

The directors present their annual report and the audited financial statements of Everest International Investments Limited (the "Company") and its subsidiary (together referred to as the "Group") for the year ended 31st March, 2005.

## **PRINCIPAL ACTIVITIES**

The Company and its subsidiary are engaged in investment holding for medium to long-term capital appreciation purposes, and in trading of listed securities. There have been no significant changes in the nature of the Group's principal activities during the year. Details of the principal activities of the subsidiary of the Company are set out in note 13 to the financial statements.

## **RESULTS AND DIVIDENDS**

The consolidated results of the Group for the year ended 31st March, 2005 are set out in the consolidated income statement on page 17 of the financial statements.

The directors do not recommend the payment of a dividend for the year.

## **PROPERTY, PLANT AND EQUIPMENT**

Details of movements in property, plant and equipment during the year are set out in note 14 to the financial statements.

## **SHARE CAPITAL**

Details of the authorised and issued share capital of the Company are set out in note 20 to the financial statements.

## **RESERVES**

Details of the movements in the reserves of the Group and the Company during the year are set out in the statement of change in equity of the Group and the Company on page 20 to 21 and in note 21 to the financial statements.

## **MAJOR CUSTOMERS AND SUPPLIERS**

As the Company and its subsidiary are engaged in investment holding for medium to long-term capital appreciation purposes, and in trading of listed securities, there are no major customers and suppliers during the year.

## **DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES**

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 5 to 7 of the annual report.

## DIRECTORS

The directors of the Company (the "Directors") during the year and up to the date of this report were:

### Executive Director:

Mr. Wang Chun Lin (*Chairman*)

### Non-executive Directors:

Mr. Luk Cheong

Ms. Wang, Annie

Mr. Li Jian Wei

### Independent Non-executive Directors:

Mr. Li Man Nang

Mr. Wang Tianye

Ms. Fang Tsz Ying (appointed on 30th September, 2004)

In accordance with Articles 118 and 152 of the Company's Articles of Association, Mr. Wang Chun Lin, Mr. Luk Cheong, and Ms. Fang Tsz Ying will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office of each of the non-executive directors is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31st March, 2005, the interests of the directors, the chief executives and their associates, 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 (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies, were as follows:

### Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Ms. Wang, Annie	Beneficial owner	12,500,000	3.5%
Mr. Luk Cheong	Held by controlled corporation ( <i>Note 1</i> )	70,568,000	19.9%
Mr. Wang Chun Lin	Held by controlled corporation ( <i>Note 1</i> )	70,568,000	19.9%
Mr. Li Jian Wei	Held by controlled corporation ( <i>Note 2</i> )	49,312,000	13.9%

#### Notes:

1. Mr. Luk Cheong and Mr. Wang Chun Lin beneficially own 6,600,000 and 6,800,000 ordinary shares of US\$1 each in Shen Gang Limited ("Shen Gang"), representing approximately 33% and 34% of the issued share capital of that company, respectively. Shen Gang in turn owns 70,568,000 ordinary shares of the Company.
2. Mr. Li Jian Wei beneficially owns the entire issued share capital of Parkwin Global Limited ("Parkwin"). Parkwin in turn owns 49,312,000 ordinary shares of the Company.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES *(continued)*

Save as disclosed above, none of the directors, the chief executives and their associates, had any interests or short positions in any shares, underlying shares or debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies as at 31st March, 2005.

## SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2005, the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are 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 follow:

### Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Shen Gang	Beneficial owner <i>(Note 1)</i>	70,568,000	19.9%
Mr. Wang Chun Lin	Held by controlled corporation <i>(Note 1)</i>	70,568,000	19.9%
Mr. Luk Cheong	Held by controlled corporation <i>(Note 1)</i>	70,568,000	19.9%
Key Mark Investments Limited ("Key Mark")	Beneficial owner <i>(Note 2)</i>	59,176,000	16.7%

## SUBSTANTIAL SHAREHOLDERS *(continued)*

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Ms. Kwok Kit Ping	Held by controlled corporation <i>(Note 2)</i>	59,176,000	16.7%
Parkwin	Beneficial owner <i>(Note 3)</i>	49,312,000	13.9%
Mr. Li Jian Wei	Held by controlled corporation <i>(Note 3)</i>	49,312,000	13.9%

*Notes:*

1. Mr. Luk Cheong and Mr. Wang Chun Lin beneficially own 6,600,000 and 6,800,000 ordinary shares of US\$1 each in Shen Gang, representing approximately 33% and 34% of the issued share capital of that company, respectively. Shen Gang in turn owns 70,568,000 ordinary shares of the Company.
2. Ms. Kwok Kit Ping beneficially owns the entire issued share capital of Key Mark. Key Mark in turn owns 59,176,000 ordinary shares of the Company.
3. Mr. Li Jian Wei beneficially owns the entire issued share capital of Parkwin. Parkwin in turn owns 49,312,000 ordinary shares of the Company.

Save as disclosed above, as at 31st March, 2005, 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 to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company under Section 336 of the SFO.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executives' interests in shares" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; nor was the Company, its holding company or its subsidiary a party to any arrangements to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

## **DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE AND CONNECTED PARTY TRANSACTIONS**

No director of the Company had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or its subsidiary was a party during or at the end of the year.

## **DIRECTORS' SERVICE CONTRACTS**

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the date of this report, none of the directors of the Company and their respective associates had any interest in a business which causes or may cause a significant competition with the business of the Group or had any other conflicts of interest with the Group.

## **INVESTMENT MANAGEMENT AGREEMENT**

The Company has an investment management agreement with Simplex Capital Asia Limited ("Simplex"), an independent third party. Simplex, as its investment manager, is entitled to a management fee of HK\$200,000 per annum.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

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

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

## **CODE OF BEST PRACTICE**

The Company has complied throughout the year ended 31st March, 2005 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") 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.

The Company had received, from each of the independent non-executive Directors, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent.

**CODE OF BEST PRACTICE** *(continued)*

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. The Company has made specific enquiries of all Directors regarding any non-compliance with the Model Code during the year, and received confirmations from all Directors that they have fully complied with the required standard set out in the Model Code.

With the consent of the Audit committee, the board of directors (the "Board") hereby confirms that, in the preparation of the 2005 consolidated financial statements of the Company, the Directors, both collectively and individually, applied such degree of skill, care and diligence as may reasonably be expected of under the Rule 3.08 of the Listing Rules.

**AUDIT COMMITTEE**

The Company set up an audit committee (the "Committee") with written terms of reference in compliance with the Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive directors of the Company, namely Mr. Li Man Nang, Mr. Wang Tianye and Ms. Fang Tsz Ying. The consolidated financial statements of the Group for the year ended 31st March, 2005 have been reviewed by the Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

**AUDITORS**

Deloitte Touche Tohmatsu resigned as auditors of the Company on 25th May, 2005. At the extraordinary general meeting of the Company held on 25th May, 2005, Baker Tilly Hong Kong Limited were appointed as auditors of the Company to fill the casual vacancy.

Baker Tilly Hong Kong Limited retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Wang Chun Lin**

*Chairman*

Hong Kong, 26th July, 2005

