



REPORT OF THE DIRECTORS

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 31 March 2006.

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 12 to the financial statements.

RESULTS AND APPROPRIATIONS

The consolidated results of the Group for the year ended 31 March 2006 are set out in the consolidated income statement on page 23 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 13 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 26 and 27 and in note 21 to the financial statements.

DISTRIBUTABLE RESERVES

Pursuant to Section 34 of the Companies Law (Revised) of the Cayman Islands and the Articles of Association of the Company (the “Articles”), the Company’s share premium account is available for distribution to shareholders subject to a solvency test on the Company and the provisions of the Articles. As at 31 March 2006, in the opinion of the Directors, the Company’s reserves available for distribution to shareholders, comprising share premium account and accumulated losses, amounted to approximately HK\$ 17,542,000 (2005: approximately HK\$19,164,000).

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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.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 59.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

DIRECTORS

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. Wang Tianye

Mr. Li Man Nang

Ms. Fang Tsz Ying

In accordance with Articles 152 of the Company's Articles of Association, Mr. Li Man Nang and Mr. Wang Tianye 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.

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

At 31 March 2006, 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 (Note 1)	70,568,000	19.9%
Mr. Wang Chun Lin	Held by controlled corporation (Note 1)	70,568,000	19.9%
Mr. Li Jian Wei	Held by controlled corporation (Note 2)	49,312,000	13.9%

Notes:

1. Mr. Luk Cheong and Mr. Wang Chun Lin beneficially own 6,800,000 and 6,600,000 ordinary shares of US\$1 each in Shen Gang Limited ("Shen Gang"), representing approximately 34% and 33% 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 40,000 ordinary shares of US\$1 each in Parkwin Global Limited ("Parkwin"), representing approximately 80% of the issued share capital of that company. Parkwin in turn owns 49,312,000 ordinary shares of the Company.

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

Save as disclosed above, none of the directors, the chief executive 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 31 March 2006.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2006, other than the interests of certain directors as disclosed under the section headed "Directors' and chief executives' interests in shares" above, the interests and short positions of persons in 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 is, directly or indirectly, interested in 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 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%

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SUBSTANTIAL SHAREHOLDERS (continued)

Long positions (continued)

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

Notes:

1. Mr. Luk Cheong and Mr. Wang Chun Lin beneficially own 6,800,000 and 6,600,000 ordinary shares of US\$1 each in Shen Gang, representing approximately 34% and 33% 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 40,000 ordinary shares of US\$1 each in Parkwin, representing approximately 80% of the issued share capital of that company. Parkwin in turn owns 49,312,000 ordinary shares of the Company.

Save as disclosed above, as at 31 March 2006, the Directors were not aware of any other person (other than the Directors 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, who is, directly or indirectly, interested in 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.

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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 directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or 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 Directors 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, the management shareholders 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 and any other conflicts of interest which any such person has or may have 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.



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PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the year and up to the date of this report.

AUDIT COMMITTEE

The Company set up an audit committee (the “Committee”) with written terms of reference in compliance with the Rules Governing the Listing of Securities on the Stock Exchange, 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. Wang Tianye, Mr. Li Man Nang and Ms. Fang Tsz Ying. The consolidated financial statements of the Group for the year ended 31 March 2006 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.

CORPORATE GOVERNANCE

With the consent of the Committee, the Board hereby confirms that, in the preparation of the 2006 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.

A report on the principle corporate governance practices adopted by the Company is set out on pages 15 to 21 of the annual report.

AUDITORS

The Company’s financial statements for the years ended 31 March 2004 and 2005 were audited by Messrs. Deloitte Touche Tohmatsu and Baker Tilly Hong Kong Limited respectively.

Baker Tilly Hong Kong Limited resigned as auditors of the Company with effect from 28 February 2006 and HLM & Co were appointed as auditors of the Company to fill the casual vacancy with effect from 28 February 2006.

HLM & Co shall retire and a resolution for their re-appointment 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, 21 July 2006