



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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This 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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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.

HIGHLIGHTS

- Unaudited turnover of the Group for the six months ended 30 June 2008 amounted to approximately RMB49,548,000, representing an increase of approximately 59% over the corresponding period in 2007.
- Profit attributable to shareholders of the Company for the six months ended 30 June 2008 was approximately RMB8,047,000.
- Earnings per share for the six months ended 30 June 2008 was approximately RMB1.12 cents.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2008.

UNAUDITED INTERIM RESULTS

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months and the three months ended 30 June 2008, together with the comparative unaudited figures for the corresponding periods in last financial year as follows:

Condensed Consolidated Income Statement (Unaudited)

	<i>Notes</i>	Six months ended 30 June		Three months ended 30 June	
		2008	2007	2008	2007
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	2	49,548	31,229	24,782	19,610
Cost of sales		(16,742)	(8,843)	(4,950)	(3,154)
Gross profit		32,806	22,386	19,832	16,456
Selling and distribution expenses		(6,560)	(5,245)	(1,929)	(3,474)
General and administrative expenses		(15,136)	(8,339)	(8,045)	(4,509)
Other operating income/(loss)		120	27	(209)	(1,371)
Profit from operations		11,230	8,829	9,649	7,102
Finance costs		(3,183)	(2,050)	(2,433)	(951)
Profit from ordinary activities before taxation		8,047	6,779	7,216	6,151
Income tax	3	–	–	–	–
Profit attributable to shareholders of the Company		8,047	6,779	7,216	6,151
Earnings per share – Basic	4	RMB1.12 cent	RMB1.13 cent	RMB1.00 cent	RMB1.03 cent

Condensed Consolidated Balance Sheet

		(Unaudited) As at 30 June 2008 RMB'000	(Audited) As at 31 December 2007 RMB'000
	Notes		
NON-CURRENT ASSETS			
Leasehold properties		42,991	38,945
Plant and equipment	6	15,353	14,880
Deposit for acquisition of leasehold land		–	4,280
Deposit for acquisition of a property	7	20,564	20,564
Total non-current assets		78,908	78,669
CURRENT ASSETS			
Inventories	8	1,220	4,625
Trade receivables	9	57,709	46,875
Other receivables		5,780	7,274
Cash and cash equivalents		1,823	787
Total current assets		66,532	59,561
CURRENT LIABILITIES			
Trade payables	10	(3,743)	(3,454)
Other payables		(53,458)	(50,192)
Due to a Director		(1,878)	(3,570)
Short-term bank borrowings, secured		(37,460)	(40,160)
Current taxation		(14,976)	(14,976)
Total current liabilities		(111,515)	(112,352)
Net current liabilities		(44,983)	(52,791)
NET ASSETS		33,925	25,878
CAPITAL AND RESERVES			
Share capital		75,438	75,438
Reserves	11	(41,513)	(49,560)
		33,925	25,878

Condensed Consolidated Statement of Changes in Equity (Unaudited)

	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 fund <i>RMB'000</i>	Accumu- lated losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2007	64,200	–	7,195	9,025	(180)	(80,426)	(186)
Profit attributable to shareholders of the Company for the six months ended 30 June 2007	–	–	–	–	–	6,779	6,779
At 30 June 2007	<u>64,200</u>	<u>–</u>	<u>7,195</u>	<u>9,025</u>	<u>(180)</u>	<u>(73,647)</u>	<u>6,593</u>
At 1 January 2008	75,438	10,058	7,195	9,025	366	(76,204)	25,878
Profit attributable to shareholders of the Company for the six months ended 30 June 2008	–	–	–	–	–	8,047	8,047
At 30 June 2008	<u>75,438</u>	<u>10,058</u>	<u>7,195</u>	<u>9,025</u>	<u>366</u>	<u>(68,157)</u>	<u>33,925</u>

Condensed Consolidated Cash Flow Statement (Unaudited)

	Six months ended 30 June	
	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Net cash generated from operating activities	13,330	13,443
Net cash used in investing activities	(6,411)	(10,555)
Net cash used in financing activities	(5,883)	(2,050)
Net increase in cash and cash equivalents	1,036	838
Cash and cash equivalents, at 1 January	787	3,149
Cash and cash equivalents, at 30 June	<u>1,823</u>	<u>3,987</u>

Notes to the condensed financial statements

1. Basis of preparation and principal accounting policies

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.

The unaudited condensed financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) Interim Financial Reporting and with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The principal accounting policies adopted in these condensed financial statements are consistent with those used in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2007. The Directors considered that the adoption of the revised International Accounting Standards (IASs) has had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been made.

Notwithstanding going concerns and liquidity concerns arising from net current liabilities, the financial statements have been prepared on the assumption that the Group will continue to operate as a going concern in the foreseeable future. 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.

2. Turnover and segment information

The Company is an investment holding company and the Group is principally engaged in the manufacture and sale of medicines in the People's Republic of China (the "PRC").

Turnover represents the sales value of goods supplied to customers, which excludes value-added tax, and is stated after deduction of any goods returns and trade discounts.

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 six months ended 30 June 2008 (the "Period") and the six months ended 30 June 2007 (the "Last Period"), the Group has been operating in a single business segment, i.e. the manufacture and sale of medicines. Accordingly, no business segment information is presented.

(b) Geographical segment

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

3. Taxation

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit arising from Hong Kong during the Period and Last Period.

No provision for PRC income tax has been made as the Group has accumulated tax losses brought forward which exceeds the estimated assessable profits for the Period and Last Period.

4. Earnings per share

The calculations of basic earnings per share for the six months and three months ended 30 June 2008 are based on the profit attributable to shareholders of the Company of approximately RMB8,047,000 and RMB7,216,000 (2007: RMB6,779,000 and RMB6,151,000), respectively, and on the weighted average of 720,000,000 (2007: 600,000,000) ordinary shares in issue during such periods.

Diluted earnings per share for the six months and three months ended 30 June 2008 and 2007 are not presented as there were no dilutive potential ordinary shares in existence during such periods.

5. Dividend

The Directors do not recommend the payment of an interim dividend for the Period (2007: Nil).

6. Other property, plant and equipment

During the Period, the Group acquired other property, plant and equipment of approximately RMB1,452,000 mainly comprising construction-in-progress and motor vehicles.

7. Deposit for acquisition of a property

At 30 June 2008, the Group paid a total sum of approximately RMB20,564,000 (2007: RMB20,564,000) as a deposit for the acquisition of a property located in Taiyuan of Shanxi Province in the PRC. According to the relevant sale and purchase agreement, the transaction should be completed during the year ended 31 December 2007, but the seller, an independent third party, failed to complete the transaction owing to the seller was involved in the litigation and disputes with the other parties. However, the directors of the Company are closely monitoring the progress of this acquisition, and they believe that the transaction will be completed and the entire deposit will be converted into the cost of the said property.

8. Inventories

	(Unaudited) As at 30 June 2008 RMB'000	(Audited) As at 31 December 2007 RMB'000
Raw materials, at cost	235	5,760
Finished goods, at cost	985	1,165
	<u>1,220</u>	<u>6,925</u>
Less: Provision for slow-moving and obsolete inventories	<u>—</u>	<u>(2,300)</u>
	<u>1,220</u>	<u>4,625</u>

9. Trade receivables

An ageing analysis of trade receivables is as follows:

	(Unaudited) As at 30 June 2008 RMB'000	(Audited) As at 31 December 2007 RMB'000
0 to 30 days	1,868	11,598
31 to 60 days	1,136	1,917
61 to 90 days	1,467	7,084
91 to 180 days	5,160	15,152
181 to 365 days	21,186	10,161
Over 365 days	72,661	68,073
	<u>103,478</u>	<u>113,985</u>
Less: allowances for doubtful debts	<u>(45,769)</u>	<u>(67,110)</u>
	<u>57,709</u>	<u>46,875</u>

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

10. Trade payables

An ageing analysis of trade payables is as follows:

	(Unaudited) As at 30 June 2008 RMB'000	(Audited) As at 31 December 2007 RMB'000
0 to 30 days	206	1,054
31 to 60 days	312	215
61 to 90 days	15	1,225
91 to 180 days	700	70
181 to 365 days	571	56
Over 365 days	1,939	834
	<u>3,743</u>	<u>3,454</u>

11. Reserves

There were no movements in reserves of the Group during the Period other than profit attributable to shareholders of the Company of approximately RMB8,047,000 (2007: RMB6,779,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2008 (the “Period”), the Group recorded an unaudited consolidated turnover of approximately RMB49,548,000 (2007: RMB31,229,000), which represented an increase of approximately 59% as compared with that of the corresponding period in 2007. Such increase was due to the public awareness and acceptance of “Puli Capsule”.

The selling and distribution expenses for the Period increased by RMB1,315,000 or 25% as compared with the corresponding period in 2007. This is due to an increase in advertising and promotion expenses.

The general and administrative expenses for the Period increased by approximately RMB6,797,000 or 82% as compared with the corresponding period in 2007. The increase was due to the increase of repairs and maintenances, bad debts written off and travelling expenses.

Profit attributable to shareholders of the Company for the Period amounted to RMB8,047,000 primarily arising from the increase in consolidated turnover as mentioned above.

Operation Review

The Group is principally engaged in the production and sale of the medicines known as “Plasmin Capsule” and “Puli Capsule” in the PRC.

“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”. During the corresponding administrative protection period, the prescription and the production technology used by the Group in producing “Plasmin Capsule” are protected and no other manufacturers in Mainland China may produce or imitate this product 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.

Sales and Marketing

During the Period under review, 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 RMB41,793,000 (2007: RMB28,907,000), representing approximately 84% of the consolidated turnover of the Group for the Period. The sales of “Puli Capsule” for the Period increased by approximately 145% as compared with the corresponding period in 2007. This is due to the fact that the public awareness and acceptance of “Puli Capsule” has been enhanced. Besides, Glucosamine, the major ingredient of “Puli Capsule”, has been included in the State Basic Medical Insurance and Labour Insurance Drug Catalog. This further stimulates the sales of “Puli Capsule” as the expenses incurred for the purchase of “Puli Capsule” can be claimed against insurance fund. Furthermore, “Puli Capsule” has been included in the General Administration of Sport of China Drug Catalog for China National Team in 2008 Olympic Games in Beijing. As “Puli Capsule” is classified as an OTC medicine which is the major market for the Group in the PRC, the Group will continue to focus on mass media advertising to promote the “Puli Capsule” on the OTC medicine market.

The sales of “Plasmin Capsule” was approximately RMB7,755,000 (2007: RMB2,322,000), representing approximately 16% of the consolidated turnover of the Group for the Period. The sales of “Plasmin Capsule” for the Period increased by approximately 334% as compared with the corresponding period in 2007. This is due to the successful development of the prescription medicine market during the Period.

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 shareholders of the Company.

Research and Development and the Staphylokinese Project

During the Period under review, the State Drug Administration of the PRC (the “SDA”) is in the process of reviewing the application for clinical trial approval in respect of the Staphylokinese and requesting further information. Shanxi Everpride Pharmaceutical Co., Ltd., a wholly-owned subsidiary of the Company, and Fujian Normal University Everpride Biopharmaceutical Research and Development Centre as engaged by the Group to conduct research and development of the Staphylokinese Project will continue to communicate with the SDA to provide the requested information and with a view to speeding up the progress of obtaining the clinical trial approval and we shall keep the shareholders informed by making relevant disclosure. The delay in obtaining approval for clinical trial in respect of the Staphylokinese Project would not adversely affect the Group’s business and financial position. The Group currently has a new product known as “Plasmin Tablet” with the advantages of avoiding breakage and being humidified which is anticipated to be wellaccepted in the market once it is launched to the market. It is expected that the launching of this new product will improve the Group’s profitability.

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 2004 and the application for production is expected to be completed by the end of 2008.

Outlook

The Directors anticipate that fierce competition in the pharmaceutical industry in the PRC 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.

Looking ahead, the Group will continue to streamline its existing business operation, to lower its debt level and to explore other business opportunities which are in line with the Group’s development strategy and will provide long-term benefits to the Company’s shareholders.

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 30 June 2008, the Group had cash and cash equivalents amounting to approximately RMB1,823,000. With the limited available resources and due to the fair results during the period, the operating period, 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 Period.

Charges on Group's Assets

As at 30 June 2008, certain leasehold properties with an aggregate carrying value of approximately RMB38,923,000 and construction-in-progress with an aggregate carrying amount of RMB295,000 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 Period.

Material Acquisitions and Disposals

The Group had no material acquisitions or disposals during the Period 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 107 employees working in Hong Kong and in the PRC. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

Capital Commitments

There were no material changes in capital commitments outstanding as at 30 June 2008 not provided for in the condensed financial statements as compared with the status as at 31 December 2007.

Gearing Ratio

As at 30 June 2008, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 95%.

Contingent Liabilities

As at 30 June 2008, the Group did not have any material contingent liabilities.

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 30 June 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:

Long positions in ordinary shares of the Company

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 30 June 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 30 June 2008, persons who had 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 (<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 30 June 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 30 June 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 30 June 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 interests

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 the PRC.

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 two times during the Period. The Group's unaudited interim results for the Period 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 Period, 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 the Company's shares

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

Code of conduct regarding directors' securities transactions

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 Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding directors' securities transactions for the Period under review.

Corporate Governance

Throughout the Period under review, the Company has complied, subject to the following deviations, with the code provisions set out in the Code of Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules, except that:

- A2.1 The Chairman and chief executive officer of the Company are the same individual;
- A4.1 Non-executive directors are not appointed for specific terms but are subject to retirement by rotation and re-election in accordance with the articles of association of the Company;

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

Hong Kong, 8 August 2008

As at the date of this announcement, the Board comprises the following directors:

Executive directors:

Mr. Chung Chi Mang (*Chairman*)
Mr. Zhong Zhi Gang
Mr. Xie Xiaodong
Mr. Mu Yong

Independent non-executive directors:

Mr. Chau On Ta Yuen
Mr. Ho Leong Leong, Lawrence
Mr. Ng Kay Kwok

* *For identification purpose only*

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