EVERPRIDE BIOPHARMACEUTICAL COMPANY LIMITED

中遠威生物製藥有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8019)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

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* *For identification purpose only*

HIGHLIGHTS

- Turnover of the Group for the year ended 31 December 2007 was approximately RMB67,466,000, representing a decrease of approximately 13% as compared with that of the previous year.

- Profit attributable to shareholders for the year ended 31 December 2007 was approximately RMB4,222,000.

- Earnings per share was approximately RMB0.68 cents.

- The Directors do not recommend the payment of a final dividend for the year.

RESULTS

The board of Directors (the "Board") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2007, together with the comparative audited figures for the year ended 31 December 2006, as follows:–

	Note	**2007** ***RMB'000***	2006 *RMB'000*
Turnover	2	**67,466**	77,410
Cost of sales		**(15,804)**	(23,184)
Gross profit		**51,662**	54,226
Other operating (loss)/income	2	**(2,103)**	5,073
Selling and distribution expenses		**(16,764)**	(27,816)
General and administrative expenses		**(21,320)**	(18,936)
Profit from operations		**11,475**	12,547
Net finance expense	3(a)	**(4,383)**	(5,886)
Reversal of impairment loss for amount due from an associate		**–**	10,518
Gain on disposal of an associate		**260**	–
Profit from ordinary activities before taxation	3	**7,352**	17,179
Income tax	5	**(3,130)**	–
Profit attributable to equity shareholders of the Company		**4,222**	17,179
Earnings per share – Basic	6	**RMB0.68 cents**	RMB2.86 cents

Consolidated balance sheet

At 31 December 2007

	Note	**2007** *RMB'000*	2006 *RMB'000*
Non-current assets			
Fixed assets			
– Leasehold properties		**38,945**	38,139
– Plant and equipment		**14,880**	13,459
		53,825	51,598
Intangible assets		**–**	467
Deposit for acquisition of leasehold land		**4,280**	800
Deposit for acquisition of a property		**20,564**	20,564
Interest in an associate		**–**	–
		78,669	73,429
Current assets			
Inventories		**4,625**	1,526
Trade and other receivables	8	**54,149**	32,665
Cash and cash equivalents		**787**	3,149
		59,561	37,340
Current liabilities			
Trade and other payables	9	**(57,216)**	(55,109)
Short-term bank borrowings, secured		**(40,160)**	(44,000)
Current taxation		**(14,976)**	(11,846)
		(112,352)	(110,955)
Net current liabilities		**(52,791)**	(73,615)
Total assets less current liabilities		**25,878**	(186)
NET ASSETS/(LIABILITIES)		**25,878**	(186)
CAPITAL AND RESERVES			
Share capital	10	**75,438**	64,200
Reserves	10	**(49,560)**	(64,386)
TOTAL EQUITY		**25,878**	(186)

Notes:

1. Background information and basis of preparation

The Company was incorporated in the Cayman Islands on 1 August 2000 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands. Its shares have been listed on GEM since 20 July 2001.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") published by the International Accounting Standards Board, and are supplemented by the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules. The accounting policies adopted are consistent with that of the previous year.

(b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requiries management to exercise its judgement in the process of applying the Group's accounting policies.

The following new standards, amendments to standards and interpretations are mandatory for accounting periods on or after 1 January 2007.

IFRS 7	Financial Instruments: Disclosures
IAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
IFRIC-Int 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IFRIC-Int 8	Scope of IFRS 2
IFRIC-Int 9	Reassessment of Embedded Derivatives
IFRIC-Int 10	Interim Financial Reporting and Impairment

The adoption of the above new standards, amendments to standards and interpretations did not have any significant impacts to the Group.

The following new standards, amendments to standards and interpretations have been issued but are not effective and have not been early adopted. The directors anticipate that adoption of these standards, amendments to standards and interpretations will not result in substantial changes to the Group's accounting policies.

IAS 1 (Revised)	Presentation of Financial Statements
IAS 23 (Revised)	Borrowing Costs
IFRS 8	Operating Segments
IFRIC-Int 11	IFRS 2 – Group and Treasury Share Transactions
IFRIC-Int 12	Service Concession Agreements
IFRIC-Int 13	Customer Loyalty Programmes
IFRIC-Int 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction
IAS 32 and IAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation
IAS 27 (Revised)	Consolidated and Separate Financial Statements
IFRS 3 (Revised)	Business Combination

(c) Going concern

At 31 December 2007, the Group had net current liabilities of RMB52,791,000, including the Group's short-term bank borrowings of approximately RMB40,160,000 which have been overdue as at the date of authorisation for issue of these financial statements.

In order to strengthen the capital base of the Group and to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have adopted the following measures:

(a) Mr. Chung Chi Mang, a director and controlling shareholder of the Company, has undertaken to the Company to provide continuing financial support to the Group so as to enable the Group to continue its day-to-day operations as a viable going concern notwithstanding any present or future financial difficulties experienced by the Group.

(b) The directors of the Company are in ongoing negotiations with the Group's banker to reschedule the repayment of bank borrowings due from the Group and to seek the ongoing support from this banker to other bankers to the Group.

(c) The directors of the Company are considering various alternatives to strengthen the capital base of the Company through various fund raising exercises, including but not limited to, a private placement, an open offer or a rights issue of new shares of the Company.

(d) The directors of the Company continue to take action to tighten cost controls over factory overheads and various general and administrative expenses, and are actively seeking new investment and business opportunities with an aim to attain profitable and positive cash flow operations.

In the opinion of the directors of the Company, in light of the measures taken to date, together with expected results of other measures in progress, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to return to a commercially viable going concern. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the financial statements on a going concern basis, notwithstanding the Group's financial and liquidity position at 31 December 2007.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the financial statements.

2. Turnover and other operating (loss)/income

The Company is an investment holding company and the Group is principally engaged in the manufacture and sales of medicines in Mainland China.

Turnover represents the sales value of goods supplied to customers, which excludes value added tax and is stated after deduction of all goods returns and trade discounts. An analysis of turnover and other operating (loss)/income in the consolidated income statement is as follows:–

	2007	2006
	RMB'000	*RMB'000*
Turnover		
Sales of goods	**67,466**	77,410
Other operating (loss)/income		
Sample income	**108**	92
Write-back of provision on slow-moving and obsolete inventories	**83**	10,259
Impairment loss on and write-off of trade and other receivables	**(2,319)**	(5,272)
Loss on disposal of fixed assets	**(35)**	(6)
Sundry income	**60**	–
	(2,103)	5,073
	65,363	82,483

3. Profit from ordinary activities before taxation

Profit from ordinary activities before taxation is arrived at after charging/(crediting):–

		2007	2006
		RMB'000	*RMB'000*
(a)	Net finance expense:		
	Interest on bank advances and other borrowings wholly repayable within five years	**5,472**	5,250
	Finance charges on obligations under a finance lease	**–**	5
	Net foreign exchange loss	**–**	635
	Finance expense	**5,472**	5,890
	Net foreign exchange gain	**(1,061)**	–
	Interest income	**(28)**	(4)
	Net financial expense recognised in profit or loss	**4,383**	5,886
(b)	Staff costs:		
	– contributions to defined contribution plans	**1,085**	927
	– salaries, wages and other benefits	**9,847**	6,827
	Total staff costs	**10,932**	7,754

		2007	2006
		RMB'000	*RMB'000*
(c)	Other items:		
	Depreciation of property, plant and equipment	**4,433**	3,830
	Amortisation of land lease premium	**175**	175
	Amortisation of intangible assets	**467**	800
	Research and development costs	**1,216**	712
	Operating lease charges in respect of property rentals:		
	minimum lease payments	**2,293**	2,323
	Auditors' remuneration		
	– audit services	**450**	420
	– other services	**–**	150
	Cost of inventories sold	**15,804**	23,184

4. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

(a) Business segment

Throughout the year, the Group has been operating in a single business segment, i.e. the manufacture and sales of medicines. Accordingly, no business segment information is presented.

(b) Geographical segment

As the Group's revenue and results were substantially derived from the People's Republic of China ("PRC") and its operating assets and liabilities are also based in the PRC, no geographical segment information is presented.

5. Taxation

Income tax in the consolidated income statement represents:

	2007	2006
	RMB'000	*RMB'000*
Current tax – The PRC		
Provision for the PRC enterprise income tax for the year	3,130	–

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising from Hong Kong during the years ended 31 December 2007 and 2006.

The PRC enterprise income tax represents taxation charged on assessable profits for the year ended 31 December 2007 after netting off the accumulated tax losses brought forward from previous years at the rates of taxation prevailing in the cities in the PRC in which the Group operates. No provision for PRC enterprise income tax as the Group has accumulated tax losses brought forward which exceeded the estimated assessable profits for the year ended 31 December 2006.

The subsidiary of the Group established in the PRC is generally subject to income tax on their taxable income at a combined national and local tax rate of 33%.

On 16 March 2007, the Fifth Session of the Tenth National People's Congress passed the united enterprise income tax law in the PRC. Pursuant to the united income tax law, the income tax rate that is applicable to the subsidiary of the Group in the PRC would be reduced from 33% to 25% effective from 1 January 2008. The Group's deferred tax assets have been reduced as a result of the change in tax rate and the financial effect of the which has been reflected in the Group's financial statements for the year ended 31 December 2007.

6. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of approximately RMB4,222,000 (2006: profit of approximately RMB17,179,000) and the weighted average number of 623,342,466 (2006: 600,000,000) ordinary shares in issue during the year.

The diluted earnings per share is not presented because the Company does not have dilutive potential ordinary shares for the years ended 31 December 2007 and 2006.

7. Dividend

The Directors do not recommend the payment of a final dividend for the year (2006: Nil).

8. Trade and other receivables

Included in trade and other receivables are trade debtors and bills receivables with the following ageing analysis:

	2007	2006
	RMB'000	*RMB'000*
0 to 30 days	**11,598**	10,664
31 to 60 days	**1,917**	2,493
61 to 90 days	**7,084**	2,874
91 to 180 days	**15,152**	8,382
181 to 365 days	**10,161**	8,447
Over 365 days	**68,073**	61,529
	113,985	94,389
Less: Impairment loss on bad and doubtful debts	**(67,110)**	(65,211)
	46,875	29,178

The Group generally requires its customer to pay a deposit shorty before delivery of goods, with the remaining balances of the sales with credit periods ranging from 90 to 180 days.

9. Trade and other payables

Included in trade and other payables are trade creditors with the following ageing analysis:

	2007	2006
	RMB'000	*RMB'000*
0 to 30 days	**1,054**	1,290
31 to 60 days	**215**	8
61 to 90 days	**1,225**	–
91 to 180 days	**70**	–
181 to 365 days	**56**	14
Over 365 days	**834**	725
	3,454	2,037

10. Capital and reserves

Movements in the reserves of the Group were as follows:

	Share capital	**Share premium**	**Capital reserve**	**General reserve fund**	**Exchange reserve**	**Accumulated losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2006	64,200	–	7,195	9,025	(222)	(97,605)	(17,407)
Exchange differences on translation into presentation currency	–	–	–	–	42	–	42
Profit for the year	–	–	–	–	–	17,179	17,179
At 31 December 2006 and at 1 January 2007	64,200	–	7,195	9,025	(180)	(80,426)	(186)
Exchange differences on translation into presentation currency	–	–	–	–	546	–	546
Shares issued pursuant to shares subscription	11,238	10,114	–	–	–	–	21,352
Share issuance expense	–	(56)	–	–	–	–	(56)
Profit for the year	–	–	–	–	–	4,222	4,222
At 31 December 2007	75,438	10,058	7,195	9,025	366	(76,204)	25,878

a. Capital reserve

Capital reserve represents the difference between the aggregate nominal value of the share capital issued by the Company and the aggregate amount of the issued share capital of subsidiaries acquired by the Company through an exchange of shares.

b. General reserve fund

According to the relevant laws and regulations in the PRC, Shanxi Everpride Pharmaceutical Co., Ltd. ("Shanxi Everpride"), as a wholly foreign-owned enterprise established in the PRC, is required to appropriate at least 10% of after-tax profit (after offsetting prior years' losses), based on the PRC statutory financial statements prepared in accordance with the generally accepted accounting principles and financial regulations applicable to the PRC enterprises, to a general reserve fund until the balance of the fund reaches 50% of its registered capital. Thereafter, any further appropriation can be made at the directors' discretion.

The general reserve fund can be utilised to offset the prior years' losses, or be utilised to increase the capital on the condition that the general reserve fund shall be maintained at a minimum of 25% of the registered capital after such increase.

The directors of Shanxi Everpride resolved not to appropriate its after-tax profit to the general reserve fund for each of the years ended 31 December 2007 and 2006. It is because the general reserve fund of Shanxi Everpride has reached 50% of its registered capital and no further appropriation is necessary unless there is an increase in the amount of its registered capital.

EXTRACT OF AUDITORS' REPORT

The auditors qualified their auditors' report on the financial statements for the year ended 31 December 2007 in respect of the limitation of scope regarding the following matters:

(a) Scope limitation – recoverability of deposit for acquisition of a property

The deposit for acquisition of a property of approximately RMB20,564,000 has been carried forward from last year and is still outstanding at 31 December 2007. There were no documentary evidence to support whether the independent third parties have ability to complete the transaction and whether the deposit will be recovered, and in consequence whether the carrying amount of deposit for acquisition of the property as at 31 December 2007 are fairly stated. Any adjustment to the figure may have a consequential significant effect on the profit for the year and net assets as at 31 December 2007.

(b) Material uncertainties relating to the going concern basis:

In forming our opinion, we have considered the adequacy of the disclosures made in note 1(c) above concerning the adoption of the going concern basis on which the financial statements have been prepared. As explained in note 1(c) above, the Group is currently undertaking a number of measures to improve its financial and current liquidity position. The financial statements have been prepared on a going concern basis, the validity of which depends upon the ongoing support by the Company's controlling shareholder and the Group's bankers, the availability of additional external funding and the attainment of profitable and positive cash flow operations to meet the Group's future working capital and financial requirements. The financial statements do not include any adjustment that may be necessary should the implementation of such measures be unsuccessful. We consider that appropriate disclosures have been made in the financial statements concerning these situations, but we consider that these material uncertainties relating to whether the going concern basis is appropriate are so extreme that we have disclaimed our opinion.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operation Review

During the year under review, the Group continued to engage in the production and sales of the medicines known as "Plasmin Capsule" and "Puli Capsule" in Mainland China.

"Plasmin Capsule" is classified as a "State Class 2 Protected Product of Chinese Medicine" and is entitled to an administrative protection period of seven years commencing from 19 December 2006 and expiring on 29 September 2013. "Puli Capsule" is classified as a "State Class 4 Protected Product of Chemical Medicine" and is entitled to an administrative protection period of six years commencing from 23 July 2002 and expiring on 22 July 2008. During the corresponding administrative protection periods, the prescription and the production technology used by the Group in producing "Plasmin Capsule" and "Puli Capsule" are protected and no other manufacturers in Mainland China may produce or imitate these two products in Mainland China.

According to the clinical studies conducted by medical institutions in Mainland China, "Plasmin Capsule" has the principal effect of resolving blood clots and may be used for treatment of cardiovascular and cerebrovascular diseases, while "Puli Capsule" has the principal effect of treating osteoarthritis. Both products are manufactured in the Group's production complex in Taigu County, Shanxi Province, which obtained the Good Manufacturing Practices ("GMP") certificate on 28 February 2003.

Financial Review

During the year under review, the Group recorded an audited consolidated turnover of approximately RMB67,466,000 (2006: RMB77,410,000), which represented a decrease of approximately 13% as compared with that of 2006. The Group's audited consolidated profit attributable to shareholders for the year was approximately RMB4,222,000 (2006: profit attributable to shareholders of approximately RMB17,179,000). This is due mainly to a decrease in turnover and increase in staff costs.

During the year, the Group has only two medicines under production and sales: one is "Plasmin Capsule" which is classified as a prescription medicine and its sales are limited to hospitals which is a relatively weak market for the Group; the other is "Puli Capsule" which is classified as an over-the-counter ("OTC") medicine which has been the major market for the Group in Mainland China. The decrease in turnover during the year was due to decrease in the sales of "Puli Capsule".

The sales of "Puli Capsule" was approximately RMB62,565,000 (2006: RMB73,741,000), representing approximately 93% of the consolidated turnover of the Group during the year. The Group recorded a turnover from the sales of "Plasmin Capsule" of approximately RMB4,901,000 (2006: RMB3,669,000), representing approximately 7% of the consolidated turnover of the Group during the year.

In order to improve the sales of "Plasmin Capsule", the Group will continue to focus more on developing the prescription medicine market through doctors in hospitals. Besides, the Group will put more efforts in mass media advertising to further promote the sales of "Puli Capsule" through the OTC medicine market.

The Directors expect that the above-mentioned measures will improve the market share of the Group's products and add more contributions to the shareholders' return.

Research and Development and the Staphylokinese Project

During the year under review, the Group continued to engage Fujian Normal University Everpride Biopharmaceutical Research and Development Centre for its research work, especially the Staphylokinese Project. Staphylokinese is a genetically-engineered medicine, which is the third generation of thrombotic medicine. The clinical application sample and its other related materials were submitted to the State Drug Administration of the People's Republic of China ("SDA") in 2002 for clinical trial approval. Up to the date of this announcement, such approval has not been obtained and the application is still in progress. Once the clinical trials are completed and approved, the Group will make an application for a Certificate of New Medicine in respect of Staphylokinese. Such delay was due to the continuous requests for additional information by the SDA.

Introduction of "Plasmin Tablet"

The Group is now developing an alternative to "Plasmin Capsule" known as "Plasmin Tablet". The prescription and the principal effect of "Plasmin Tablet" are the same as those of "Plasmin Capsule" but with the advantages of avoiding breakage and being humidified, thus with a higher stability. The waiver for clinical research of "Plasmin Tablet" was obtained from the SDA on 14 January 2005 and the application for production is expected to be completed by the end of 2008.

Liquidity and Financial Resources

The Group generally finances its operations through internally-generated cash flows and banking facilities provided by its principal bankers. As at 31 December 2007, the Group had cash and cash equivalents amounting to approximately RMB787,000 (2006: RMB3,149,000). With the limited available resources and due to the fair operating results during the year, the Directors expected that the Group might depend on further financing from its shareholders and bankers to finance its business operations and to achieve its business objectives.

Capital Structure

There has been no change in the capital structure of the Company during the year.

Charges on Group Assets

As at 31 December 2007, certain leasehold properties with an aggregate carrying amounts of approximately RMB38,923,000 (2006: RMB38,077,000) were pledged as collateral for the Group's bank borrowings.

Foreign Exchange Exposure

The Group mainly earns revenue and incurs cost in Renminbi and its borrowings are denominated in Renminbi. The Directors consider that the impact of foreign exchange exposure of the Group is minimal.

SIGNIFICANT INVESTMENTS

The Group had no significant investments during the year.

Material Acquisitions and Disposals

The Group had no material acquisitions or disposals during the year under review. It has no plans for material investments or capital assets other than those set out in the Prospectus.

Employee Information

Currently, the Group has about 200 employees working in Hong Kong and in Mainland China. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. The staff costs, including directors' emoluments, were approximately RMB10,932,000 for the year under review (2006: RMB7,754,000).

Gearing Ratio

As at 31 December 2007, the Group's gearing ratio, being the ratio of total liabilities to total assets, was 81%. (2006: 100%).

Contingent Liabilities

As at 31 December 2007, the Group had no contingent liabilities (2006: Nil).

Business Outlook and Prospects

The Directors still anticipate that fierce competition in the pharmaceutical industry in Mainland China will continue to strongly affect adversely the future earnings and prospects of the Group.

In order to improve the market share of the Group's products, the Group will continue to engage in research work so as to develop new products and to improve the quality of existing products. The Directors believe that the introduction of "Plasmin Tablet" will help the Group in developing the prescription medicine market which in turns enhancing the recognition of the Group and its products. Together with Staphylokinese Project if once approved and introduced into the market, the income base of the Group will be broadened and the turnover and operating results will be improved.

Going forward, the Board will make every effort to improve the operation results of the Group and continue to look for other pharmaceutical manufacturers for possible cooperation, such as merger and acquisition, so as to strengthen the profitability and minimise the performance risk of the Group.

OTHER INFORMATION

Directors' and chief executives' interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations. As at 31 December 2007, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong ("SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	**Capacity/ Nature of interest**	**No. of shares** *(Note 1)*	**Approximate percentage of interest**
Mr. Chung Chi Mang ("Mr. Chung")	Interest of a controlled corporation	193,975,000 (L) *(Note 2)*	26.94%

Notes:

1. The letter "L" denotes a long position in shares.

2. These shares are beneficially owned by Montgomery Properties Holding Limited. By virtue of his 100% shareholding in Montgomery Properties Holding Limited, Mr. Chung is deemed or taken to be interested in the 193,975,000 shares owned by Montgomery Properties Holding Limited.

Save as disclosed above, as at 31 December 2007, none of the Directors or chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders of other members of the Group

So far as known to any Director or chief executive of the Company, as at 31 December 2007, persons who have interests and short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholder required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity/ Nature of interest	No. of shares	Approximate percentage of interest
Mr. Chung *(Note 1)*	Interest of a controlled corporation	193,975,000 (L)	26.94%
Ms. Ma Wai *(Note 2)*	Interest of spouse	193,975,000 (L)	26.94%
Montgomery Properties Holding Limited	Beneficial owner	193,975,000 (L)	26.94%

Notes:

1. Mr. Chung is deemed or taken to be interested in these shares which are beneficially owned by his wholly owned company, namely Montgomery Properties Holding Limited for the purpose of the SFO.

2. Ms. Ma Wai is the wife of Mr. Chung and is deemed to be interested in the 193,975,000 shares in which Mr. Chung is deemed or taken to be interested for the purpose of the SFO.

Save as disclosed above, as at 31 December 2007, the Directors were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Options to subscribe for shares in the Company

Pursuant to a share option scheme adopted by the Company on 5 July 2001, the Directors may, at their discretion, offer to full-time employees and executive Directors of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. As at 31 December 2007, none of the Directors and employees of the Company or its subsidiaries were granted options to subscribe for shares in the Company.

Directors' and chief executives' rights to acquire shares or debt securities

As at 31 December 2007, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

Competing interest

Save as disclosed in the Prospectus, none of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competes or may compete with the business of the Group in Mainland China.

Audit committee

The Company established an audit committee in July 2001 with terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and the internal monitoring system of the Group. The audit committee has three members comprising Mr. Chau On Ta Yuen (who is acting as the chairman of the audit committee), Mr. Ho Leong Leong, Lawrence and Mr. Ng Kay Kwok, the three independent non-executive Directors. The audit committee met four times during the year. The Group's audited consolidated results for the year have been reviewed by the audit committee, and it was in its opinion that (i) the preparation of such results complied with the applicable standards and statutory requirements and the requirements of the Stock Exchange and that (ii) the internal reporting and monitoring system of the Group had been properly implemented and was adequate to keep the Board informed of the business and the management affairs of the Group and there were no material adverse affairs in the operation of the Group. During the year, no material matters were identified and reported by the Board to the audit committee and the supervisory committee of the Board.

The auditors of the Group, Messrs. CCIF CPA Ltd., have also reviewed the reports submitted by the audit committee on the internal reporting and monitoring system of the Group and were of opinion that the internal reporting and monitoring system had been properly implemented and that there were no material adverse affairs in the operation of the Group that came to their attention.

Purchase, sale or redemption of shares

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year.

Code of conduct regarding directors' securities transactions

For the year under review, the Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors, the Directors have complied with the required standard of dealings and the code of conduct regarding directors' securities transactions for the year under review.

CODE ON CORPORATE GOVERNANCE PRACTICES

Subject to the deviations as disclosed hereof, the Company has complied with all the code provisions set out in Appendix 15 of the Code on Corporate Governance Practices (the "CG Code") to the GEM Listing Rules during the year under review.

Chairman and Chief Executive Officer

As stated in the Company's interim report 2007, the Company does not have an officer with the title of "Chief Executive Officer" (the "CEO"). The CG Code envisages that the management of the Board should rest with the Chairman, whereas the day-to-day management of the Company's business should rest with the CEO. Currently Mr. Chung Chi Mang ("Mr. Chung"), the Chairman of the Board, is also responsible for the operation of production plant in Taigu County, Shanxi Province. This constitutes a deviation of code provision A.2.1 of the CG Code. The Board still holds the view that this arrangement is beneficial to the running of the production plant because of Mr. Chung's extensive experience and knowledge in the industry. Mr. Chung will regularly inform the Board on the latest development of the plant in Taigu County, Shanxi Province. Despite the aforesaid, the Board will review such arrangement from time to time and consider the appointment of the post of CEO if it is in the best interest of the Company and its shareholders.

By Order of the Board
Everpride Biopharmaceutical Company Limited
Chung Chi Mang
Chairman

Hong Kong, 31 March 2008

As at the date of this announcement, Mr. Chung Chi Mang, Mr. Zhong Zhi Gang, Mr. Xie Xiaodong and Mr. Mu Yong are the executive directors of the Company and Mr. Chau On Ta Yuen, Mr. Ho Leong Leong, Lawrence and Mr. Ng Kay Kwok are the independent non-executive directors of the Company.

This announcement will remain on the GEM website with the domain name of www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting.