

# Everest International Investments Limited

*(Incorporated in the Cayman Islands with liability)*



*Interim Report*

**2001**



The Board of Directors (the “Directors”) of Everest International Investments Limited (the “Company”) presents the interim report and the unaudited condensed consolidated financial statements of the Company and its subsidiary (the “Group”) for the six months ended 30th September, 2001 as follows:

### **Condensed Consolidated Income Statement**

*For the six months ended 30th September, 2001*

	Notes	Six months ended	
		30.9.2001 HK\$'000 (unaudited)	30.9.2000 HK\$'000 (audited)
Turnover	4	558	250
(Loss) gain on disposal of investments		(1,952)	2,006
Administrative expenses		(1,192)	(552)
Finance costs		(16)	(6)
		<hr/>	<hr/>
(Loss) profit before taxation	5	(2,602)	1,698
Taxation	6	—	—
		<hr/>	<hr/>
(Loss) profit for the period		<u>(2,602)</u>	<u>1,698</u>
Dividend	7	—	—
		<hr/>	<hr/>
(Loss) earnings per share – basic	8	<u>(1.14 cents)</u>	<u>0.96 cents</u>

**Condensed Consolidated Balance Sheet**

At 30th September, 2001

	Notes	30.9.2001 HK\$'000 (unaudited)	31.3.2001 HK\$'000 (audited)
Non-current assets			
Investments in securities	9	44,652	40,407
Loan receivable from an investee company		3,510	–
		<u>48,162</u>	<u>40,407</u>
Current assets			
Trade and other receivables	10	2,340	6,230
Bank balances		6,488	10,408
		<u>8,828</u>	<u>16,638</u>
Current liabilities			
Other payables and accrued charges		277	1,300
Taxation payable		400	400
		<u>677</u>	<u>1,700</u>
Net current assets		<u>8,151</u>	<u>14,938</u>
		<u>56,313</u>	<u>55,345</u>
Capital and reserves			
Share capital	11	2,466	2,066
Reserves	12	53,847	53,279
		<u>56,313</u>	<u>55,345</u>
NET ASSETS VALUE PER SHARE	13	<u>HK\$0.23</u>	<u>HK\$0.27</u>



### **Condensed Consolidated Statement of Recognised Gains and Losses**

For the six months ended 30th September, 2001

	<b>Six months ended</b>	
	<b>30.9.2001</b>	30.9.2000
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Unrealised losses arising on revaluation of non-trading investments not dealt with in the consolidated income statement	(5,847)	(3,531)
(Loss) profit for the period	<u>(2,602)</u>	<u>1,698</u>
Total recognised losses	<u><u>(8,449)</u></u>	<u><u>(1,833)</u></u>

### **Condensed Consolidated Cash Flow Statement**

For the six months ended 30th September, 2001

	<b>Six months ended</b>	
	<b>30.9.2001</b>	
	<b>HK\$'000</b>	
	<b>(unaudited)</b>	
Net cash inflow from operating activities	2,217	
Net cash outflow from investing activities	<u>(15,554)</u>	
Net cash outflow before financing	(13,337)	
Net cash inflow from financing	<u>9,417</u>	
Decrease in cash and cash equivalents	(3,920)	
Cash and cash equivalents at 1st April, 2001	<u>10,408</u>	
Cash and cash equivalents at 30th September, 2001, representing bank balances	<u><u>6,488</u></u>	

## Notes to the Condensed Financial Statements

For the six months ended 30th September, 2001

### 1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" ("SSAP 25") issued by the Hong Kong Society of Accountants, except that, in this first year of implementation of the standard, as permitted by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), no comparative amounts have been presented for condensed consolidated cash flow statement and with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain investment in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2001 except as described below.

In the current period, the Group has adopted, for the first time, a number of new or revised Statements of Standard Accounting Practice ("SSAP") issued by the Hong Kong Society of Accountants. The adoption of these new or revised SSAPs does not have any significant effect on the financial statements for the current or prior period.

### 3. SEGMENTAL INFORMATION

The Group's turnover and contribution to (loss) profit before taxation analysed by geographical location, were as follows:

	Turnover		Contribution to (loss) profit before taxation	
	Six months ended		Six months ended	
	30.9.2001	30.9.2000	30.9.2001	30.9.2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By geographical location:				
Hong Kong	372	250	5	526
Japan	12	-	(167)	(32)
Taiwan	7	-	(79)	1
United States	122	-	(1,301)	(36)
Other regions in the PRC	39	-	(155)	1,287
Other parts of the world	6	-	(139)	88
	<u>558</u>	<u>250</u>	<u>(1,836)</u>	1,834
Less: Central administrative expenses			(750)	(130)
Finance costs			(16)	(6)
			<u>(2,602)</u>	<u>1,698</u>

All of the Group's turnover and contribution to (loss) profit before taxation for the six months ended 30th September, 2001 and 30th September, 2000 were all attributable to investment activities.

Note: The above analysis is prepared based on the place of principal activities of investee companies.



#### 4. TURNOVER

Six months ended	
30.9.2001	30.9.2000
HK\$'000	HK\$'000

An analysis of the Group's turnover is as follows:

Dividend income – listed	186	–
Interest income	372	250
	<u>558</u>	<u>250</u>

#### 5. (LOSS) PROFIT BEFORE TAXATION

Six months ended	
30.9.2001	30.9.2000
HK\$'000	HK\$'000

(Loss) profit before taxation has been arrived at after charging:

Directors' remuneration		
– fees	20	–
– other emoluments	30	–
Contributions to retirement benefits scheme	3	–
Other staff costs	62	–
	<u>115</u>	<u>–</u>
Total staff costs	115	–
Auditor's remuneration	20	38
Investment management fee (note 14)	441	422
Interest on amount due to a related company	15	6
	<u>591</u>	<u>466</u>

#### 6. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements since the Group had no assessable profit for both periods.

There was no significant unprovided deferred taxation for the period or at the respective balance sheet date.

#### 7. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2001 (six months ended 30th September, 2000: Nil).

**8. (LOSS) EARNINGS PER SHARE – BASIC**

The calculation of the loss per share is based on the loss for the six months ended 30th September, 2001 of approximately HK\$2,602,000 (six months ended 30th September, 2000: profit of approximately HK\$1,698,000) and on the weighted average number of 228,425,923 (six months ended 30th September 2000: 176,568,000) shares in issue during the period.

**9. INVESTMENTS IN SECURITIES**

	<b>30.9.2001</b>	31.3.2001
	<b>HK\$'000</b>	HK\$'000
Equity securities listed in Hong Kong, at cost	<b>46,503</b>	33,467
Unrealised loss	<b>(20,750)</b>	(14,903)
Market value at 30th September/31st March	<b>25,753</b>	18,564
Unlisted equity security, at fair value	<b>13,899</b>	12,673
Unlisted convertible bond/note, at fair value	<b>5,000</b>	9,170
	<b><u>44,652</u></b>	<u>40,407</u>

**10. TRADE AND OTHER RECEIVABLES**

Included in trade and other receivables are trade receivables of approximately HK\$265,000 (31st March, 2001: approximately HK\$21,000). The amount represents interest income receivable from investments.

**11. SHARE CAPITAL**

	<b>Number of ordinary shares</b>	<b>Amount HK\$'000</b>
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 31st March, 2001 and 30th September, 2001	<u>1,000,000,000</u>	<u>10,000</u>
<i>Issued and fully paid:</i>		
At 1st April, 2000	58,856,000	589
Issue of bonus shares	117,712,000	1,177
Placing and public offer of shares	<u>30,000,000</u>	<u>300</u>
At 31st March, 2001	206,568,000	2,066
Placing and subscription of shares	<u>40,000,000</u>	<u>400</u>
At 30th September, 2001	<u>246,568,000</u>	<u>2,466</u>



## 12. RESERVES

	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Accumulated profits (loss) HK\$'000	Total HK\$'000
At 1st April, 2000	57,333	(1,877)	2,823	58,279
Capitalisation by means of bonus issue of shares	(1,177)	-	-	(1,177)
Premium arising on issue of shares by means of placing and public offer	9,600	-	-	9,600
Expenses incurred in connection with the issue of shares	(3,966)	-	-	(3,966)
Realised loss on disposal of non-trading investments	-	170	-	170
Unrealised loss arising on revaluation of non-trading investments	-	(13,196)	-	(13,196)
Profit for the year	-	-	3,569	3,569
At 31st March, 2001	61,790	(14,903)	6,392	53,279
Premium arising on issue of shares by means of placing and subscription	9,480	-	-	9,480
Expenses incurred in connection with the issue of shares	(463)	-	-	(463)
Realised loss on disposal of non-trading investments	-	2,893	-	2,893
Unrealised loss arising on revaluation of non-trading investments	-	(8,740)	-	(8,740)
Loss for the period	-	-	(2,602)	(2,602)
At 30th September, 2001	<u>70,807</u>	<u>(20,750)</u>	<u>3,790</u>	<u>53,847</u>



**13. NET ASSETS VALUE PER SHARE**

The calculation of the net asset value per share is based on the net assets of the Group as at 30th September, 2001 of approximately HK\$56,313,000 (31st March, 2001: approximately HK\$55,345,000) and 246,568,000 (31st March, 2001: 206,568,000) ordinary shares in issue as at that date.

**14. RELATED PARTY TRANSACTION**

For the six months ended 30th September, 2001, the Group paid investment management fees of approximately HK\$441,000 (six months ended 30th September, 2000: approximately HK\$422,000) to AVANTA Investment (International) Limited ("AVANTA Investment"), a company in which directors of the Company, Mr. Jerry Chiou and Mr. Tai Chi Ching, are also directors.

Investment management fees are calculated at 1.5% per annum of the net asset value of the Group at the preceding month in accordance with the relevant management agreement.

**15. POST BALANCE SHEET EVENT**

Subsequent to the balance sheet date, the Group has acquired a wholly-owned subsidiary, Cyberlink Management Limited ("Cyberlink") together with a shareholder's loan amounted to US\$200,000 at a consideration of HK\$6,000,000. The principal activity of Cyberlink is investment holding and its major asset is the holding of 12.94% interest in Golisa Enterprise Resources Pte. Ltd. ("Golisa"). Golisa, being a company incorporated in Singapore, is principally engaged in the provision of business management and consultancy service, and distribution and development of human resources software solutions.



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### **TO THE BOARD OF DIRECTORS OF EVEREST INTERNATIONAL INVESTMENTS LIMITED**

**首富國際投資有限公司\***

*(Incorporated in Cayman Islands with limited liability)*

### **INTRODUCTION**

We have been instructed by the Company to review the interim financial report set out on pages 1 to 8.

### **DIRECTORS' RESPONSIBILITIES**

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("SSAP 25") and the relevant provisions thereof. However, the Listing Rules permit departure from SSAP 25 in that comparative figures are not required for the cash flow statement to be included in the first interim financial report relating to an accounting period ending on or after 1st July, 2000. The interim financial report is the responsibility of, and has been approved by, the directors.

### **REVIEW WORK PERFORMED**

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants ("SAS 700"). A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

## **REVIEW CONCLUSION**

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th September, 2001.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong, 21st December, 2001

\* *For identification purposes only*



### ***Interim Dividend***

The Directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2001 (six months ended 30th September, 2000: Nil).

### ***Business Review and Outlooks***

For the six months ended 30th September, 2001, the Group recorded a turnover of approximately HK\$558,000. Net loss attributable to shareholders of the Group for the six months ended 30th September, 2001 was approximately HK\$2,602,000 which was mainly attributed to the realized loss in divestment of some investments during the period amid the adverse and stagnant stock market condition. The disposal of those investments was made after careful evaluation in considering their unfavorable earning outlook by the Directors.

For the period under review, the Group's investment portfolio has been slightly adjusted as compared with that of 31st March, 2001. An unlisted investment has been disposed while a new unlisted investment has been acquired during the period. Since the Group's unlisted investments have not yet been listed and capital gains of some of the listed investments have not been realized, returns from the investments decreased significantly and were unable to match the recurrent expenses. At 30th September, 2001, approximately 50% of the value of the Group's investments was in a portfolio of listed securities, 37% in unlisted investments, while the remaining 13% equivalent to approximately HK\$6,488,000 in cash at bank. The Group had no bank borrowing at the period end.

The Directors envisages that the economic and investment climate of Hong Kong is still clouded with uncertainty in coming months, but recent economic data suggests that there should be twilight of recovery by the mid or the end of 2002. The Directors believe that the PRC accession to the WTO and its sustainable economic growth in coming years will be the major boosters to Hong Kong capital market. Besides, the Directors will remain cautious in managing the Group's portfolio, and when appropriate, restructure the portfolio in order to improve return to shareholders.

### ***Share Placement and Subscription***

Taiwan International Capital (HK) Limited ("TICL"), the substantial shareholder of the Company entered into the Placing and Subscription Agreement (the "Agreement") dated 12th June, 2001 for the placing of up to 40 million existing ordinary shares of HK\$0.01 each (the "Share") in the share capital of the Company at the placing price of HK\$0.247 per share (the "Placing Price") to independent investors.

Pursuant to the Agreement, the Company issued and allotted and TICL subscribed for 40 million new Shares (the "Subscription Shares") at the subscription price of HK\$0.247 per share less the costs and expenses incurred by TICL in relation to the placing and the subscription. The Placing Price represents a discount of approximately 19.02% to the closing price of HK\$0.305 of the Shares as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11th June, 2001 and a discount of approximately 15.12% to the average closing price of HK\$0.291 per share as quoted on the Stock Exchange for the ten consecutive trading days ended on 11th June, 2001.

The Subscription Shares represent approximately 19.36% of the entire issue share capital of the Company as at the date of the Agreement and approximately 16.22% of the entire issued share capital of the Company as enlarged by the subscription.

The net proceeds of the placing and subscription amounted to approximately HK\$9.4 million are used for making investments when opportunities arise.

### ***Capital Commitment and Contingent Liabilities***

The Group did not have significant capital commitment nor contingent liabilities as at 30th September, 2001.

### ***Employees***

As at 30th September, 2001, the Group has employed 4 employees and the total remuneration paid to staff was approximately HK\$94,000 during the period under review. The employees were remunerated based on their responsibilities and performance.

### ***Directors' Interest in Shares***

None of the Directors or their respective associates had any interests in any securities of the Company or any of its associated corporations as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), and none of the Directors or chief executives, nor 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 during the period.

### ***Directors' Rights to Acquire Shares or Debentures***

At no time during the six months ended 30th September, 2001 was the Company or its subsidiary a party to any arrangement to enable the Directors of the Company or their spouse or children under 18 years of age had any right to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.



### **Substantial Shareholders**

As at 30th September, 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following shareholders had an interest of 10% or more in the share capital of the Company:

<b>Name of shareholders</b>	<b>Number of shares held</b>
Taiwan International Capital (HK) Limited ( <i>Note</i> )	47,568,000
Harmony Asset Limited	30,000,000
Haywood Investments Limited	30,000,000

*Note: Taiwan International Capital (HK) Limited is a wholly-owned subsidiary of TIS Securities (HK) Limited in which Mr. Jerry Chiou and Mr. Tai Chi Ching are Directors.*

Other than as disclosed above, the Company had not been notified of any other interests representing 10% or more of the Company's issued share capital as at 30th September, 2001.

### **Audit Committee**

The audit committee has reviewed with management the accounting principles and practice adopted by the Group and discussed internal controls and financial reporting matters, including a review of the unaudited interim financial report for the six months ended 30th September, 2001. In carrying out his review the audit committee has relied on the review of the Group's external auditors as well as obtaining explanations from management.

### **Purchase, Sale or Redemption of the Company's Listed Shares**

During the period, neither the Company nor its subsidiary purchased, sold or redeemed any of the Company's listed shares.



### ***Corporate Governance***

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not, during the six months ended 30th September, 2001 in compliance with the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that the non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.

By Order of the Board  
**Tai Chi Ching**  
*Executive Director*

Hong Kong, 21st December, 2001