert Group will increase from approximately 47.67% to approximately 75.33%.

In the event that the Underwriter is called upon to subscribe for the Underwritten Shares pursuant to

its obligations under the Underwriting Agreement, to the extent that it will increase the interest of the Concert Group in the Company by more than 2% to approximately 49.67%, the underwriting by the Underwriter of the Rights Issue will trigger an obligation on Winsland to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Concert Group) under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

Winsland will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be conditional upon, among other things, the approval of the Independent Shareholders by way of poll, where the Concert Group and those who are involved in or interested in the Rights Issue, the Underwriting Agreement, the Subscription and/or the Whitewash Waiver are required to abstain from voting. It is a condition precedent of the Underwriting Agreement and completion of the Rights Issue that the Whitewash Waiver is granted by the Executive. If the Whitewash Waiver is not granted, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed.

GEM LISTING RULES IMPLICATIONS

The Underwriter, being a company wholly-owned by Mr. Guo, is an associate of the Mr. Guo under the GEM Listing Rules. Mr. Guo, being a Director, is a connected person of the Company, and hence the Underwriter, being an associate of Mr. Guo, is also a connected person of the Company under the GEM Listing Rules. The Underwriting Agreement constitutes a connected transaction for the Company under the GEM Listing Rules. Pursuant to Rule 20.90(2)(b) of the Listing Rules, provided that Rule 10.31 of the GEM Listing Rules has been complied with, the allotment and issue of the Underwritten Shares to the Underwriter pursuant to the Underwriting Agreement will be fully exempt from the requirements under Chapter 20 of the GEM Listing Rules. As the Company has made arrangement to apply for the Rights Shares by the Qualifying Shareholders in excess of their entitlements under the Rights Issue as referred to in Rule 10.31(1)(a) of the GEM Listing Rules, Rule 10.31 of the GEM Listing Rules has been complied with and the allotment and issue of the Underwritten Shares to the Underwriter pursuant to the Underwriting Agreement will be fully exempt from the requirements under Chapter 20 of the GEM Listing Rules.

As the Rights Issue would increase the issued share capital of the Company by more than 50%, the Rights Issue is made conditional on approval by the Shareholders in accordance with Rule 10.29 of the GEM Listing Rules. Mr. Guo, being the controlling shareholder of the Company, and his associates, including VP Holdings and Bright Excel, will abstain from voting on the Rights Issue.

As Winsland is also the Subscriber, the Subscription Agreement and the transactions contemplated under it also constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to the requirements regarding connected transactions under Chapter 20 of the Listing Rules, including approval by the Shareholders. In accordance with Rule 17.39 of the GEM Listing Rules, the Conversion Shares shall be allotted and issued under the Specific Mandate.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order to have sufficient authorised share capital to accommodate the allotment of Shares pursuant to the Rights Issue and conversion of the 2014 Convertible Note, and future expansion and growth of the Company, the Board proposes to increase the authorised share capital of the Company from HK\$100,000,000 to HK\$1,000,000,000 by the creation of an additional 9,000,000,000 unissued Shares of a par value of HK\$0.10 each. The Share Capital Increase is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

PROPOSED CHANGE IN BOARD LOT

The Shares are currently trading in board lots of 5,000 Shares each. The Board proposes to change the board lot size for trading in the Shares on the Stock Exchange from 5,000 Shares to 20,000 Shares upon the Rights Issue becoming effective.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEES AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, the Board has established the Whitewash Waiver Independent Board Committee, comprising of all non-executive Directors, namely Mr. Feng Tao, Mr. Li Jin Liang, Dr. Nathan Xin Zhang, Mr. Wu Shou Yuan, Mr. Paul Contomichalos and Mr. Zhang Jing An, to advise the Independent Shareholders on whether the terms of the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription Agreement and the Specific Mandate are fair and reasonable and how to vote on the relevant resolutions.

Pursuant to Rule 17.47(6) of the GEM Listing Rules, the Board has established the Rights Issue Independent Board Committee, comprising of all independent non-executive Directors, namely Mr. Wu Shou Yuan, Mr. Paul Contomichalos and Mr. Zhang Jing An, to advise the Independent Shareholders on whether the terms of the Rights Issue, the Underwriting Agreement the Subscription Agreement and the Specific Mandate are fair and reasonable and how to vote on the relevant resolutions.

In addition, an independent financial adviser will be appointed by the Board with approval of the Independent Board Committees to advise the Independent Board Committees and the Independent Shareholders on the terms of the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription Agreement and the Specific Mandate, and the Company will make further announcement in relation to such appointment as soon as it is confirmed.

GENERAL

The EGM will be convened for the Shareholders to consider, and, if thought fit, to approve, among other things, the Rights Issue and the Whitewash Waiver.

A circular containing, among other matters, (i) further details of the Rights Issue and the Whitewash Waiver; (ii) a letter of recommendation from the Rights Issue Independent Board Committee to the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement, the Subscription Agreement and the Specific Mandate; (iii) a letter of recommendation from the Whitewash Waiver Independent Board Committee to the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the and Subscription Agreement and the Specific Mandate; (iv) a letter of advice from the independent financial adviser to the Independent Board Committees and the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription Agreement and the Specific Mandate; (v) further details of the Subscription Agreement and the Specific Mandate; (vi) further details of the Share Capital Increase; and (vii) a notice of the EGM, shall be despatched within 21 days of the date of this announcement, or such later date as the Executive may approve.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is conditional on the Underwriting Agreement having become unconditional and not having been terminated. The conditions to the Underwriting Agreement are set out in the sub-section headed “Conditions of the Underwriting Agreement” in this announcement. In particular, it is subject to the approval of the Whitewash Waiver by the Independent Shareholders at the EGM and the Whitewash Waiver having been granted by the Executive. It is expected that Shares will be dealt with on an ex-rights basis from 30 September 2014 and Rights Shares will be dealt with in their nil-paid form from 13 October 2014 to 20 October 2014.

The Underwriter may by notice in writing to the Company given at any time prior to 6:00 p.m. on the Settlement Date terminate the Underwriting Agreement if any of the grounds of termination as set out in the sub-section headed “Rights Issue – Termination of the Underwriting Agreement” in this announcement occurs. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed. The Subscription Agreement is conditional upon satisfaction of the conditions set out in the sub-section “The Subscription – Conditions Precedent”. If the conditions of the Subscription Agreement, which include but not limited to, approval by the Independent Shareholders, are not fulfilled or waived (where applicable), the Subscription Agreement will not proceed to completion.

Any buying or selling of Shares or Rights Shares between the date of this announcement and the date the Rights Issue becomes unconditional is at an investor’s own risk.

Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in Shares and nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their professional advisers.

RIGHTS ISSUE

The Company proposed to raise not less than approximately HK\$54.9 million and not more than approximately HK\$68.3 million, before expenses, by way of issue of not less than 549,162,996 and not more than 682,900,582 new Shares pursuant to the Rights Issue on the basis of three (3) Rights Shares for every two (2) Shares in issue on the Record Date at the Subscription Price of HK\$0.10 per Rights Share. Particulars of the Rights Issue are as follows.

Issue statistics

Basis of the Rights Issue	: three (3) Rights Shares for every two (2) existing Shares any Qualifying Holder holds at the close of business on the Record Date
Subscription Price	: HK\$0.10 per Rights Share
Number of Shares in issue as at the date of this announcement	: 366,108,664 Shares
Number of Rights Shares	: not less than 549,162,996 (assuming no further issue of new Shares and no principal of the 2007 Convertible Notes have been converted on or before the Record Date) and not more than 682,900,582 new Shares (assuming all the outstanding Share Options are exercised and the 2007 Convertible Notes are converted in full and no other issue of new Shares on or before the Record Date) to be issued pursuant to the Rights Issue on the basis of three (3) Rights Shares for every two (2) Shares in issue on the Record Date

As at the date of this announcement, save as (i) the Share Options entitling the holders to subscribe for a total of 33,649,000 Shares upon full exercise of such options; and (ii) the 2007 Convertible Notes issued by the Company which will require the Company to allot and issue 65,217,391 Shares upon conversion in full, the Company had no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares.

Assuming that none of the Share Options are exercised, no principal of the outstanding Convertible Notes have been converted and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date, the Rights Shares to be issued pursuant to the terms of the Rights Issue represent 150% of the existing issued share capital of the Company and 60% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

Subscription Price

The subscription price of HK\$0.10 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 71.42% to the closing price of HK\$0.35 per Share as quoted on the Stock Exchange on 22 August 2014, being the last trading day prior to the date of the Underwriting Agreement;
- (ii) a discount of approximately 72.22% to the average closing price of approximately HK\$0.36 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 22 August 2014;
- (iii) a discount of 50.00% to the theoretical ex-rights price of HK\$0.20 per Share based on the closing price as quoted on the Stock Exchange on 22 August 2014.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the capital needs of the Group, the Group's existing financial position, liquidity of the Shares in the market and the recent market prices of Shares. The deep discount to the closing price as quoted on the Stock Exchange on 22 August 2014, being the last trading day prior to the date of the Underwriting Agreement, represented by the Subscription Price is made with a view to encourage the Qualifying Shareholders to participate in the Rights Issue and maintain their shareholdings in the Company accordingly and participate in the future growth of the Company. In addition, a deep discount to the closing price is necessary to induce the Underwriters to participate in the underwriting of the Underwritten Shares, which is an essential part of the Rights Issue. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion

to his/her/its shareholding in the Company held on the Record Date. Taking into account all these factors, the Directors (excluding the independent non-executive Directors whose views will be expressed in the letter from the Independent Board Committees after considering the opinion of the independent financial adviser to be appointed by the Board with the approval of the Independent Board Committees) consider the Subscription Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects among themselves and with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of the allotment of the Rights Shares in its fully-paid form.

Qualifying Shareholders

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. on 3 October 2014. It is expected that the last day of dealings in Shares on a cum-rights basis is 29 September 2014 and Shares will be dealt with on an ex-rights basis from 30 September 2014.

The Company will post on the Posting Date copies of the Prospectus Documents to the Qualifying Holders and post copies of the Prospectus marked "For information only" together with a letter in agreed form to the Excluded Shareholders explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date.

Excluded Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. There were a total of 4 Overseas Shareholders whose registered addresses were in the PRC as at 31 July 2014. The Company will make enquiries in compliance with the GEM Listing Rules. If the Directors, based on results of such enquiries made, consider that it is necessary or expedient to exclude such Overseas Shareholders from the Rights Issue on account of the legal restrictions under the laws or requirements of the relevant regulatory body or stock exchange in the places where such Overseas Shareholders reside, the Rights Issue will not be available to such Overseas Shareholders. The results of the enquiries and the basis of any exclusion of the Overseas Shareholders will be included in the Prospectus.

The Company shall provisionally allot Rights Shares which would be provisionally allotted to the Excluded Shareholders had they been Qualifying Shareholders to the Underwriter in nil-paid form and will be made available for excess applications by Qualifying Shareholders.

Fractional entitlement to the Rights Shares

The Company will not provisionally allot fractions of the Rights Shares in nil-paid form. All fractions of the Rights Shares will be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market. The Company will retain the proceeds from such sale(s) for its own benefit. Any unsold aggregated fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for any unsold entitlements of the Excluded Shareholders, any unsold Rights Shares created by adding together fractions of the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders.

Application may be made by completing the EAF(s) and lodging the same with a separate remittance for the excess Rights Shares. The Directors will allocate the excess Rights Shares at their discretion, but on a fair and equitable basis to Qualifying Shareholders, details of which will be set out in the Prospectus.

Application for listings

The Company will apply to the Stock Exchange for the listings of, and permission to deal in the Rights Shares in both nil-paid and fully-paid forms.

It is expected that the Rights Shares will be dealt with in their nil-paid form from 13 October 2014 to 20 October 2014. Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and any other applicable fees and charges in Hong Kong.

Subject to the grant of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the

second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS.

Share certificates for the Rights Issue

Subject to the fulfilment of the condition of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by 31 October 2014 by ordinary post at their own risk.

Condition of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms or otherwise. The conditions to the Underwriting Agreement are set out in the sub-section headed “Conditions of the Underwriting Agreement” of this announcement.

If the conditions of the Underwriting Agreement which include but not limited to, the granting of the Whitewash Waiver to Winsland by the Executive, are not fulfilled, the Rights Issue will not proceed.

Irrevocable Undertakings from Mr. Guo, VP Holdings, Bright Excel and Winsland

As at the date of this announcement, Mr. Guo, VP Holdings and Bright Excel were interested in 174,509,033 Shares in aggregate, representing approximately 47.67% of the existing issued Shares. Mr. Guo, VP Holdings, Bright Excel and Winsland have given the following irrevocable undertakings to the Company.

Mr. Guo has undertaken:

- (a) to subscribe or procure the subscription of all of his entitlement to the Rights Shares, being a total of 13,665,565 Rights Shares, which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by him pursuant to the terms of the Rights Issue;
- (b) that the Shares referred to in paragraph (a) above will remain registered in his name at the close of business on the Record Date as they are on the date of the Underwriting Agreement;
- (c) to procure that the acceptances in full in respect of the aforesaid Rights Shares provisionally allotted to him and/or him nominees shall be lodged with the Share Registrar or the Company, with payment in full therefor in cash (whether by cheque, bank cashier's order or such other

form as the Company may approve), by no later than 4:00 p.m. on the Acceptance Date or such later date as the Company may agree;

- (d) that he shall not exercise any Share Options granted to him (being 9,708,000 Share Options as of the date of the undertaking) from the date of the Underwriting Agreement until the completion of the Rights Issue;
- (e) to procure that VP Holdings transfer all of its entitlement to the Rights Shares, being a total of 224,148,874 Rights Shares, to be provisionally allotted to VP Holdings in respect of the Shares beneficially owned by VP Holdings to Winsland, and to procure that Winsland accept the provisional allotment of such Rights Shares; and
- (f) that except for the transfer of entitlement to the Rights Shares by VP Holdings to Winsland as described in paragraph (e) above, he shall not, and shall procure that (so far as reasonably possible) companies controlled by him do not, dispose of or transfer any Shares, or any interests therein from the date hereof up to and including two Business Day after the Acceptance Date.

VP Holdings has undertaken:

- (a) to procure the subscription by Winsland of all of its entitlement to the Rights Shares (by agreeing to transfer such entitlement to Winsland), being a total of 224,148,874 Rights Shares, which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by it pursuant to the terms of the Rights Issue; and
- (b) that other than the transfer of the entitlement to the Rights Shares to Winsland as described in paragraph (a) above, it shall not, and shall procure that (so far as reasonably possible) companies controlled by it do not, dispose of or transfer any Shares, or any interests therein from the date hereof up to and including two Business Day after the Acceptance Date.

Bright Excel has undertaken:

- (a) to subscribe or procure the subscription of all of its entitlement to the Rights Shares, being a total of 23,949,109 Rights Shares, which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by it pursuant to the terms of the Rights Issue;
- (b) that the Shares referred to in paragraph (a) above will remain registered in its name at the close of business on the Record Date as they are on the date of the Underwriting Agreement;
- (c) to procure that the acceptances in full in respect of the aforesaid Rights Shares provisionally allotted to it and/or its nominees shall be lodged with the Share Registrar or the Company, with payment in full therefor in cash (whether by cheque, bank cashier's order or such other form as

the Company may approve), by no later than 4:00 p.m. on the Acceptance Date or such later date as the Company may agree; and

- (d) it shall not, and shall procure that (so far as reasonably possible) companies controlled by it do not, dispose of or transfer any Shares, or any interests therein from the date hereof up to and including two Business Day after the Acceptance Date.

Winsland has undertaken:

- (a) to subscribe for all of the entitlement to the Rights Shares to be transferred by VP Holdings, being a total of 224,148,874 Rights Shares, pursuant to the Irrevocable Undertaking of VP Holdings, subject to transfer of the entitlement to such Rights Shares to it by VP Holdings; and
- (b) to procure that the acceptances in full in respect of the aforesaid Rights Shares provisionally allotted to it and/or its nominees shall be lodged with the Share Registrar or the Company, with payment in full therefor in cash (whether by cheque, bank cashier's order or such other form as the Company may approve), by no later than 4:00 p.m. on the Acceptance Date or such later date as the Company may agree.

In the event that Mr. Guo, VP Holdings, Bright Excel and/or Winsland should fail to comply with the undertakings given above, each of Mr. Guo, VP Holdings, Bright Excel and Winsland irrevocably authorises the Company in its discretion to treat the undertakings given above as his/its acceptance of such of the Rights Shares provisionally allotted to him/it on the terms of the Prospectus Documents (save as regards the time for acceptance and payment), to allot and issue the same in his/its name and to procure the registration of the same in his/its name.

The Underwriting Agreement

Date: 25 August 2014

Parties: (i) the Company; and
(ii) the Underwriter

Number of the Underwritten Shares: The Underwriter has conditionally agreed pursuant to the Underwriting Agreement to underwrite the Underwritten Shares, being not less than 287,399,448 and not more than 421,137,034 Rights Shares, at the Subscription Price, being the total number of Rights Shares under the Rights Issue excluding 261,763,548 Rights Shares undertaken to be subscribed by Mr. Guo, Bright Excel and Winsland pursuant to the Irrevocable Undertakings.

Fees, commission and expenses: The Underwriter will not be entitled to any underwriting commission or fees.

The Company shall pay all costs, charges and expenses (if any) documented in writing and properly incurred of or incidental to the Rights Issue and the arrangements hereby contemplated including financial advisory and documentation fees, printing and translation charges, the fees of the Company's auditors, solicitors and registrars, and the fees payable to the Stock Exchange.

The Underwriter may deduct any costs payable pursuant to the Underwriting Agreement from the amount of any subscription moneys payable by it pursuant to the Underwriting Agreement or, in the event of the Underwriter not being called upon to subscribe or procure subscribers pursuant to the Underwriting Agreement and/or the amount of such subscription moneys payable by it being less than the full amount due to it, such costs, fees and expenses, or the balance thereof, shall be due and payable on the next Business Day following the Settlement Date or on such other date as may be agreed between the Company and the Underwriter.

Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional on:

- (a) this announcement being released to the public;
- (b) the passing at a duly convened general meeting of the shareholders of the Company held on or before the Posting Date of the necessary resolutions of the Independent Shareholders, who are permitted to vote under the GEM Listing Rules and the Takeovers Code, approving the Rights Issue and the Whitewash Waiver by way of poll;
- (c) the granting of the Whitewash Waiver to Winsland by the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s);
- (d) the delivery to the Stock Exchange and registration by the Registrar of Companies in Hong Kong respectively on or prior to the Posting Date of one copy of each of the Prospectus Documents each duly certified by two Directors or their duly authorised agents in compliance with section 342C of the Companies Ordinance (and all other documents required to be attached thereto), and otherwise complying with the requirements of the Companies Ordinance and the GEM Listing Rules;

- (e) the posting on the Posting Date of copies of the Prospectus Documents to the Qualifying Shareholders and the posting of copies of the Prospectus marked “For information only” together with a letter in agreed form to the Excluded Shareholders explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date;
- (f) compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement;
- (g) compliance with and performance of all the undertakings and obligations of Mr. Guo, Bright Excel and VP Holdings under the Irrevocable Undertakings; and
- (h) the GEM Listing Committee of the Stock Exchange agreeing to grant listings of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any) by no later than the Posting Date and the GEM Listing Committee of the Stock Exchange not having withdrawn or revoked such listings and permission on or before 4:00 p.m. on the Settlement Date.

Other than condition (f) above, the conditions set out above are incapable of being waived by the Company and the Underwriter. As at the date of this announcement, condition (a) described above has been fulfilled.

In the event that the above conditions (other than the condition (h)) have not been satisfied on or before the Posting Date or in the event that the condition (h) has not been satisfied on or before 4:00 p.m. on the Settlement Date (or in each case, such later date as the Underwriter and the Company may agree), all liabilities of the parties hereto shall cease and terminate and neither party shall have any claim against the other save that the Company shall indemnify the Underwriter for all reasonable costs, fees and other out of pocket expenses that have been properly incurred and documented in writing by the Underwriter in connection with the underwriting of the Underwritten Shares. The Company shall use all reasonable endeavours to procure the fulfilment of the above conditions (to the extent it is within its power to do so), and shall do all things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue and the arrangements contemplated by the Underwriting Agreement.

Termination of the Underwriting Agreement

The Underwriter may by notice in writing to the Company given served at any time prior to 6:00 p.m. on the Settlement Date or such later time as the Company and the Underwriter may agree, terminate the Underwriting Agreement if any of the following grounds of termination happens:

- (a) in the sole and absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:

- (1) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (2) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (b) any material breach of any of the representations, warranties or undertakings under the Underwriting Agreement comes to the knowledge of the Underwriter;
 - (c) any adverse change in market conditions in Hong Kong or the PRC (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
 - (d) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
 - (e) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
 - (f) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not *ejusdem generis* with any of the foregoing; or

- (g) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of the Underwriter, a material omission in the context of the Rights Issue.

Upon the giving of notice pursuant the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter such fees as may then be agreed by the parties hereto. If the Underwriter exercises such right, the Rights Issue will not proceed.

Expected timetable for the Rights Issue

The expected timetable for the Rights Issue is set out below:

Despatch of circular with notice of EGM	: 11 September 2014
Latest date for return of proxy form of the EGM	: 4:00 p.m. on 24 September 2014
Expected time of the EGM	: 4:00 p.m. on 26 September 2014
Announcement of poll results of the EGM	: 26 September 2014
Last day of dealing in Shares on a cum-rights basis	: 29 September 2014
First day of dealing in Shares on an ex-rights basis	: 30 September 2014
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue	: 4:30 p.m. on 3 October 2014
Register of members of the Company closes	: 6 October 2014 to 8 October 2014
Record Date	: 8 October 2014
Register of members of the Company re-opens	: 9 October 2014
Despatch of the Prospectus Documents	: 9 October 2014
First day of dealings in nil-paid Rights Shares	: 9:00 a.m. on 13 October 2014
Latest time for splitting of nil-paid Rights Shares	: 4:30 p.m. on 15 October 2014

Last day of dealings in nil-paid Rights Shares	: 4:00 p.m. on 20 October 2014
Latest time for acceptance of the Rights Issue and application for excess Rights Shares, and payment of consideration thereof	: 4:00 p.m. on 23 October 2014
Rights Issue expected to become unconditional	: 6:00 p.m. on 24 October 2014
Last day of trading of Shares in board lot of 5,000 Shares	: 28 October 2014
Effective date of change in board lot size	: 29 October 2014
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	: 29 October 2014
First day for free exchange of existing share certificates in board lot of 5,000 Shares each for new share certificates in board lot of 20,000 Shares each	: 29 October 2014
Announcement of results of acceptance of the Rights Issue and excess application of the Rights Issue	: 30 October 2014
Despatch of refund cheques for wholly and partially unsuccessful excess applications	: 31 October 2014
Despatch of certificates for fully-paid Rights Shares on or before	: 31 October 2014
Commencement of dealings in fully-paid Rights Shares	: 9:00 a.m. on 3 November 2014
The last day for the designated broker to provide matching services for odd lots of Shares	: 19 November 2014
Last day for free exchange of existing share certificates in board lot of 5,000 Shares each for new share certificates in board lot of 20,000 Shares each	: 28 November 2014

Notes:

1. All times in this announcement refer to Hong Kong times.
2. The Company will make further announcement if there is any change to the above timetable. Dates or deadlines specified in this announcement for events in the above timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by the Company. Any changes to the anticipated timetable for the Rights Issue, if required, will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is conditional on the Underwriting Agreement having become unconditional and not having been terminated (see the sub-section headed “Termination of the Underwriting Agreement” in this announcement). The conditions to the Underwriting Agreement are set out in the sub-section headed “Conditions of the Underwriting Agreement” in this announcement. In particular, it is subject to the approval of the Whitewash Waiver by the Independent Shareholders at the EGM and the Whitewash Waiver having been granted by the Executive. It is expected that Shares will be dealt with on an ex-rights basis from 30 September 2014 and Rights Shares will be dealt with in their nil-paid form from 13 October 2014 to 20 October 2014. If the Underwriter exercises such right, the Rights Issue will not proceed.

Any buying or selling of Shares or Rights Shares between the date of this announcement and the date the Rights Issue becomes unconditional is at an investor’s own risk.

Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in Shares and nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their professional advisers.

THE SUBSCRIPTION AGREEMENT

Before the trading hours of the Stock Exchange commences on 25 August 2014, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has agreed to issue and the Subscriber has agreed to subscribe in cash for the 2014 Convertible Note in the principal amount of US\$1,000,000. The 2014 Convertible Note is convertible into Conversion Shares at the Conversion Price (subject to adjustment(s)). Set out below are the major terms of the Subscription Agreement:

Principal terms of the Subscription Agreement

Date: 25 August 2014

Parties: (1) the Company
(2) Subscriber

Issuer: the Company

Subscriber: the Subscriber

Principal amount:	US\$1,000,000
Issue price:	100% of the principal amount or its HK\$ equivalent calculated at the Fixed Exchange Rate.
Interest:	The 2014 Convertible Note shall bear no interest.
Maturity Date:	On the second anniversary of the date of issue of the 2014 Convertible Note.
Status:	The 2014 Convertible Note will constitute direct, unconditional, unsecured and unsubordinated obligations of the Company and rank <i>pari passu</i> and ratably without any preference (with the exception of obligations in respect of taxes and certain statutory exceptions) equally with all other present and future unsecured and subordinated obligations of the Company.
Conversion Price:	HK\$0.10 per Conversion Share (subject to the customary adjustments such as sub-divisions, consolidations and bonus issue of Shares).
Conversion Shares:	Based on the initial Conversion Price of HK\$0.10 per Conversion Share, a maximum number of 77,500,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the 2017 Convertible Notes in full, which represent approximately 21.17% of the existing issued share capital of the Company; approximately 17.47% of the issue share capital of the Company as enlarged by the issue of the Conversion Shares, at the date of this announcement; approximately 17.96% of the issued share capital of the Company as enlarged by the allotment; approximately 7.81% of the issued share capital of the Company as enlarged by the completion of the Rights Issue (assuming no other further issue of Shares and no principal of the 2007 Convertible Notes have been converted on or before Record Date); and approximately 6.38% of the issued share capital of the Company as enlarged by the completion of the Rights Issue (assuming all the outstanding Share Options, other than the 9,708,000 Share Options held by Mr. Guo, are exercised, and the 2007 Convertible Notes are converted in full on or before the Record Date).
Conversion Rights:	Holder of the 2014 Convertible Note will have the right to convert, on any Business Day after the issue of the 2014 Convertible Note, the whole or any part of the principal amount of the relevant 2014 Convertible Note into the Conversion Shares at the Conversion Price, provided that such parts of the principal amount of the 2014 Convertible Note to be converted shall not be less than a whole multiple of US\$100,000 at any one time (unless the

aggregate outstanding principal amount of the 2014 Convertible Note is less than US\$100,000 in which case the whole (but not part only) of that amount may be converted) and further provided always that if the issue of such Conversion Shares will result in an insufficiency of the public float of Shares, the Directors will not issue such Conversion Shares and the 2014 Convertible Note will remain outstanding until redeemed on the Maturity Date.

- Redemption: 100% of the outstanding principal amount of the 2014 Convertible Note shall be repaid by the Company on the Maturity Date in US\$ or its HK\$ equivalent calculated at the Fixed Exchange Rate.
- Ranking: The Conversion Shares will rank *pari passu* in all respects with all Conversion Shares and other Shares in issue as at the date of issue and allotment.
- Transferability: The 2014 Convertible Note may be freely assigned and transferred in accordance with the terms and conditions of the Subscription Agreement, the terms and conditions of the 2014 Convertible Note, and compliance with the applicable laws.
- Voting: Holders of the 2014 Convertible Note will not be entitled to attend or vote at any meeting of the Company by reason only of them or it being a holder of a 2014 Convertible Note.

Comparison of Conversion Price

The initial Conversion Price of HK\$0.10 per Conversion Share represents:

- (i) a discount of approximately 71.42% over the closing price of HK\$0.35 per Share as quoted on the Stock Exchange on 22 August 2014, being the last trading date prior to the date of this announcement;
- (ii) a discount of approximately 72.22% over the average of the closing prices as quoted on the Stock Exchange for the five consecutive trading days up to and including 22 August 2014; and
- (iii) a discount of approximately 73.23% over the average of the closing prices as quoted on the Stock Exchange for the ten consecutive trading days up to and including 22 August 2014.

The initial Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber and having considered the capital needs of the Group, the Group's existing financial

position, liquidity of the Shares in the market, the amount of funds and the number of Shares involved after conversion of the 2014 Convertible Note and the Subscription Price for the Rights Issue.

Assuming full conversion of the 2014 Convertible Note at the initial Conversion Price of HK\$0.10, a total of 77,500,000 Conversion Shares will be issued, representing approximately 21.17% of the existing issued share capital of the Company; approximately 17.47% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares; approximately 7.81% of the enlarged issued share capital of the Company upon completion of the Rights Issue (assuming no other further issue of Shares and no principal of the 2007 Convertible Notes have been converted on or before the Record Date; and approximately 6.38% of the issued share capital of the Company as enlarged by the completion of the Rights Issue (assuming all the outstanding Share Options, other than the 9,708,000 Share Options held by Mr. Guo, are exercised, and the 2007 Convertible Notes are converted in full on or before the Record Date). The Company will seek the grant of the Specific Mandate from the Shareholders to allot and issue the Conversion Shares upon conversion of the 2014 Convertible Note.

Conditions Precedent

The issue of the 2014 Convertible Note is conditional upon the satisfaction of the following conditions:

- (i) the passing of the necessary resolution(s) by the Board approving the Subscription Agreement and the transactions contemplated under it;
- (ii) the passing of the necessary resolution(s) by the Independent Shareholders approving the Subscription Agreement and the Specific Mandate;
- (iii) the passing of the necessary resolution(s) by the Shareholders approving the Share Capital Increase;
- (iv) the GEM Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject only to conditions to which neither the Company nor the Subscriber has any reasonable objection) the listing of, and permission to deal in, the Conversion Shares; and
- (v) the Rights Issue having become unconditional;
- (vi) the Company's warranties remaining true and accurate in all material respects and not misleading in any material respect as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date.

Other than condition (vi) above, the conditions set out above are incapable of being waived by the Company and the Subscriber. As at the date of this announcement, condition (i) described above has been fulfilled.

In the event that the conditions precedent set out above have not been fulfilled or waived on or before 24 October 2014 (or such other date as the parties under the Subscription Agreement may agree in writing), the Subscription Agreement shall become null and void and no party shall be liable for any claim thereunder, save for antecedent breaches.

Completion of the Subscription Agreement shall take place on the earlier of (i) the first Business Day after the date on which the above conditions precedent are fulfilled or waived and (ii) 24 October 2014, or such later date as may be agreed between the Company and the Subscriber.

The Subscription Agreement is conditional upon satisfaction of the conditions set out above. If the conditions of the Subscription Agreement, which include but not limited to, approval by the Independent Shareholders, are not fulfilled or waived (where applicable), the Subscription Agreement will not proceed to completion. Completion of the Subscription Agreement is expected to take place after despatch of the Prospectus Documents, subject to the satisfaction of the conditions set out above.

Listing of the 2014 Convertible Note and the Conversion Shares

No application will be made for the listing of the 2014 Convertible Note on the Stock Exchange or any other stock or securities exchange. However, application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF THE RIGHTS ISSUE

For illustrative purposes, set out below is the shareholding structures of the Company (i) as at the Date of this announcement; and (ii) immediately after completion of the Rights Issue and the issue of the 2014 Convertible Note under various scenarios:

Scenario 1

Assuming no further issue of new Shares on or before the Record Date:

**(i) As at the date of
this announcement**

**(ii) Immediately upon completion
of the Rights Issue and the
issue of the 2014 Convertible Note**

			(a) assuming full acceptance by all Qualifying Shareholders under the Rights Issue		(b) assuming full acceptance by the Concert Group but nil acceptance by other Qualifying Shareholders under the Rights Issue	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
Winsland	nil	0.00%	224,148,874	24.49%	511,548,322 ⁽¹⁾	55.89%
VP Holdings	149,432,583	40.82%	149,432,583	16.33%	149,432,583	16.33%
Bright Excel	15,966,073	4.36%	39,915,182	4.36%	39,915,182	4.36%
Mr. Guo	9,110,377	2.49%	22,775,942	2.49%	22,775,942	2.49%
Concert Group	174,509,033	47.67%	436,272,581	47.67%	723,672,031	79.07%
Other public Shareholders	191,599,631	52.33%	478,999,079	52.33%	191,599,631	20.93%
Total	366,108,664	100.00%	915,271,660	100.00%	915,271,660	100.00%

Note:

- (1) Represents the sum of (i) the 224,148,874 Rights Shares to be taken up by Winsland pursuant to its Irrevocable Undertaking; and (ii) the 287,399,448 Underwritten Shares to be taken up by Winsland pursuant to the Underwriting Agreement.

Scenario 2

Assuming all the outstanding Share Options (other than the 9,708,000 Share Options held by Mr. Guo) are exercised, the 2007 Convertible Notes are converted in full and no other issue of new Shares on or before the Record Date:

	(i) As at the date of this announcement		(ii) Assuming all the outstanding Share Options (other than the 9,708,000 Share Options held by Mr. Guo) are exercised before the Record Date		(a) assuming full acceptance by all Qualifying Shareholders under the Rights Issue		(b) assuming full acceptance by the Concert Group but nil acceptance by other Qualifying Shareholders under the Rights Issue	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
Winsland	nil	0.00%	nil	0.00%	224,148,874	19.69%	645,285,908	56.69%
VP Holdings	149,432,583	40.82%	149,432,583	32.82%	149,432,583	13.13%	149,432,583	13.13%
Bright Excel	15,966,073	4.36%	15,966,073	3.51%	39,915,182	3.51%	39,915,182	3.51%

Mr. Guo	9,110,377	2.49%	9,110,377	2.00%	22,775,942	2.00%	22,775,942	2.00%
Concert Group	174,509,033	47.67%	174,509,033	38.33%	436,272,581	38.33%	857,409,615	75.33%
Other public Shareholders	191,599,631	52.33%	280,758,022	61.67%	701,895,056	61.67%	280,758,022	24.67%
Total	366,108,664	100.00%	455,267,055	100.00%	1,138,167,637	100.00%	1,138,167,637	100.00%

The Underwriter has undertaken that it will, before the despatch of the Circular, enter into sub-underwriting agreements with sub-underwriters, who are Independent Third Parties and not acting in concert with the Concert Group, as necessary to prevent a breach of the public float requirements under Rule 11.23(7) of the GEM Listing Rules upon completion of the Rights Issue, the details of which will be disclosed in the Circular.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF THE ISSUE OF CONVERSION SHARES

For illustrative purposes, set out below is the shareholding structures of the Company (i) as at the Date of this announcement; and (ii) immediately after completion of the Rights Issue and the conversion of the 2014 Convertible Note in full under various scenarios:

Scenario 1

Assuming no further issue of new Shares on or before the Record Date and the 2014 Convertible Note are converted in full immediately after issue:

	(i) As at the date of this announcement		(ii) Immediately upon completion of the Rights Issue and conversion of the 2014 Convertible Note in full			
			(a) assuming full acceptance by all Qualifying Shareholders under the Rights Issue		(b) assuming full acceptance by the Concert Group but nil acceptance by other Qualifying Shareholders under the Rights Issue	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
Winsland	Nil	0.00%	301,648,874	30.39%	589,048,322	59.34%
VP Holdings	149,432,583	40.82%	149,432,583	15.05%	149,432,583	15.05%
Bright Excel	15,966,073	4.36%	39,915,182	4.02%	39,915,182	4.02%
Mr. Guo	9,110,377	2.49%	22,775,942	2.29%	22,775,942	2.29%
Concert Group	174,509,033	47.67%	513,772,581	51.75%	801,172,029	80.70%

Other public Shareholders	191,599,631	52.33%	478,999,079	48.25%	191,599,631	19.30%
Total	366,108,664	100.00%	992,771,660	100.00%	992,771,660	100.00%

Scenario 2

Assuming all the outstanding Share Options (other than the 9,708,000 Share Options held by Mr. Guo) are exercised, the 2007 Convertible Notes are converted in full on or before the Record Date and the 2014 Convertible Note are converted in full immediately after issue:

	(i) As at the date of this announcement		(ii) Immediately before completion of the Rights Issue, assuming all the outstanding Share Options (other than the 9,708,000 Share Options held by Mr. Guo) are exercised before the Record Date		(iii) Immediately upon completion of the Rights Issue and conversion of the 2014 Convertible Note in full			
					(a) assuming full acceptance by all Qualifying Shareholders under the Rights Issue		(b) assuming full acceptance by the Concert Group but nil acceptance by other Qualifying Shareholders under the Rights Issue	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Winsland	nil	0.00%	nil	0.00%	224,148,874	⁽¹⁾ 18.44%	224,148,874 ⁽¹⁾	18.44%
					77,500,000	⁽²⁾ 6.37%	77,500,000 ⁽²⁾	6.37%
							421,137,034 ⁽³⁾	34.64%
					301,648,874	⁽¹⁾ 24.81%	722,785,908 ⁽²⁾	59.46%
VP Holdings	149,432,583	40.82%	149,432,583	32.82%	149,432,583	12.29%	149,432,583	12.29%
Bright Excel	15,966,073	4.36%	15,966,073	3.51%	39,915,182	3.28%	39,915,182	3.28%
Mr. Guo	9,110,377	2.49%	9,110,377	2.00%	22,775,942	1.87%	22,775,942	1.87%
Concert Group	174,509,033	47.67%	174,509,033	38.33%	513,772,581	42.26%	934,909,615	76.91%
Other public Shareholders	191,599,631	52.33%	280,758,022	61.67%	701,895,056	57.74%	280,758,022	23.09%
Total	366,108,664	100.00%	455,267,055	100.00%	1,215,667,637	100.00%	1,215,667,637	100.00%

Note:

- (1) Represents the Rights Shares to be taken up by Winsland pursuant to its Irrevocable Undertaking.
- (2) Represents the Conversion Shares to be allotted and issued to it upon conversion of the 2014 Conversion Note in full.
- (3) Represents the Underwritten Shares (assuming all the outstanding Share Options (other than the 9,708,000 Share Options held by Mr. Guo) are exercised, the 2007 Convertible Notes are converted in full on or before the Record Date).

Pursuant to the terms and conditions of the 2014 Convertible Note, if the issue of Conversion Shares will result in an insufficiency of the public float of Shares, the Directors will not issue such Conversion Shares and the 2014 Convertible Note will remain outstanding until redeemed on the Maturity Date.

REASONS FOR THE RIGHTS ISSUE AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Board considers that the Rights Issue and the issue of the 2014 Convertible Note represent an opportunity to strengthen the Company's financial position, through the restructuring of its capital base by repaying the holders of the 2017 Convertible Notes.

The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK\$58.3 million, assuming that none of the Share Options are exercised and no principal of the Convertible Notes will be converted, and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date. The proceeds raised from the Subscription, net of expenses, are estimated to be approximately HK\$7.6 million.

Approximately HK\$60.8 million of the net proceeds from the Rights Issue and the issue of the 2014 Convertible Note will be used for repaying the holders of the 2007 Convertible Note and settling all liabilities or obligations under the 2007 Convertible Note, and with the balance of the net proceeds to be used for the Group's working capital and general corporate purposes.

In the event that any Share Options are exercised or any principal of the Convertible Notes are converted on or before the Record Date resulting in an increase in the net proceeds from the Rights Issue, our intended uses of proceeds set out above will be increased on a pro-rata basis.

The Directors (excluding the independent non-executive Directors who will form their views after considering the opinion of the independent financial adviser to be appointed by the Board with the approval of the Independent Board Committees) consider that the terms and conditions of the Rights Issue to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Directors (excluding the independent non-executive Directors who will form their views after considering the opinion of the independent financial adviser to be appointed by the Board with the approval of the Independent Board Committees) are of the view that the terms and conditions of the Subscription Agreement and the 2014 Convertible Note are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS

The Company had not conducted any other fund raising exercise in the past 12 months immediately preceding the date of this announcement.

GEM LISTING RULES IMPLICATIONS

The Underwriter, Winsland, being a company wholly-owned by Mr. Guo, is an associate of the Mr. Guo under the GEM Listing Rules. Mr. Guo, being a Director, is a connected person of the Company, and hence the Underwriter, being an associate of Mr. Guo, is also a connected person of the Company

under the GEM Listing Rules. The Underwriting Agreement constitutes a connected transaction for the Company under the GEM Listing Rules. Pursuant to Rule 20.90(2)(b) of the GEM Listing Rules, provided that Rule 10.31 of the GEM Listing Rules has been complied with, the allotment and issue of the Underwritten Shares to the Underwriter pursuant to the Underwriting Agreement will be fully exempt from the requirements under Chapter 20 of the GEM Listing Rules. As the Company has made arrangement to apply for the Rights Shares by the Qualifying Shareholders in excess of their entitlements under the Rights Issue as referred to in Rule 10.31(1)(a) of the GEM Listing Rules, Rule 10.31 of the GEM Listing Rules has been complied with and the allotment and issue of the Underwritten Shares to the Underwriter pursuant to the Underwriting Agreement will be fully exempt from the requirements under Chapter 20 of the GEM Listing Rules.

As the Rights Issue would increase the issued share capital of the Company by more than 50%, the Rights Issue is made conditional on approval by the Shareholders in accordance with Rule 10.29 of the GEM Listing Rules. Mr. Guo, being the controlling shareholder of the Company, and his associates, including VP Holdings and Bright Excel, will abstain from voting on the Rights Issue.

As Winsland is also the Subscriber, the Subscription Agreement and the transactions contemplated under it also constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to the requirements regarding connected transactions under Chapter 20 of the Listing Rules, including approval by the Shareholders. In accordance with Rule 17.39 of the GEM Listing Rules, the Conversion Shares shall be allotted and issued under the Specific Mandate. Resolutions will be proposed at the EGM for the Shareholders to consider and vote on the Subscription Agreement and the Specific Mandate. Mr. Guo, VP Holdings and Bright Excel, will abstain from voting on the Subscription Agreement and the Specific Mandate.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR THE WHITEWASH WAIVER

As at the date of this announcement, the Concert Group was holding an aggregate of 174,508,990 Shares, representing approximately 47.67% of the total issued share capital of the Company. Mr. Guo, an executive Director of the Company and the chairman of the Board, is the controlling shareholder of VP Holdings, Winsland and Bright Excel.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite all the Untaken Shares. Assuming that all of the Share Options are exercised (other than the 9,708,000 Share Options held by Mr. Guo) and the 2007 Convertible Notes are converted in full, and there will not be any other further issue of new Shares or repurchase of Shares on or before the Record Date and no acceptance by the Qualifying Shareholders (except the Concert Group) under the Rights Issue, the Underwriter will be required to take up 645,285,908 Rights Shares (including the 224,148,874 Rights Shares which will be provisionally allotted to VP Holdings pursuant to the Rights Issue and which the Underwriter has agreed to accept pursuant to the relevant Irrevocable Undertaking) and the total shareholding of the Concert Group upon completion of the Rights Issue would amount to

approximately 75.33% of the then issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. Under such circumstance, the voting rights in the Company of the Concert Group will increase from approximately 47.67% to approximately 75.33%.

In the event that the Underwriter is called upon to subscribe for the Underwritten Shares pursuant to its obligations under the Underwriting Agreement, to the extent that it will increase the interest of the Concert Group in the Company by more than 2% to approximately 49.67%, the underwriting by the Underwriter of the Rights Issue will trigger an obligation on Winsland to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Concert Group) under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

Winsland will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be conditional upon, among other things, the approval of the Independent Shareholders by way of poll, where the Concert Group and those who are involved in or interested in the Rights Issue, the Underwriting Agreement, the Subscription and/or the Whitewash Waiver are required to abstain from voting. It is a condition precedent of the Underwriting Agreement and completion of the Rights Issue that the Whitewash Waiver is granted by the Executive. If the Whitewash Waiver is not granted, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The current authorised share capital of the Company is HK\$100,000,000 divided into 1,000,000,000 Shares of a par value of HK\$0.10 each, and the existing issued share capital of HK\$36,610,866.40 divided into 366,108,664 Shares. In order to have sufficient authorised share capital to accommodate the allotment of Shares pursuant to the Rights Issue and conversion of the 2014 Convertible Note, and future expansion and growth of the Company, the Board proposes to increase the authorised share capital of the Company from HK\$100,000,000 to HK\$1,000,000,000 by the creation of an additional 9,000,000,000 unissued Shares of a par value of HK\$0.10 each. The Share Capital Increase is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM. Further information about the Share Capital Increase will be included in the Circular.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Shares are trading on the Stock Exchange in board lot of 5,000 Shares. Based on the closing price of HK\$0.35 per Share (equivalent to a theoretical ex-right price of HK\$0.20 per Share) as at 25 August 2014, upon the allotment and issue of the Rights Shares, the value of each board lot of 5,000 Shares is estimated to be HK\$1,000. It is proposed that after the Rights Issue becoming effective, the board lot size of the Shares shall be changed from 5,000 to 20,000 so that the estimated market value per board lot of the Shares will be HK\$4,000 (based on a

theoretical ex-right price of HK\$0.20 per Share as at the date of this announcement). The Board considers that the change in board lot size will increase the value of each board lot of the shares of the Company, as well as reduce transaction and registration costs incurred by the Shareholders and investors of the Company.

In order to facilitate the trading of odd lots (if any) of the Shares arising from the change in board lot size, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from 29 October 2014 to 19 November 2014 (both dates inclusive). Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the Circular.

THE EGM

The EGM will be convened for the Independent Shareholders to consider, and, if thought fit, to approve, among other things, the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription Agreement, the Specific Mandate and the Share Capital Increase.

Mr. Guo, being the controlling shareholder of the Company, and his associates, including VP Holdings and Bright Excel, and parties acting in concert with him and Shareholders who are interested or involved in the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription Agreement, the Specific Mandate and the Share Capital Increase will abstain from voting on the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription Agreement, the Specific Mandate at the EGM.

INFORMATION ON THE CONCERT GROUP

Bright Excel is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by VP Holdings. The principal business activity of Bright Excel is investment holdings.

VP Holdings is a company incorporated in the British Virgin Islands with limited liability and is owned as to 49% by Winsland and 47.63% by Mr. Guo. The principal business activity of VP Holdings is investment holdings.

Winsland is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Guo. The principal business activity of Winsland is investment holdings.

Mr. Guo, is an executive Director and the chairman of the Board.

As at the date of this announcement, the Concert Group has not received any irrevocable commitment to vote for or against the proposed resolution approving the Whitewash Waiver at the EGM. Save for the transactions contemplated under the Underwriting Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) under Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or shares of the Underwriter, Bright Excel or VP Holdings and which might be material to the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver.

At the date of this announcement, other than an aggregate of 174,509,033 Shares held by the Concert Group and 9,708,000 Share Options held by Mr. Guo, the Concert Group does not hold or has control or direction over any other shares, rights over shares, convertible securities, warrants or options of the Company, or any outstanding derivative in respect of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

None of the members of the Concert Group has any dealings in any securities of the Company in the six-month period preceding the date of this announcement.

As at the date of this announcement, save for the Underwriting Agreement, there is no arrangement or agreement to which any member of the Concert Group is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue (other than those listed under the section headed “Conditions of the Underwriting Agreement”), the Underwriting Agreement and/or the Whitewash Waiver. There are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Concert Group has borrowed or lent as at the date of this announcement.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEES AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, the Board has established the Whitewash Waiver Independent Board Committee, comprising of all non-executive Directors, namely Mr. Feng Tao, Mr. Li Jin Liang, Dr. Nathan Xin Zhang, Mr. Wu Shou Yuan, Mr. Paul Contomichalos and Mr. Zhang Jing An, to advise the Independent Shareholders on whether the terms of the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription Agreement and the Specific Mandate are fair and reasonable and how to vote on the relevant resolutions.

Pursuant to Rule 17.47(6) of the GEM Listing Rules, the Board has established the Rights Issue Independent Board Committee, comprising of all independent non-executive Directors, namely Mr. Wu Shou Yuan, Paul Contomichalos and Mr. Zhang Jing An, to advise the Independent Shareholders on whether the terms of the Rights Issue, the Underwriting Agreement, the Subscription Agreement and the Specific Mandate are fair and reasonable and how to vote on the relevant resolutions.

In addition, an independent financial adviser will be appointed by the Board with approval of the Independent Board Committees to advise the Independent Board Committees and the Independent

Shareholders on the terms of the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription Agreement and the Specific Mandate, and the Company will make further announcement in relation to such appointment as soon as it is confirmed.

GENERAL

The Circular containing, among other matters, (i) further details of the Rights Issue and the Whitewash Waiver; (ii) a letter of recommendation from the Rights Issue Independent Board Committee to the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement, the Subscription Agreement and the Specific Mandate; (iii) a letter of recommendation from the Whitewash Waiver Independent Board Committee to the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription Agreement and the Specific Mandate; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription Agreement and the Specific Mandate and as to voting at the EGM; (v) further details of the Subscription Agreement and the Specific Mandate; (vi) further details of the Share Capital Increase; and (vii) a notice of the EGM, shall be despatched within 21 days of the date of this announcement, or such later date as the Executive may approve.

Upon passing of the necessary resolution by the Independent Shareholders at the EGM approving the Rights Issue and the Whitewash Waiver, the Company will post on the Posting Date copies of the Prospectus Documents to the Qualifying Holders and post copies of the Prospectus marked “For information only” together with a letter in agreed form to the Excluded Shareholders explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Acceptance Date”	:	23 October 2014, being the date on which the Rights shares are accepted and paid for being a date falling not later than 15 days after the Posting Date (or such other date as the Underwriter and the Company may agree from time to time in writing)
“acting in concert”	:	has the meaning ascribed to it under the Takeovers Code
“Board”	:	the board of Directors
“Bright Excel”	:	Bright Excel Assets Limited, a company incorporated under the laws of the British Virgin Islands

“Business Day”	: any day (excluding Saturdays and Sundays) on which banks generally are open for business in Hong Kong
“CCASS”	: the Central Clearing and Settlement System established and operated by HKSCC
“Company”	: Venturepharm Laboratories Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on GEM
“Companies Ordinance”	: the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, with effect from 3 March 2014
“Completion Date”	: the earlier of (i) the first Business Day after the date on which the conditions precedents set out in the Subscription Agreement are fulfilled or waived and (ii) 24 October 2014, or such other date as shall be agreed between the Company and the Subscriber
“Concert Group”	: Mr. Guo, VP Holdings, Winsland, Bright Excel and parties acting in concert with any of them
“connected person(s)”	: has the meaning ascribed thereto under the GEM Listing Rules
“controlling shareholder”	: has the meaning ascribed thereto under the GEM Listing Rules
“Conversion Price”	: the conversion price for the 2014 Convertible Note, initially being HK\$0.10 (subject to adjustment)
“Conversion Shares”	: Shares that may be converted from the 2014 Convertible Note by the Subscriber pursuant to the Subscription Agreement
“Convertible Notes”	: collectively, the 2007 Convertible Notes and the 2014 Convertible Note
“Circular”	: a circular containing, among other matters, (i) further details of the Rights Issue, the Whitewash Waiver, the Subscription Agreement and the Specific Mandate; (ii) a letter of recommendation from the Rights Issue Independent Board Committee to the Independent Shareholders; (iii) a letter of recommendation from the Whitewash Waiver Independent Board Committee to the Independent Shareholders; (iv) a letter of advice from the independent financial adviser to the Independent Board Committees and the Independent Shareholders; (v) further details of the Subscription Agreement and the Specific Mandate; (vi) further details of the Share Capital Increase; and (vii) a notice of the EGM to be despatched by the Company
“Director(s)”	: the director(s) of the Company
“EAF(s)”	: the form(s) of application for use by the Qualifying Shareholders to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter

“EGM”	: the extraordinary general meeting of the Company to consider, and, if thought fit, to approve, among other things, the Rights Issue, the Whitewash Waiver, the Subscription Agreement, the Specific Mandate and the Share Capital Increase
“Executive”	: the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Excluded Shareholder(s)”	: those Overseas Shareholders who, in the opinion of the Directors based on enquiry made in compliance with the GEM Listing Rules, are necessary or expedient to be excluded from the Rights Issue on account of the legal restrictions under the laws or requirements of the relevant regulatory body or stock exchange in the places where such Overseas Shareholders reside
“Fixed Exchange Rate”	: the fixed exchange rate of HK\$7.75 per US\$1.0;
“GEM”	: the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	: Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Group”	: the Company and its Subsidiaries
“HK\$”	: Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	: the Hong Kong Special Administrative Region of the PRC
“HKSCC”	: Hong Kong Securities Clearing Company Limited
“Independent Board Committees”	: collectively, the Rights Issue Independent Board Committee and the Whitewash Waiver Independent Board Committee
“Independent Shareholders”	: the Shareholders other than (i) the Concert Group and (ii) those who are involved in or interested in the Rights Issue, the Underwriting Agreement, the Subscription, the Whitewash Waiver and/or the Subscription Agreement
“Independent Third Party/ies”	: third party/ies and their ultimate beneficial owner(s) which is/are independent of the Company and their respective connected persons
“Irrevocable Undertakings”	: means the irrevocable undertakings executed by Mr. Guo, VP Holdings and Bright Excel in favour of the Company and the Underwriter and the irrevocable undertaking executed by Winsland in favour of the Company, the terms of which are set out in the sub-section headed “Irrevocable Undertakings from Mr. Guo, VP Holdings, Bright Excel and Winsland” in this announcement

“Mr. Guo”	: Mr. Guo Xia William, the controlling shareholder of the Company and an executive Director
“Overseas Shareholder(s)”	: those persons whose addresses as shown on the register of members of the Company on the Record Date are resident in a place outside Hong Kong
“Posting Date”	: the date on which the dispatch of the Prospectus Documents takes place, which is currently expected to be 9 October 2014
“PRC”	: the People’s Republic of China
“Pre-IPO Share Option Scheme”	: the pre-IPO share option scheme conditionally approved and adopted by the Company on 31 March 2003
“Prospectus”	: the prospectus to be dispatched to shareholders of the Company on the Posting Date in connection with the Rights Issue, in a form to be agreed between the Company and the Underwriter
“Prospectus Documents”	: means the Prospectus , the Provisional Allotment Letter and the EAFs
“Provisional Allotment Letter(s)”	: the provisional allotment letter in respect of the Rights Issue to be issued to the Qualifying Holders, in such a form to be agreed between the Company and the Underwriter
“Qualifying Shareholder(s)”	: the persons shown on the register of members of the Company on the Record Date, other than the Excluded Shareholders as the date by reference to which provisional allotment of Rights Shares will be made
“Record Date”	: 8 October 2014, (or such other date as the Underwriter and the Company may agree from time to time in writing)
“Rights Issue”	: the proposed offer of the Rights Shares at the Subscription Price on the terms and subject to the conditions to be set out in the Prospectus and the Provisional Allotment Letter and as briefly described in the Announcement
“Rights Issue Independent Board Committee”	: the Board has established the Rights Issue Independent Board Committee, comprising of all independent non-executive Directors, namely Mr. Wu Shou Yuan, Mr. Paul Contomichalos and Mr. Zhang Jing An, to advise the Independent Shareholders on the terms of the Rights Issue, the Underwriting Agreement, the Subscription Agreement and the Specific Mandate
“Rights Shares”	: not less than 549,162,996 and not more than 682,900,582 new Shares to be issued pursuant to the Rights Issue on the basis of three (3) Rights Shares for every two (2) Shares in issue on the Record Date;
“Settlement Date”	: 24 October 2014, being the date being the first Business Day following the Acceptance Date

“SFC”	: the Securities and Futures Commission of Hong Kong
“SFO”	: Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Options”	: outstanding share options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme
“Share Option Scheme”	: the share option scheme conditionally approved and adopted by the Company on 23 May 2003
“Share Registrar”	: the branch share registrar of the Company in Hong Kong, being Tricor Standard Ltd. of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Share(s)”	: share(s) of HK\$0.10 each in the authorised share capital of the Company
“Share Capital Increase”	: the proposed increase in the authorised share capital of the Company from HK\$100,000,000 to HK\$1,000,000,000
“Shareholder(s)”	: holder(s) of Share(s)
“Specific Mandate”	: the specific mandate proposed to be sought from the Shareholders at the EGM to authorize the Directors to issue and allot the Conversion Shares upon conversion of 2014 Convertible Note
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“Subscriber”	: Winsland
“Subscription”	: the subscription of Rights Shares by Mr. Guo, Bright Excel and Winsland pursuant to the Irrevocable Undertakings
“Subscription Price”	: HK\$0.10 per Rights Share
“Subscription Agreement”	: the subscription agreement entered into between the Company and the Subscriber dated 25 August 2014 in relation to the issue of the 2014 Convertible Notes
“Subsidiaries”	: has the meaning given to the term “subsidiary” in section 2 of the Companies Ordinance
“Takeovers Code”	: The Codes on Takeovers and Mergers and Share Buy-backs
“Underwriter”	: Winsland
“Underwriting Agreement”	: the underwriting agreement entered into between the Company and the Underwriter dated 25 August 2014 in relation to the Rights Issue
“Underwritten Shares”	: all the Rights Shares other than the Rights Shares to be subscribed by the Mr. Guo, Bright Excel and Winsland pursuant to the Irrevocable Undertakings

- “Untaken Shares” : any of the Underwritten Shares in respect of which valid acceptances of provisional allotments, accompanied by remittances for the relevant amounts payable on acceptance or application, have not by then been received either on acceptances of provisional allotments or the EAF(s) (all of which said applications the Company undertakes with the Underwriter to accept before calling upon the Underwriter to perform their obligations imposed by the Underwriting Agreement provided that they have been submitted in accordance with the terms and conditions set out in the Prospectus Documents)
- “VP Holdings” : Venturepharm Holdings Inc., a company incorporated under the laws of the British Virgin Islands
- “Whitewash Waiver” : a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of Winsland to make a general offer for all the issued Shares not already owned or agreed to be acquired by the Concert Group which may otherwise arise as a result of the subscription of the Rights Shares by the Underwriter pursuant to the Irrevocable Undertaking and/or the Underwriting Agreement
- “Whitewash Waiver Independent Board Committee” : an independent committee of the Board, comprising Mr. Feng Tao, Mr. Li Jin Liang, Dr. Nathan Xin Zhang, Mr. Wu Shou Yuan, Mr. Paul Contomichalos and Mr. Zhang Jing An, to advise the Independent Shareholders on the terms of the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription Agreement and the Specific Mandate
- “Winsland” : Winsland Agents Limited, a company incorporated under the laws of the British Virgin Islands
- “2007 Convertible Notes” : the CHF15,000,000 4.0% convertible notes due 2015 issued by the Company on 10 September 2007 and the holders of such convertible notes, to the best information, knowledge and belief of the Company, are primarily institutional investors and Independent Third Parties, which included holders represented by an institutional proxy exercising their rights through member banks of the relevant clearing house and information regarding their names are not available under Swiss banking law
- “2014 Convertible Note” : the convertible note to be issued by the Company in the principal amount of US\$1,000,000 due 2016
- “%” : per cent

By the order of the Board of Directors
Venturepharm Laboratories Limited
William Xia Guo
Chairman

Beijing, PRC, 25 August 2014

As at the date of this announcement, the executive Directors are William Xia GUO and Maria Xuemei SONG; the non-executive Directors are FENG Tao, LI Jin Liang and Nathan Xin ZHANG; and the independent non-executive Directors are WU Shou Yuan, Paul CONTOMICHALOS and ZHANG Jing An.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.