Everpride Biopharmaceutical Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8019

Achievements • For you

Third
Quarterly Report
2009

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This report, 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 report 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 report misleading; and

(3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover of the Group for the nine months ended 30 September 2009 was approximately RMB62,179,000 representing a decrease of approximately 20% as compared with that of the corresponding period in 2008.

- Profit attributable to shareholders for the nine months ended 30 September 2009 was approximately RMB282,000.

- Earnings per share for the nine months ended 30 September 2009 was approximately RMB0.004 cents.

- The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2009.

FINANCIAL RESULTS

The board of Directors (the "Board") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the nine months ended 30 September 2009 (the "Period"), together with the comparative unaudited figures for the nine months ended 30 September 2008, as follows:

Consolidated Statement of Comprehensive Income

		(Unaudited) Nine months ended 30 September		(Unaudited) Three months ended 30 September	
		2009	2008	**2009**	2008
	Note	***RMB'000***	*RMB'000* (re-presented)	***RMB'000***	*RMB'000* (re-presented)
Turnover	3	**62,179**	77,643	**18,532**	28,095
Cost of sales		**(19,166)**	(22,947)	**(3,711)**	(6,205)
Gross profit		**43,013**	54,696	**14,821**	21,890
Selling and distribution expenses		**(23,086)**	(28,840)	**(14,935)**	(21,163)
General and administrative expenses		**(17,732)**	(21,086)	**(5,814)**	(7,067)
Other operating income/(loss)	5	**12**	46	**3**	(74)
Profit/(loss) from operations		**2,207**	4,816	**(5,925)**	(6,414)
Finance costs		**(510)**	(3,931)	**(244)**	(748)
Profit/(loss) from ordinary activities before taxation	6	**1,697**	885	**(6,169)**	(7,162)
Income tax	7	**(1,440)**	–	**1,193**	–
Profit for the period		**257**	885	**(4,976)**	(7,162)
Total comprehensive income for the period		**25**	–	**2**	–
Total comprehensive income for the period attributable to shareholders		**282**	885	**(4,974)**	(7,162)
Earnings/(loss) per share – Basic	8	**RMB0.004 cents**	RMB0.012 cents	**RMB(0.069) cents**	RMB(0.099) cents

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 (Amendment)	Amendments to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations
IFRS 3 (Revised)	Business Combinations
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 IAS 32 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 as at 31 December 2008 and 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 September 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 all goods returns and trade discounts.

4. OPERATING SEGMENT

The Group has adopted IFRS 8 "Operating Segments" with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 "Segment reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, segment information reported externally was regarded as single business segment and geographical segment. The chief executive officer, being the chief operating decision maker of the Group, regularly reviews revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective business divisions. The chief executive officer reviews the operating results of the Group as a whole to make decisions about resource allocation. The operation of the Group constitutes one single reportable segment under IFRS 8 and accordingly, no separate segment information is prepared.

5. OTHER OPERATION INCOME/(LOSS)

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Sample income/(expense)	**10**	(8)	**3**	5
Sundry income	**2**	54	**–**	(79)
	12	46	**3**	(74)

6. PROFIT BEFORE TAXATION

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

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	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	**(513)**	(3,933)	**(246)**	(749)
Interest income from banks	**3**	2	**2**	1
Net financial expense recognised in profit or loss	**(510)**	(3,931)	**(244)**	(748)
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	**3**	2	**2**	1
Total interest expense on financial liabilities	**(513)**	(3,931)	**(246)**	(749)

		(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
		2009	2008	**2009**	2008
		RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
(b)	**Staff costs**				
	Contributions to defined contribution retirement plans	**47**	52	**12**	17
	Salaries, wages and other benefits	**5,792**	6,074	**3,461**	4,175
	Total staff costs	**5,839**	6,126	**3,473**	4,192
(c)	**Other items**				
	Amortisation of land lease premium	**189**	189	**63**	63
	Depreciation of property, plan and equipment	**1,882**	2,095	**1,438**	102
	Advertising and promotion expenses	**23,085**	20,353	**18,359**	15,752
	Auditors' remuneration	**415**	226	**–**	–
	Cost of inventories sold	**19,166**	22,947	**3,711**	6,205

7. INCOME TAX

Income tax in the consolidated statement of comprehensive income represents:

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current tax				
Provision for the PRC enterprise income tax for the period	**1,440**	–	**(1,193)**	–

(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/(LOSS) PER SHARE

The calculations of basic earnings/(loss) per share for the nine months and three months ended 30 September 2009 are based on the profit/(loss) attributable to shareholders of approximately RMB282,000 and RMB(4,974,000) (2008: profit/(loss) attributable to shareholders of the Company of approximately RMB885,000 and RMB(7,162,000)) respectively, and on the weighted average number of 720,000,000 (2008: 720,000,000) ordinary shares in issue during the Period.

Diluted earnings/(loss) per share for the nine months and three months ended 30 September 2009 and 2008 are not presented as there were no dilutive potential ordinary shares in existence during such periods.

9. RESERVES

There were no movements in reserves of the Group during the Period other than profit attributable to equity shareholders of the Company of approximately RMB282,000 (2008: RMB885,000).

10. DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the nine months ended 30 September 2009 (the "Period"), the Group recorded an unaudited consolidated turnover of approximately RMB62,179,000 (2008: RMB77,643,000), which represented an approximately 20% decrease 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 decreased by approximately RMB5,754,000 or 20% as compared with the corresponding period in 2008. This was due to the decrease in advertising and promotion expenses.

The general and administrative expenses for the Period decreased by approximately RMB3,354,000 or 16% as compared with the corresponding period in 2008. This was due to a substantial decrease of repair and maintenance expenses, travelling expenses and entertainment expenses.

Profit attributable to shareholders of the Company for the Period amounted to RMB282,000 (2008: RMB885,000), which represented an approximately 68% decrease as compared with the corresponding period in 2008. This was due to the decrease in advertising and promotion and other expenses as mentioned above.

Business Review

The Group is principally engaged in the production and sale of the medicines known as "Plasmin Capsule" and "Puli Capsule" in Mainland China.

With an aim to improve the sales of "Plasmin Capsule", the Group had entered into an agency agreement (the "Agreement") with a pharmaceutical company, a party independent of and not connected with the Group and its connected persons, in Tianjian municipality, the Mainland China (the "Agent") pursuant to which the Group agreed to appoint the Agent to distribute the Group's product – Plasmin Capsule in the Mainland China for a term commencing from 31 March 2005 and expiring on 31 December 2008. The Agent is the second largest pharmaceutical company in the Tianjian municipality and has its own distribution network covering throughout the Mainland China. As "Plasmin Capsule" is classified as a prescription medicine and its sales are restricted to hospitals, the Agreement would lead to an effective sales channel to enable the Group to leverage on the Agent's broad distribution network, in turn penetrate its products into the market rapidly.

Sales and Marketing

The sales of "Puli Capsule" was approximately RMB58,066,000 (2008: RMB66,028,000), representing approximately 93% of the consolidated turnover of the Group for the Period. The sales of "Puli Capsule" for the Period decreased by approximately 12% 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. 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. 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 RMB4,113,000 (2008: RMB11,615,000), representing approximately 7% of the consolidated turnover of the Group for the Period. The sales of "Plasmin Capsule" for the Period decreased by approximately 65% as compared with the corresponding period in 2008. This is due to the highly competitive of the prescription medicine market during the Period.

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 report, 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 works 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.

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 September 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:

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 September 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 September 2009, persons who have interests and short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholder required to be kept by the Company under Section 336 of the SFO were as follows:

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

Notes:

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

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

Save as disclosed above, as at 30 September 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 24 August 2009, the Directors may, at their discretion, offer to employees, Directors of the Company or its subsidiaries other eligible participants options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. As at 30 September 2009, none of the Directors and employees of the Company or its subsidiaries and any other eligible participants were granted options to subscribe for shares in the Company.

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

As at 30 September 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 interest

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

Audit committee

The Company established an audit committee in July 2001 with terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and the internal monitoring system of the Group. As at the date of this report, the audit committee has three members comprising Mr. Yang Gao Yu (who is acting as the chairman of the audit committee), Mr. Chan Wai Kwong, Peter and Mr. Sun Xufeng, the three independent non-executive Directors. Mr. Ho Leong Leong, Lawrence and Mr. Chau On Ta Yuen tendered their resignation as independent non-executive Directors and audit committee members of the Company with effect from 19 August 2009 and 20 August 2009 respectively. Mr. Chan Wai Kwong, Peter was appointed as a member of the audit committee of the Company with effect from 19 August 2009. Mr. Mr. Zhuo Ze Fan tendered his resignation as independent non-executive Director and audit committee member of the Company with effect from 28 September 2009. Mr. Sun Xufeng was appointed as a member of the audit committee of the Company with effect from 28 September 2009. The audit committee met three times during the Period.

The Group's unaudited third quarterly 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 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

For the Period 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 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 November 2009

As at the date of this report, Mr. Chung Chi Mang, Mr. Hu Yangxiong, Mr. Zhao Borui and Mr. Zhang Jianshe are the executive directors of the Company and Mr. Yang Gao Yu, Mr. Chan Wai Kwong, Peter and Mr. Sun Xufeng are the independent non-executive directors of the Company.