



EVEREST

INTERNATIONAL INVESTMENTS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 204

INTERIM REPORT 2006



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. Wang Chun Lin

Non-executive Directors

Mr. Luk Cheong

Ms. Wang, Annie

Independent Non-executive Directors

Mr. Li Man Nang

Mr. Wang Tianye

Ms. Fang Tsz Ying

COMPANY SECRETARY

Mr. Yau, Raymond

HKICPA, AICPA, CPA

INVESTMENT MANAGER

Simplex Capital Asia Limited

DIRECTORS OF INVESTMENT MANAGER

Dr. Zhao Bing

Dr. Xia Ying

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

AUDITORS

HLM & Co.

Certified Public Accountants

LEGAL ADVISERS

Hong Kong Law

Li & Partners

Cayman Islands Law

Maples and Calder Asia

PRINCIPAL REGISTRARS

Bank of Butterfield International (Cayman) Ltd.

Butterfield House

Fort Street

P.O. Box 705

George Town

Grand Cayman

Cayman Islands

British West Indies

BRANCH REGISTRARS

Standard Registrars Limited

26/F, Tesbury Centre

28 Queen's Road East

Hong Kong

REGISTERED OFFICE

P. O. Box 309

Ugland House

South Church Street

George Town

Grand Cayman

Cayman Islands

British West Indies

PRINCIPAL PLACE OF BUSINESS

Unit 1306, 13/F, Tower One

Lippo Centre

89 Queensway

Hong Kong

INTERIM RESULTS

The board of Directors (the “Board”) of Everest International Investments Limited (the “Company”) hereby announces that the unaudited consolidated interim results of the Company and its subsidiary (hereinafter the “Group”) for the six months ended 30 September 2006 (The “Period”) together with the comparative figures for the corresponding period in 2005. The unaudited consolidated results have been reviewed by the Company’s audit committee are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended	
		30.9.2006 HK\$'000 (unaudited)	30.9.2005 HK\$'000 (unaudited)
TURNOVER	2	25	16
Unrealised holding gain on financial assets at fair value through profit or loss		<u>6</u>	<u>1</u>
Operating income		31	17
Gain on disposal of available-for-sales financial assets		312	650
Other income	3	516	1
Administrative expenses		<u>(1,979)</u>	<u>(1,751)</u>
Loss from operations		<u>(1,120)</u>	<u>(1,083)</u>
LOSS BEFORE TAXATION	4	(1,120)	(1,083)
Taxation	5	<u>-</u>	<u>-</u>
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS		<u>(1,120)</u>	<u>(1,083)</u>
LOSS PER SHARE – BASIC	7	<u>(0.28 cents)</u>	<u>(0.31 cents)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2006

	Notes	30.9.2006 HK\$'000 (unaudited)	31.3.2006 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		272	162
Available-for-sale financial assets	8	4,629	5,327
Deposits paid for the acquisition of investment in available-for-sale financial assets		9,500	9,500
Long term receivable		92	77
		<u>14,493</u>	<u>15,066</u>
CURRENT ASSETS			
Financial assets at fair value through profit or loss	9	40	34
Other receivables		6,261	6,336
Tax recoverable		–	100
Bank balances and cash		1,501	445
		<u>7,802</u>	<u>6,915</u>
CURRENT LIABILITIES			
Other payables and accrued charges		546	908
		<u>546</u>	<u>908</u>
NET CURRENT ASSETS		<u>7,256</u>	<u>6,007</u>
NET ASSETS		<u>21,749</u>	<u>21,073</u>
CAPITAL AND RESERVES			
Share capital	10	4,208	3,551
Reserves		17,541	17,522
SHAREHOLDERS' FUNDS		<u>21,749</u>	<u>21,073</u>
NET ASSETS PER SHARE	11	<u>HK\$0.05</u>	<u>HK\$0.06</u>

CONDENSED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 September 2006*

	Share capital	Share premium	Investment revaluation reserve	Accumulated losses	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2005	3,551	78,099	(14,211)	(44,738)	22,701
Unrealised gain arising on revaluation of available-for-sale financial assets, representing net gain not recognised in the income statement	–	–	1,282	–	1,282
Gain realized on disposals of available-for-sale financial assets	–	–	(650)	–	(650)
Loss for the period	–	–	–	(1,083)	(1,083)
	<u>3,551</u>	<u>78,099</u>	<u>(13,579)</u>	<u>(45,821)</u>	<u>22,250</u>
At 30 September 2005 (unaudited)	3,551	78,099	(13,579)	(45,821)	22,250
At 31 March 2006 (audited)	3,551	78,099	(14,361)	(46,216)	21,073
Unrealised loss arising on revaluation of available-for-sale financial assets, representing net loss not recognised in the income statement	–	–	(295)	–	(295)
Gain realized on disposals of available-for-sale financial assets	–	–	(312)	–	(312)
Issue of new shares	657	1,843	–	–	2,500
Expenses incurred in connection with issue of new shares	–	(97)	–	–	(97)
Loss for the period	–	–	–	(1,120)	(1,120)
	<u>4,208</u>	<u>79,845</u>	<u>(14,968)</u>	<u>(47,336)</u>	<u>21,749</u>
At 30 September 2006 (unaudited)	4,208	79,845	(14,968)	(47,336)	21,749

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 September 2006*

	Six months ended	
	30.9.2006 HK\$'000 (unaudited)	30.9.2005 HK\$'000 (unaudited)
Net cash (used in)/from operating activities	(1,084)	4,643
Net cash used in investing activities	(263)	(4,456)
Net cash from financing activities	2,403	—
Net increase in cash and cash equivalents	1,056	187
Cash and cash equivalents at 1 April	445	357
Cash and cash equivalents at 30 September representing bank balances	1,501	544

INVESTMENT PORTFOLIO

As at 30 September 2006

	Place of incorporation	Holdings	(Unaudited) Market/Fair value HK\$	% of net assets
LISTED EQUITIES				
Hong Kong				
EcoGreen Fine Chemicals Group Limited	Cayman Islands	26,000	40,300	0.19
Garron International Limited	Cayman Islands	300,000	102,000	0.47
Proactive Technology Holdings Company Limited	Bermuda	1,032,000	46,440	0.21
Sino Prosper Holdings Limited	Cayman Islands	300,000	207,000	0.95
			<u>395,740</u>	<u>1.82</u>
UNLISTED EQUITIES				
China				
Shanghai Health Bio-Pharmaceutical Company Limited	PRC	1,193,139	<u>1,193,139</u>	<u>5.49</u>
BONDS				
Hong Kong				
Amplus International Investments Limited 1% 30/09/2008	Hong Kong	3,080,000	<u>3,080,000</u>	<u>14.16</u>
Total Investments			<u>4,668,879</u>	<u>21.47</u>
Net other assets			<u>17,080,656</u>	<u>78.53</u>
Net assets as at 30 September 2006			<u><u>21,749,535</u></u>	<u><u>100.00</u></u>

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) No. 34: Interim Financial Reporting and other relevant HKASs and Interpretations, the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirement of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies and methods of computation used in the preparation of the interim financial statements are the same as those adopted in preparing the Group’s annual financial statements for the year ended 31 March 2006. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value.

The Group has changed certain of its accounting policies following its adoption of the new/ revised HKFRSs and HKASs which are effective for accounting periods commencing on or after 1 January 2005. From 1 April 2005 onward, the Group has adopted the following new HKFRSs pertinent to its operations. The adoption of the new HKFRSs has no material effect on the Group’s results and financial position for the current or prior periods.

Amendments to	HKAS 1	Presentation of Financial Statements
	HKAS 32	Financial Instruments: Disclosure and Presentation,
	HKAS 39	Financial Instruments: Recognition and Measurement

2. TURNOVER

An analysis of turnover is as follows:

	Six months ended	
	30.9.2006	30.9.2005
	HK\$’000	HK\$’000
Proceeds from sale of investment in financial assets at fair value through profit or loss	–	–
Interest income	25	16
	25	16

No segment information is presented as all of the turnover, contribution to operating results of the Group are attributable to investment activities which are carried out or originated principally in Hong Kong.

3. OTHER INCOME

Other income comprised with the following; (i) written back of over provision on investment management fee of HK\$100,000 in pervious year. (ii) On 19 May 2006, the Company (as "Assignor") had entered into a deed of assignment to assign our long outstanding written-off receivable which are due from two individual debtors in pervious year in an amount of HK\$159,080 and HK\$2,585,716 respectively with C-Map Business Limited (as "Assignee") in consideration of HK\$411,719 in discounting of approximately 85% on the original debt, and (iii) receipt of HK\$4,600 in relation to cash rebate from our service vender.

4. LOSS BEFORE TAXATION

	Six months ended	
	30.9.2006	30.9.2005
	HK\$'000	HK\$'000
Loss before taxation has been arrived at after charging/(crediting):		
Write back of over provision on debt in pervious year	(100)	–
Assignment of debt	(412)	–
Directors' remuneration		
– fees	60	60
– other emoluments	300	300
Retirement benefits scheme contributions	19	23
Other staff costs	294	410
Total staff costs	673	793
Depreciation	89	104
Investment management fee	100	100

5. TAXATION

No provision for Hong Kong profits tax is required since the Group has no assessable profit for the both periods.

6. INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the period under review (2005: Nil).

7. LOSS PER SHARE – BASIC

The calculation of the loss per share is based on the net loss attributable to shareholders for the six months ended 30 September 2006 of approximately HK\$1,120,000 (six months ended 30 September 2005: approximately HK\$1,083,000) and on the weight average number of 399,635,016 (six months ended 30 September 2005: the weighted average number of approximately 355,056,000) shares in issue during the period.

Diluted loss per share is not presented as there are no diluting events during the period.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

	30.9.2006 <i>HK\$'000</i>	31.3.2006 <i>HK\$'000</i>
Listed securities		
– Equity securities listed in Hong Kong	<u>356</u>	<u>974</u>
	<u>356</u>	<u>974</u>
Unlisted securities		
– Equity securities	<u>1,193</u>	<u>1,273</u>
	<u>1,193</u>	<u>1,273</u>
Unlisted convertible bond	<u>3,080</u>	<u>3,080</u>
	<u>4,629</u>	<u>5,327</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.9.2006 <i>HK\$'000</i>	31.3.2006 <i>HK\$'000</i>
Listed securities		
– Equity securities listed in Hong Kong	<u>40</u>	<u>34</u>
	<u>40</u>	<u>34</u>

10. SHARE CAPITAL

	Note	Number of ordinary shares	Nominal Value HK\$'000
Authorised:			
At beginning of Period and at balance sheet date		<u>1,000,000,000</u>	<u>10,000</u>
Issued and fully paid:			
At beginning of Period (audited)		355,056,000	3,551
Issuance of shares	(i)	<u>65,790,000</u>	<u>657</u>
At balance sheet date (unaudited)		<u>420,846,000</u>	<u>4,208</u>

Note:

On 11 May 2006, the Company had entered into a placing agreement with independent investor to place a total of 65,790,000 new shares of the Company at the placing price of HK\$0.038 each. The Placing was completed in May 2006 and generated a total of approximately HK\$2,500,020 before expenses which was mainly used for working capital purpose. Further details of the placing of new shares are set out in the announcement of the Company dated 12 May 2006.

All these shares issued during the Period rank pari passu in all respects with the then existing shares.

II. NET ASSETS PER SHARE

The calculation of the net assets per share is based on the net assets of the Group as at 30 September 2006 of approximately HK\$21,749,000 (31 March 2006: approximately HK\$21,073,000) and 420,846,000 (31 March 2006: 355,056,000) ordinary shares in issue as at that dates.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 2006, the Group recorded a turnover of approximately HK\$25,000, represented a increase of approximately HK\$9,000 when compared with those in the same period last year. The unaudited consolidated net loss attributable to shareholders of the Group for the period was approximately HK\$1,120,000 representing a slightly increase of 3.4% as compared to that of approximately HK\$1,083,000 in the corresponding period of last year. The loss per share of the Company was approximately HK0.28 cents (2005: HK0.31 cents).

The loss incurred by the Group in the financial period under review was primarily due to no disposal on any investment in financial assets at fair value through profit or loss and increase in demolition expense on old office place.

As at 30 September 2006, the total assets of the Group were approximately HK\$22,295,000, of which the non-current portion and the current portion were approximately HK\$14,493,000 and approximately HK\$7,802,000 respectively, the current liabilities was about approximately HK\$546,000; the net assets of the Group amounted to approximately HK\$21,749,000 (31 March 2006: HK\$21,073,000). In terms of liquidity, the current ratio, calculated on the basis of the total current assets over total current liabilities at the period ended date was approximately 14.3 (31 March 2006: 7.62) and the gearing ratio, calculated on the basis of the total liabilities over total shareholders' fund as at 30 September 2006, was approximately 0.025 (31 March 2006: 0.043).

The Group had no material contingent liabilities as of 30 September 2006 (2005: Nil).

The source of funding of the Group is mainly from disposal of available-for-sales financial assets and shareholders' fund. On 11 May 2006, the Company had entered into a placing agreement with independent investor to place a total of 65,790,000 new shares of the Company at the placing price of HK\$0.038 each. The Placing was completed in May 2006 and generated a total of approximately HK\$2,500,020 before expenses which was mainly used for working capital purpose. Further details of the placing of new shares are set out in the announcement of the Company dated 12 May 2006.

OUTLOOKS

The Company was managing a portfolio of diversified unlisted and listed company securities covering a range of industry sectors to achieve risk diversification. The Group is optimistic as to future prospects of these companies in their respective lines of businesses due to the market sentiment will be improved by market speculation on the revaluation of Reminbi would cause huge inflow of fund from foreign investors on local stock and money market as well as with stable money supply from bank, and the Group remains prudent in its scrutiny process, and will continue to identify promising projects to invest in as a result to enhance the shareholder value.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

The Group did not have significant capital commitment nor contingent liabilities as at 30 September 2006.

EMPLOYEES

As at 30 September 2006, the Group has employed 3 employees (2005: 4 employees) and the total remuneration paid to staff was approximately HK\$673,000 (2005: HK\$793,000) during the period under review. The employees were remunerated based on their responsibilities and performance.

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

As at 30 September 2006, the interests and short positions of the directors, the chief executives and their associates of the Company in the shares, underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and the chief executives and their associates of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed issuers (the "Model Code") in the Listing Rules 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	2.9%
Mr. Luk Cheong	Held by controlled corporation (Note 1)	70,568,000	16.8%
Mr. Wang Chun Lin	Held by controlled corporation (Note 1)	70,568,000	16.8%

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.

Save as disclosed above, at no time during the six months ended 30 September 2006 was the Company, its subsidiaries or its associated companies a party to any arrangement to enable the directors or chief executives and their associates of the Company, or their spouses or children under the age of 18, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporation.

Save as disclosed above, none of the directors or the chief executives and their associates of the Company had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within in meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed issuers contained in the Listing Rules as at 30 September 2006.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the period was the Company or its subsidiary a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2006 so far as is known to the Directors, the persons/companies (not being a Director or chief executive and their associates of the Company) who had interests or short positions 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 were as follows:

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 (Note 1)	70,568,000	16.8%
Mr. Wang Chun Lin	Held by controlled corporation (Note 1)	70,568,000	16.8%
Mr. Luk Cheong	Held by controlled corporation (Note 1)	70,568,000	16.8%
Key Mark Investments Limited ("Key Mark")	Beneficial owner (Note 2)	59,176,000	14.1%
Ms. Kwok Kit Ping	Held by controlled corporation (Note 2)	59,176,000	14.1%
Ms. Yang GuoHua	Personal Interest	49,312,000	11.7%
Ms. Oo XiaoMei	Personal Interest	65,790,000	15.6%

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.

Save for the interests disclosed above, the Directors were not aware of any other person being interested in 5% of more 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 as at 30 September 2006.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the period under review, neither the Company nor its subsidiary purchased, redeemed or sold any of the Company's shares during the six months period ended 30 September 2006.

AUDIT COMMITTEE

The Audit Committee, comprises of three independent non-executive directors of the Company, namely Mr. Li Man Nang, Mr. Wang Tianye and Ms. Fang Tsz Ying. The Audit Committee meets with the Group's management regularly to review the accounting principles and practices adopted by the Group, the effectiveness of the internal control systems and the interim and annual reports of the Company. The Audit Committee has reviewed the Group's unaudited interim results for the period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months period ended 30 September 2006, the Company complied with the code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Model Code in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the Period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the Period with the following deviations:

Code Provision A.2.1

Under the code provision A.2.1, the roles and responsibilities between the Chairman and executive director should be separate and should not be performed by the same individual.

Mr. Wang Chun Lin (“Mr. Wang”) is the Chairman of the Company and has also carried out the responsibilities of Executive Director. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board considers that given the nature of the Company is investment holding and all investment decisions are made by the Board. The Directors believe that this board structure can ensure effective flow of information and the business strategies can be fully implemented. The Directors also believe that the Chairman can discharge his responsibilities more efficiently. The Board has full confidence in Mr. Wang, and believes that his appointment to the posts of Chairman and Executive Director of the Company is beneficial to the business prospects of the Company as a whole.

Code Provision A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from the code provision A.4.1. However, all Directors of the Company are subject to retirement by rotation at each annual general meeting under the amended Articles of Association (“AA”) of the Company as approved at Annual General Meeting 2006 of the Company on 8 September 2006. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG code.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, the percentage of the Company’s shares which are in the hands of the public is not less than 25% of the Company’s total number of issued shares.

BOARD OF DIRECTORS

The directors of the Company as at the date of this report are Messrs. Wang Chun Lin being the Executive Director, Messrs. Luk Cheong and Wang Annie being the Non-Executive Directors. Messrs. Li Man Nang, Wang Tianye and Fang Tsz Ying being the Independent Non-Executive Directors.

By Order of the Board
Wang Chun Lin
Chairman

Hong Kong, 18 December 2006