



**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 2008**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”)  
OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK  
EXCHANGE”)**

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

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

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*This announcement, for which the directors (the “Directors”) of Everpride Biopharmaceutical Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:*

- (1) the information contained in this announcement is accurate and complete in all material respects and not misleading;*
- (2) there are no other matters the omission of which would make any statement in this announcement misleading; and*
- (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*\* For identification purpose only*

## HIGHLIGHTS

- Turnover of the Group for the year ended 31 December 2008 was approximately RMB79,226,000, representing an increase of approximately 17% as compared with that of the previous year.
- Loss attributable to shareholders for the year ended 31 December 2008 was approximately RMB19,051,000.
- Loss per share was approximately RMB2.65 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 2008, together with the comparative audited figures for the year ended 31 December 2007, as follows:

	<i>Note</i>	<b>2008</b> <i>RMB'000</i>	2007 <i>RMB'000</i>
Turnover	3	<b>79,226</b>	67,466
Cost of sales		<b>(17,492)</b>	(15,804)
Gross profit		<b>61,734</b>	51,662
Other operating income/(loss)	4	<b>5,008</b>	(2,103)
Selling and distribution expenses		<b>(46,672)</b>	(16,764)
General and administrative expenses		<b>(36,502)</b>	(21,320)
(Loss)/profit from operations		<b>(16,432)</b>	11,475
Net finance income/(expense)	5(a)	<b>1,409</b>	(4,383)
Gain on disposal of an associate		<b>-</b>	260
(Loss)/profit before taxation	5	<b>(15,023)</b>	7,352
Income tax	7	<b>(4,028)</b>	(3,130)
(Loss)/profit attributable to equity shareholders of the Company		<b>(19,051)</b>	4,222
(Loss)/earnings per share – Basic and diluted	8	<b>RMB(2.65) cents</b>	RMB0.68 cents

## Consolidated balance sheet

At 31 December 2008

	<i>Note</i>	<b>2008</b> <i>RMB'000</i>	2007 <i>RMB'000</i>
<b>Non-current assets</b>			
Fixed assets			
– Leasehold properties		42,111	38,945
– Plant and equipment		29,536	14,880
		<b>71,647</b>	53,825
Deposit for acquisition of leasehold land		–	4,280
Deposit for acquisition of a property		–	20,564
		<b>71,647</b>	78,669
<b>Current assets</b>			
Inventories		7,470	4,625
Trade and other receivables	10	8,481	54,149
Cash and cash equivalents		1,631	787
		<b>17,582</b>	59,561
<b>Current liabilities</b>			
Trade and other payables	11	(69,477)	(57,216)
Short-term bank borrowings, secured		–	(40,160)
Other borrowings		(12,500)	–
Current taxation		(1,455)	(14,976)
		<b>(83,432)</b>	(112,352)
<b>Net current liabilities</b>		<b>(65,850)</b>	(52,791)
<b>Total assets less current liabilities</b>		<b>5,797</b>	25,878
<b>NET ASSETS</b>		<b>5,797</b>	25,878
<b>CAPITAL AND RESERVES</b>			
Share capital	12	75,438	75,438
Reserves		(69,641)	(49,560)
<b>TOTAL EQUITY</b>		<b>5,797</b>	25,878

*Notes:*

## **1. CORPORATION INFORMATION**

Everpride Biopharmaceutical Company Limited (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, and its shares have been listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 20 July 2001.

The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group primarily is engaged in the manufacture and sales of medicines.

## **2. BASIS OF PREPARATION**

### **(a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations promulgated by the International Accounting Standards Board (the “IASB”). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The IASB has issued a number of new Interpretation and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. These IFRS developments have had no material impact on the Group’s financial statements as they were not relevant to the Group’s or the Company’s operations.

The Group and the Company have not applied any new and revised standard or interpretation that is not yet effective for the current accounting period.

### **(b) Going concern**

In preparing the consolidated financial statements, the directors of the Company have considered the future liquidity of the Group in view of its net current liabilities position as at 31 December 2008.

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:

- (i) 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.
- (ii) The directors of the Company are in ongoing negotiations with the Group’s bankers to seek their ongoing support to the Group.

- (iii) 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.
- (iv) 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, notwithstanding that the Group had a consolidated net current liabilities of approximately RMB65,850,000 as at 31 December 2008, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2008 on a going concern basis.

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.

### 3. TURNOVER

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.

### 4. OTHER OPERATING INCOME/(LOSS)

An analysis of turnover and other operating income/(loss) in the consolidated income statement is as follows:

	<b>2008</b> <i>RMB'000</i>	2007 <i>RMB'000</i>
Sample income	<b>54</b>	108
Reversal of impairment loss/ impairment loss on trade receivables	<b>5,851</b>	(1,899)
Write-off of other receivables	<b>(397)</b>	(420)
Reversal of write-down of inventories	<b>500</b>	83
Loss on disposal of fixed assets	<b>(1,054)</b>	(35)
Sundry income	<b>54</b>	60
	<b>5,008</b>	(2,103)

## 5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit from ordinary activities before taxation is arrived at after charging/(crediting):

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
<b>(a) Net finance income/(expense):</b>		
Interest on bank advances and other borrowings wholly repayable within five years	(339)	(5,472)
Net foreign exchange gain	1,746	1,061
Interest income	2	28
	<u>1,409</u>	<u>(4,383)</u>
<b>(b) Staff costs:</b>		
Contributions to defined contribution plans	1,275	1,085
Salaries, wages and other benefits	10,867	9,847
	<u>12,142</u>	<u>10,932</u>
	<b>2008</b> <i>RMB'000</i>	<b>2007</b> <i>RMB'000</i>
<b>(c) Other items:</b>		
Amortisation of land lease premium	252	175
Depreciation of property, plant and equipment	3,986	4,433
Amortisation of intangible assets	–	467
Research and development costs	12,151	1,216
Operating lease charges in respect of property rentals:		
minimum lease payments	780	2,293
Advertising and promotion expenses	41,405	13,735
Auditors' remuneration		
– audit services	553	450
Cost of inventories sold	17,492	15,804
	<u>17,492</u>	<u>15,804</u>

## 6. 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.

**7. INCOME TAX**

Income tax in the consolidated income statement represents:

	<b>2008</b>	2007
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current tax		
Provision for the PRC enterprise income tax for the year	<b><u>4,028</u></b>	<u>3,130</u>

**(i) Hong Kong profits tax**

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 2008 and 2007.

**(ii) Income taxes outside Hong Kong**

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Company and the Company's subsidiaries registered in the BVI are not subject to any income tax in the Cayman Islands and BVI, respectively.

The subsidiary of the Group established in the PRC is generally subject to PRC enterprise income tax on its taxable income at an income tax rate of 25% in respect of the year ended 31 December 2008 (2007: 33%).

**8. (LOSS)/EARNINGS PER SHARE**

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of approximately RMB19,051,000 (2007: profit of approximately RMB4,222,000) and the weighted average number of 720,000,000 (2007: 623,342,466) ordinary shares in issue during the year.

As the Company does not have dilutive potential ordinary shares for the years ended 31 December 2008 and 2007, diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

**9. DIVIDEND**

The Directors do not recommend the payment of any dividend for the year (2007: Nil).

## 10. TRADE AND OTHER RECEIVABLES

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

	<b>2008</b> <i>RMB'000</i>	2007 <i>RMB'000</i>
0 to 30 days	<b>507</b>	11,598
31 to 60 days	<b>128</b>	1,917
61 to 90 days	<b>160</b>	7,084
91 to 180 days	<b>278</b>	15,152
181 to 365 days	<b>658</b>	10,161
Over 365 days	<b>63,062</b>	68,073
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	<b>64,793</b>	113,985
Less: allowance for doubtful debts	<b>(60,512)</b>	(67,110)
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	<b>4,281</b>	46,875
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The Group generally requires its customer to pay a deposit shortly before delivery of goods, with the remaining balances of the sales with credit periods ranging from 90 to 180 days.

## 11. TRADE AND OTHER PAYABLES

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

	<b>2008</b> <i>RMB'000</i>	2007 <i>RMB'000</i>
0 to 30 days	<b>1,128</b>	1,054
31 to 60 days	<b>303</b>	215
61 to 90 days	<b>133</b>	1,225
91 to 180 days	<b>1</b>	70
181 to 365 days	<b>70</b>	56
Over 365 days	<b>1,625</b>	834
	<hr/>	<hr/>
	<b>3,260</b>	3,454
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## 12. CAPITAL AND RESERVES

Movements in the reserves of the Group were as follows:

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	General reserve fund <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
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
	<u>75,438</u>	<u>10,058</u>	<u>7,195</u>	<u>9,025</u>	<u>366</u>	<u>(76,204)</u>	<u>25,878</u>
At 1 January 2008	75,438	10,058	7,195	9,025	366	(76,204)	25,878
Exchange differences on translation into presentation currency	–	–	–	–	(1,030)	–	(1,030)
Loss for the year	–	–	–	–	–	(19,051)	(19,051)
	<u>75,438</u>	<u>10,058</u>	<u>7,195</u>	<u>9,025</u>	<u>(664)</u>	<u>(95,255)</u>	<u>5,797</u>

## **EXTRACT OF AUDITORS' REPORT**

The auditors added an Emphasis of Matter paragraph in their auditors' report in respect of the consolidated financial statements for the year ended 31 December 2008 as follows:

### **EMPHASIS OF MATTER**

Without qualifying our opinion, the auditors draw attention to note 2(b) above which indicates that the Group incurred a net loss of approximately RMB19,051,000 during the year ended 31 December 2008 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB65,850,000. These conditions, along with other matters as set forth in Note 2(b) above, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

## **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 RMB79,226,000 (2007: RMB67,466,000), which represented an increase of approximately 17% as compared with that of 2007. The increase in turnover was mainly due to an increase in sales of “Puli Capsule”, which represented approximately 93% of the consolidated turnover of the Group for the financial year 2008. The fact was that Glucosamine, the major ingredient of “Puli Capsule”, has been included in the State Basic Medical Insurance and Labour Insurance Drug Catalogue. This simulates the sales of “Puli Capsule” because the payment for purchase of “Puli Capsule” can be claimed against the insurance fund. As “Puli Capsule” has been included in the General Administration of Sport of China Drug Catalogue for China National Team in 2008 Olympic Games in Beijing, the Group devoted many resources into advertising and promotion activities, and accordingly the public awareness and acceptance were therefore enhanced and this resulted in the increase of the Group’s turnover.

The Group’s audited consolidated loss attributable to shareholders for the year was approximately RMB19,051,000 (2007: profit attributable to shareholders of approximately RMB4,222,000). This is due mainly to a substantial increase in advertising and promotion expenses as well as research and development costs. Advertising and promotion expenses substantially increased from RMB13.7 million in the financial year 2007 to RMB41.4 million in the financial year 2008, in particular, as “Puli Capsule” has been included in the General Administration of Sport of China Drug Catalogue for China National Team in 2008 Olympic Games in Beijing, the Group devoted many resources into advertising and promotion activities so as to stimulate the sales of Puli Capsule, which represented approximately 93% of the consolidated turnover of the Group for the financial year 2008, and enhance the public awareness and acceptance. Research & development substantially increased from RMB1.2 million in the financial year 2007 to RMB12.1 million as the Group appointed Graduate University of Chinese Academy of Science to engage in research work so as to develop new products in order to improve the Group’s operating results in the future.

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 sales of “Puli Capsule” was approximately RMB73,696,000 (2007: RMB62,565,000), 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 RMB5,530,000 (2007: RMB4,901,000), 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 increase the returns to the shareholders of the Company.

### **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 May 2009.

### **Liquidity and Financial Resources**

The Group generally finances its operations through internally-generated cash flows. As at 31 December 2008, the Group had cash and cash equivalents amounting to approximately RMB1,631,000 (2007: RMB787,000). 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 were pledged as collateral for the Group's bank borrowings. During the year ended 31 December 2008, the Group's bank borrowings were settled in full. The Group had no charges on assets as at 31 December 2008 for bank borrowings. At 31 December 2008, leasehold properties of approximately RMB4,884,000 have been pledged to an independent third party to secure a loan granted to the Group.

### **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.

### **Employee Information**

Currently, the Group has about 110 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 RMB12,142,000 for the year under review (2007: RMB10,932,000).

### **Gearing Ratio**

As at 31 December 2008, the Group's gearing ratio, being the ratio of total liabilities to total assets, was 94%. (2007: 81%).

### **Contingent Liabilities**

As at 31 December 2008, the Group had no contingent liabilities (2007: 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 2008, 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 2008, 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 2008, 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:

<b>Name</b>	<b>Capacity/ Nature of interest</b>	<b>No. of shares</b>	<b>Approximate percentage of interest</b>
Mr. Chung ( <i>Note 1</i> )	Interest of a controlled corporation	193,975,000 (L)	26.94%
Ms. Ma Wai ( <i>Note 2</i> )	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 2008, 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 2008, 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 2008, 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**

None of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company had an interest in any business which directly or indirectly competes with the business of the Group.

### **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. During the year, no material matters were identified and reported by the Board to the audit committee and the supervisory committee of the Board.

### **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 2008, 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, 30 March 2009

*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.*