



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 2009**

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

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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

- Unaudited turnover of the Group for the six months ended 30 June 2009 amounted to approximately RMB43,647,000, representing a decrease of approximately 12% over the corresponding period in 2008.
- Profit attributable to shareholders of the Company for the six months ended 30 June 2009 was approximately RMB5,256,000.
- Earnings per share for the six months ended 30 June 2009 was approximately RMB0.73 cents.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009.

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 2009, together with the comparative unaudited figures for the corresponding periods in last financial year as follows:

Consolidated Income Statement (Unaudited)

		Six months ended 30 June		Three months ended 30 June	
		2009	2008	2009	2008
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	3	43,647	49,548	23,093	24,782
Cost of sales		(15,455)	(16,742)	(5,882)	(4,950)
Gross profit		28,192	32,806	17,211	19,832
Selling and distribution expenses		(8,151)	(6,560)	(4,266)	(1,928)
General and administrative expenses		(11,918)	(15,136)	(5,755)	(8,046)
Other operating income/(loss)	5	9	120	7	(208)
Profit from operations	6	8,132	11,230	7,197	9,650
Finance costs	6(a)	(243)	(3,183)	(113)	(2,434)
Profit from ordinary activities before taxation	6	7,889	8,047	7,084	7,216
Income tax expense	7	(2,633)	–	(2,020)	–
Profit attributable to shareholders of the Company		5,256	8,047	5,064	7,216
Earnings per share – Basic	8	RMB0.73 cent	RMB1.12 cent	RMB0.70 cent	RMB1.00 cent

Consolidated Statement of Financial Position

		(Unaudited) As at 30 June 2009 RMB'000	(Audited) As at 31 December 2008 RMB'000
	Notes		
NON-CURRENT ASSETS			
Leasehold properties		41,361	42,111
Plant and equipment	10	30,546	29,536
Total non-current assets		71,907	71,647
CURRENT ASSETS			
Inventories	11	3,882	7,470
Trade and other receivables	12	13,618	8,481
Cash and cash equivalents		3,212	1,631
Total current assets		20,712	17,582
CURRENT LIABILITIES			
Trade and other payables	13	(62,948)	(69,477)
Other borrowings		(14,600)	(12,500)
Current taxation		(4,018)	(1,455)
Total current liabilities		(81,566)	(83,432)
Net current liabilities		(60,854)	(65,850)
NET ASSETS		11,053	5,797
CAPITAL AND RESERVES			
Share capital		75,438	75,438
Reserves	14	(64,385)	(69,641)
		11,053	5,797

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 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>
At 1 January 2009	75,438	10,058	7,195	9,025	(664)	(95,255)	5,797
Profit attributable to shareholders of the Company for the six months ended 30 June 2009	—	—	—	—	—	5,256	5,256
At 30 June 2009	<u>75,438</u>	<u>10,058</u>	<u>7,195</u>	<u>9,025</u>	<u>(664)</u>	<u>(89,999)</u>	<u>11,053</u>

Consolidated Cash Flow Statement (Unaudited)

	Six months ended 30 June	
	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Net cash generated from operating activities	1,592	13,330
Net cash used in investing activities	(1,843)	(6,411)
Net cash used in financing activities	<u>1,832</u>	<u>(5,883)</u>
Net increase in cash and cash equivalents	1,581	1,036
Cash and cash equivalents, at 1 January	<u>1,631</u>	<u>787</u>
Cash and cash equivalents, at 30 June	<u>3,212</u>	<u>1,823</u>
Analysis of the balances of cash and cash equivalents cash and bank balances	<u>3,212</u>	<u>1,823</u>

Notes to financial statements

1. CORPORATION INFORMATION

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 Group is primarily engaged in manufacture and sales of medicines.

2. BASIS OF PREPARATION

(a) Statement of compliance

The unaudited 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 2008, except for the adoption of new interpretations and amendments to IFRSs and the accounting policies adopted for new transactions, noted below.

The Group has adopted the following new interpretations and amendments to IFRSs which are relevant to its business for the first time for these consolidated interim results:

IFRS1 and IAS 27 Amendments	Amendments to IFRS 1 First-time Adoption of IFRSs and IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 Amendments	Amendments to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations
IFRS 3 (Revised)	Business Combination
IFRS 7 (Amendment)	Improving Disclosure about Financial Instruments
IFRS 8	Operating Segments
IAS 1 (Revised)	Presentation of financial statements
IAS 23 (Revised)	Borrowing costs
IAS 32 and IAS 1	Amendments to IAS32 Financial Instruments: Presentation Amendments and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
IFRIC – Int 13	Customer Loyalty Programmes
IFRIC – Int 15	Agreements for the Construction of Real Estate
IFRIC – Int 16	Hedges of a Net Investment in a Foreign Operation

The adoption of these new interpretations and amendments to IFRSs has had no financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

The Group has not applied the following new interpretations and amendments to IFRSs, which have been issued but are not yet effective, to these consolidated quarterly results:

IAS 27 (Revised)	Consolidate and Separate Financial Statement [#]
IAS 39 Amendment	Amendment to IAS39 Financial Instruments: Recognition and Measurement – Eligible Hedged Item [#]
IFRIC – Int 17	Distribution of Non-cash Assets to Owners [#]
IFRIC – Int 18	Transfers of Assets from customers [#]

[#] *Effective for annual periods beginning on or after 1 July 2009*

Apart from the above, the Group expects that these new interpretations and amendments to IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

(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 positions as at 31 December 2008 and 30 June 2009.

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 RMB60,854,000 as at 30 June 2009, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the period ended 30 June 2009 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.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

(d) Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currencies of the Company and its major subsidiary in the People's Republic of China (the "PRC") are Hong Kong dollars and Renminbi ("RMB") respectively. For the purpose of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency. All financial information presented in RMB has been rounded to the nearest thousand.

(e) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and report amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. TURNOVER

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.

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 six months ended 30 June 2009 (the "Period") and the six months ended 30 June 2008 (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.

5. OTHER OPERATION INCOME/(LOSS)

	(Unaudited) For the six months ended 30 June		(Unaudited) For the three months ended 30 June	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Sample income/(expense)	7	(13)	6	2
Sundry income	2	133	1	130
Write-down of inventories	–	–	–	(340)
	<u>9</u>	<u>120</u>	<u>7</u>	<u>(208)</u>

6. PROFIT BEFORE TAXATION

Profit from ordinary activities before taxation is arrived at after charging:

	(Unaudited) For the six months ended 30 June		(Unaudited) For the three months ended 30 June	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
(a) Net finance expense				
Interest on bank advances and other borrowings				
wholly repayable within five year	(267)	(3,184)	(124)	(2,434)
Net foreign exchange gain	23	–	11	–
Interest income from banks	1	1	–	–
	<u>(243)</u>	<u>(3,183)</u>	<u>(113)</u>	<u>(2,434)</u>
Net financial expense recognised in profit or loss				
	<u>(243)</u>	<u>(3,183)</u>	<u>(113)</u>	<u>(2,434)</u>
The above financial income and expense include the following in respect of assets/liabilities not at fair value through profit or loss:				
Total interest income on financial assets	1	1	–	–
Total interest expense on financial liabilities	<u>(267)</u>	<u>(3,184)</u>	<u>(124)</u>	<u>(2,434)</u>
(b) Staff costs				
Contributions to defined contribution retirement plans	35	35	18	18
Salaries, wages and other benefits	2,331	1,899	1,122	906
	<u>2,366</u>	<u>1,934</u>	<u>1,140</u>	<u>924</u>
Total staff costs				
	<u>2,366</u>	<u>1,934</u>	<u>1,140</u>	<u>924</u>
(c) Other items				
Amortisation of land lease premium	126	126	63	63
Depreciation of property, plant and equipment	1,444	1,993	736	996
Advertising and promotion expenses	4,726	4,601	1,802	1,927
Auditors' remuneration	415	226	205	113
Cost of inventories sold	15,455	16,742	5,882	4,950
	<u>15,455</u>	<u>16,742</u>	<u>5,882</u>	<u>4,950</u>

7. INCOME TAX

Income tax in the consolidated income statement represents:

	(Unaudited)		(Unaudited)	
	For the six months		For the three months	
	ended 30 June		ended 30 June	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Current tax				
Provision for the PRC enterprise income tax for the period	<u>2,633</u>	<u>–</u>	<u>2,020</u>	<u>–</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 Period (2008: nil).

(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 Period (2008: 25%).

8. EARNINGS PER SHARE

The calculations of basic earnings per share for the six months and three months ended 30 June 2009 are based on the profit attributable to shareholders of the Company of approximately RMB5,256,000 and RMB5,064,000 (2008: RMB8,047,000 and RMB7,216,000), respectively, and on the weighted average of 720,000,000 (2008: 720,000,000) ordinary shares in issue during such periods.

Diluted earnings per share for the six months and three months ended 30 June 2009 and 2008 are not presented as there were no dilutive potential ordinary shares in existence during such periods.

9. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (2008: Nil).

10. OTHER PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired other property, plant and equipment of approximately RMB1,844,000 mainly comprising construction-in-progress and motor vehicles.

11. INVENTORIES

	(Unaudited) As at 30 June 2009 RMB'000	(Audited) As at 31 December 2008 RMB'000
Raw materials, at cost	3,571	6,104
Finished goods, at cost	2,111	2,388
Consignment good, at cost	–	778
	<u>5,682</u>	<u>9,270</u>
Less: Write-down of inventories	(1,800)	(1,800)
	<u>3,882</u>	<u>7,470</u>

12. TRADE AND OTHER RECEIVABLES

	(Unaudited) As at 30 June 2009 RMB'000	(Audited) As at 31 December 2008 RMB'000
Trade debtors	65,812	64,793
Less: allowance for doubtful debts	(60,512)	(60,512)
	<u>5,300</u>	<u>4,281</u>
Advances to staff	1,789	1,789
Other receivables	2,002	1,314
	<u>9,091</u>	<u>7,384</u>
Loans and receivables	205	181
Rental and other deposits	4,322	916
Prepayments		
	<u>13,618</u>	<u>8,481</u>

a) Ageing analysis

An ageing analysis of trade receivables is as follows:

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	1,798	507
31 to 60 days	1,090	128
61 to 90 days	515	160
91 to 180 days	89	278
181 to 365 days	441	658
Over 365 days	61,879	63,062
	65,812	64,793
Less: allowances for doubtful debts	(60,512)	(60,512)
	5,300	4,281

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.

13. TRADE AND OTHER PAYABLES

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Trade creditors	9,124	3,260
Accrued expenses and other payables	21,630	17,514
Interest payable	–	188
Amount due to directors*	4,341	2,692
Financial liabilities amortised at cost	350,095	23,654
Sales deposits from customers	27,776	36,161
Other taxes payable**	77	9,662
	62,948	69,477

* The amount due to directors is unsecured, non-interest bearing and has no fixed term of repayment.

** Other taxes payable comprises value-added tax payable and urban real estate tax payable.

a) Ageing analysis

An ageing analysis of trade payables is as follows:

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	587	1,128
31 to 60 days	498	303
61 to 90 days	710	133
91 to 180 days	933	1
181 to 365 days	40	70
Over 365 days	6,356	1,625
	9,124	3,260

14. RESERVES

There were no movements in reserves of the Group during the Period other than profit attributable to shareholders of the Company of approximately RMB5,256,000 (2008: RMB8,047,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2009 (the “Period”), the Group recorded an unaudited consolidated turnover of approximately RMB43,647,000 (2008: RMB49,548,000), which represented a decrease of approximately 12% as compared with that of the corresponding period in 2008. Such decrease was due to strict competition and adverse market conditions in the pharmaceutical industry in Mainland China.

The selling and distribution expenses for the Period increased by RMB1,591,000 or 24% as compared with the corresponding period in 2008. This is due to an increase in advertising and promotion expenses.

The general and administrative expenses for the Period decreased by approximately RMB3,218,000 or 21% as compared with the corresponding period in 2008. The decrease was due to budgetary control was imposed on entertainment and travelling expenses.

Profit attributable to shareholders of the Company for the Period amounted to RMB5,256,000 primarily arising from the decrease in general and administrative expenses 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. 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. “Puli Capsule” is classified as a “State Class 4 Protected Product of Chemical Medicine”.

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 RMB35,284,000 (2008: RMB41,793,000), representing approximately 81% of the consolidated turnover of the Group for the Period. The sales of “Puli Capsule” for the Period decreased by approximately 16% as compared with the corresponding period in 2008. This is due to strict competition and adverse market conditions in the pharmaceutical industry in Mainland China. 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 RMB8,363,000 (2008: RMB7,755,000), representing approximately 19% of the consolidated turnover of the Group for the Period. The sales of “Plasmin Capsule” for the Period increased by approximately 8% as compared with the corresponding period in 2008. 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.

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 2009.

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 2009, the Group had cash and cash equivalents amounting to approximately RMB3,212,000. 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

The Group had no charges on assets as at 30 June 2009 for bank borrowings. At 30 June 2009, 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 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 235 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 2009 not provided for in the condensed financial statements as compared with the status as at 31 December 2008.

Gearing Ratio

As at 30 June 2009, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 88%.

Contingent Liabilities

As at 30 June 2009, 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 2009, 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 2009, 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 2009, 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 2009, 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 2009, 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 2009, 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

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 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. As at the date of this announcement, the audit committee has four members comprising Mr. Chau On Ta Yuen (who is acting as the chairman of the audit committee), Mr. Ho Leong Leong, Lawrence, Mr. Zhuo Ze Fan and Mr. Yang Gao Yu, the four independent non-executive Directors. Mr. Ng Kay Kwok tendered his resignation as independent non-executive Directors and audit committee member of the Company with effect from 15 May 2009. Mr. Wu Wang Li was appointed as a member of the audit committee of the Company with effect from 15 May 2009. Mr. Wu Wang Li tendered his resignation as independent non-executive Directors and audit committee member of the Company with effect from 24 July 2009. Mr. Zhuo Ze Fan and Mr. Yang Gao Yu were appointed as members of the audit committees of the Company with effect from 24 July 2009. 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. 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, 10 August 2009

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

Executive directors:

Mr. Chung Chi Mang (*Chairman*)
Mr. Hu Yangxiong
Ms. Sun Qiong

Independent non-executive directors:

Mr. Chau On Ta Yuen
Mr. Ho Leong Leong, Lawrence
Mr. Zhuo Ze Fan
Mr. Yang Gao Yu

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