



Concepta Investments Limited  
正奇投資有限公司

Stock code: 1140

INTERIM  
REPORT  
2006



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. ZHANG Zhi Ping

Mr. ZHANG Gaobo

#### Non-executive Director

Mr. LIU Hongru

#### Independent Non-executive Directors

Mr. KWONG Che Keung, Gordon

Prof. HE Jia

Mr. WANG Xiaojun

### QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Ms. WONG Hiu Ling

### INVESTMENT MANAGER

Oriental Patron Fund Management

### LEGAL ADVISERS

*Hong Kong Law*

Chiu & Partners

*Cayman Islands Law*

Maples and Calder Asia

### AUDITORS

RSM Nelson Wheeler

### CUSTODIAN

Standard Chartered Bank

### PRINCIPAL REGISTRARS

Butterfield Fund Services (Cayman) Limited

Butterfield House

68 Fort Street

P.O. Box 705

George Town, Grand Cayman

Cayman Islands

### BRANCH REGISTRARS

Abacus Share Registrars Limited

26/F., Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

### REGISTERED OFFICE

P.O. Box 309GT

Ugland House

South Church Street

George Town

Grand Cayman

Cayman Islands

### PRINCIPAL PLACE OF BUSINESS

27/F, Two Exchange Square

8 Connaught Place

Central

Hong Kong

### PRINCIPAL BANKER

Standard Chartered Bank

The Hongkong and Shanghai Banking Corporation Limited

## MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the “Board”) of Concepta Investments Limited (the “Company”) is pleased to present to the shareholders the interim report and condensed financial statements of the Company for the six months ended 30 September 2006 (the “Period”). The income statement, cash flow statement and statement of changes in equity for the Company for the Period, and the balance sheet as at 30 September 2006 of the Company, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 8 to 18 of this report.

### Business Review and Prospects

For the Period under review, the Hang Seng China Enterprise Index fluctuated between 5,900 and 7,500 points. The Company maintained its core holding in the water, consumption and property sectors.

The gain for the Period of approximately HKD127,843 was mainly attributed to realized and unrealized gain of HKD0.8 million on listed securities investment, interest income of HKD0.6 million and administrative expenses of HKD1.28 million. The realized gain was mainly due to profit taken from equity investment on undervalued China property stocks.

The reason for the Hang Seng China Enterprise Index remained trapped in a trading range during the Period is due to the ongoing tightening campaign in China which had created headwind for China stocks. However, the tightening taken by the central government has so far only been incremental and the Board believes the authorities will stay on the side of being cautious in order to avoid over-tightening which may lead to the resurfacing of deflationary pressures.

Going forward, as stated in the recent 11th Five Year Plan, leaders of the central government has indicated that the main thrust driving the Chinese economy will rely less on the recycling of the massive domestic savings into export and investment led growth and focus more on demand growth from domestic private consumption. This is not surprising as export and fixed investment together comprises about 70% of China's GDP. It is clear that growth in these two areas cannot go on forever. In terms of private consumption, it only amounted to 50% of Chinese GDP in 2005 which is significantly below most other developed economies' 65%. The Board believes there is still undervalued stock with growth potential in the domestic demand and consumption sector. Furthermore, the trend is already evident that Chinese banks are rapidly developing their consumer finance business, be it mortgage lending, car finance or credit card and the Board believes this trend will also present investing opportunities for us in the banking sector.

## **Interim Dividend**

The Board has resolved not to pay any interim dividend for the Period (2005: Nil).

## **Liquidity and Financial Resources**

As at 30 September 2006, the Company had bank balances of HK\$25,026,731 (31 March 2006: HK\$34,768,451). The Board believes that the Company has sufficient financial resources to satisfy its immediate investments and working capital requirements.

The Company had net current assets of HK\$52,536,467 (31 March 2006: HK\$52,405,085) and no borrowings as at 30 September 2006, which positions the Company advantageously to pursue its investment strategies and new investment opportunities.

The gearing ratio, which was calculated on the basis of total liabilities over total shareholders' funds as at 30 September 2006, was 0.01 (31 March 2006: 0.02).

## **Capital Structure**

There has been no change in the Company's capital structure since 31 March 2006.

## **Significant Investments Held**

As at 30 September 2006, the Company held investments in listed shares of HK\$28,028,730 (31 March 2006: HK\$18,579,025) and unlisted securities of HK\$778,000 (31 March 2006: HK\$778,000).

## **Employees and Remuneration Policies**

During the Period, the Company had 3 (2005: 3) employees, including executive directors. Total staff costs for the Period amounted to HK\$457,998 (2005: 457,998). The Company's remuneration policies are in line with the market practice and are determined on the basis of the performance and experience of individual employee.

## **Exposure to Fluctuations in Exchange Rates and Related Hedges**

The Company's assets and liabilities are denominated in Hong Kong Dollars and, therefore, the Company had no significant exposure to foreign exchange fluctuation.

## **Charges on The Company's Assets and Contingent Liabilities**

As at 30 September 2006, there were no charges on the Company's assets and the Company did not have any significant contingent liabilities.

### Purchase, Sale or Redemption of Securities

During the Period, the Company has not purchased, sold or redeemed any of its listed shares.

### Directors' and Chief Executive's Interests and/or Short Positions in Shares

As at 30 September 2006, the interests and short positions of the directors and chief executive of the Company in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 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, pursuant to the Model Code for Securities Transactions by Directors of Listing Company (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

#### Long position:

Name of director	Number of ordinary shares of the Company	Percentage of share holding
	Corporate interests (note)	
Mr. ZHANG Zhi Ping	29,800,000	29.80%
Mr. ZHANG Gaobo	29,800,000	29.80%

#### Note:

These shares are held by Oriental Patron Financial Services Group Limited ("OPFSG"), the entire issued share capital of which is beneficially owned as to 95% by Oriental Patron Holdings Limited and 5% by Eldridge International Limited. The entire issued share capital of Oriental Patron Holdings Limited is beneficially owned by Million West Limited and Best Future International Limited in equal share. The entire issued share capital of Million West Limited is beneficially owned as to 90% by Mr. ZHANG Gaobo and 10% by Mr. ZHANG Zhi Ping. The entire issued share capital of Best Future International Limited is beneficially owned as to 89% by Mr. ZHANG Zhi Ping and 11% by an independent party.

Save as disclosed above, as at 30 September 2006, none of the directors or chief executive had any interests or short positions in the shares of the Company or any of its associated corporation that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified the Company and the Stock Exchange pursuant to the Model Code.

## Directors' Rights To Acquire Shares Or Debentures

Save as disclosed in the paragraph headed "Share Options", at no time during the Period was the Company or its associated corporations a party to any arrangements to enable the directors or chief executive of the Company to acquire any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations.

## Share Options

The Company has a share option scheme under which the directors may, at their discretion, grant options to certain selected classes participants (including, among others, full-time employees) of the Company, to subscribe for shares in the Company, subject to the stipulated terms and conditions. No options has been granted or agreed to be granted during the Period.

Save as disclosed above, none of the Company's directors and chief executive, or their spouse or children under the age of 18, have any rights to subscribe for the securities of the Company, or had exercised any such rights during the Period.

## Substantial Shareholders' Interests and/or Short Positions in Shares

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 30 September 2006, the Company had been notified of the following substantial shareholders' interests or short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executive.

### Long position:

Name of shareholder	Number of ordinary shares of the Company	Percentage of share holding
OPFSGL <i>(note)</i>	29,800,000	29.80%
Oriental Patron Holdings Limited <i>(note)</i>	29,800,000	29.80%
Best Future International Limited <i>(note)</i>	29,800,000	29.80%
Million West Limited <i>(note)</i>	29,800,000	29.80%
Mr. XIAO Wei	16,796,000	16.80%
Mr. WANG Wencang	14,096,000	14.10%
Ms. LI Luo Dan	9,000,000	9.00%
Mr. POON Tak Chun, Paul	9,000,000	9.00%

**Substantial Shareholders' Interests and/or Short Positions in Shares** *(Continued)**Note:*

OPFSGL is a company incorporated in the Cayman Islands, the entire issued share capital of which is beneficially owned as to 95% by Oriental Patron Holdings Limited and 5% by Eldridge International Limited. The entire issued share capital of Oriental Patron Holdings Limited is beneficially owned by Million West Limited and Best Future International Limited in equal share. The entire issued share capital of Million West Limited is beneficially owned as to 90% by Mr. ZHANG Gaobo and 10% by Mr. ZHANG Zhi Ping. The entire issued share capital of Best Future International Limited is beneficially owned as to 89% by Mr. ZHANG Zhi Ping and 11% by an independent party.

By virtue of the SFO, Oriental Patron Holdings Limited, Best Future International Limited and Million West Limited are deemed to be interested in the same 29,800,000 shares held by OPFSGL.

Save as disclosed above, at 30 September 2006, the Company had not been notified by any other person, not being a director or chief executive of the Company, who has interests or short positions in the shares of the Company representing 5% or more of the Company's issued share capital.

**Code on Corporate Governance Practices**

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not, at any time during the Period, in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

**Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

**Audit Committee**

The Company's audit committee, comprising three independent non-executive directors, has reviewed with management the accounting principles and practices adopted by the Company and discussed auditing, internal controls and financial reporting matters including a review of the unaudited condensed financial statements for the Period before recommending them to the Board for approval.

By order of the Board  
**ZHANG Gaobo**  
*Executive Director*

**CONDENSED INCOME STATEMENT**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Note</i>	<b>2006</b>	2005
		<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$</b>	HK\$
			(Restated)
<b>Turnover</b>	3	<b>17,848,243</b>	18,939,578
Cost of financial assets at fair value through profit or loss		<b>(17,420,491)</b>	(18,244,272)
		<b>427,752</b>	695,306
Other income – interest income		<b>589,207</b>	151,723
Net unrealised gain on financial assets at fair value through profit or loss		<b>393,564</b>	6,066,119
Administrative expenses		<b>(1,282,680)</b>	(1,262,528)
<b>Profit before taxation</b>	5	<b>127,843</b>	5,650,620
Taxation	6	–	–
<b>Net profit for the period</b>		<b>127,843</b>	5,650,620
<b>Basic earnings per share</b>	8	<b>0.13 cents</b>	5.65 cents

**CONDENSED BALANCE SHEET**

AT 30 SEPTEMBER 2006

	Note	30 September 2006 (Unaudited) HK\$	31 March 2006 (Audited) HK\$
<b>Non-current assets</b>			
Property, plant and equipment		3,538	7,077
Available-for-sale financial assets	9	778,000	778,000
		<b>781,538</b>	785,077
<b>Current assets</b>			
Financial assets at fair value through profit or loss	10	28,028,730	18,579,025
Prepayments and other receivables		63,914	114,382
Bank balances		25,026,731	34,768,451
		<b>53,119,375</b>	53,461,858
<b>Current liabilities</b>			
Accrued charges		274,568	748,433
Tax payable		308,340	308,340
		<b>582,908</b>	1,056,773
<b>Net current assets</b>		<b>52,536,467</b>	52,405,085
<b>Total assets less current liabilities</b>		<b>53,318,005</b>	53,190,162
<b>Non-current liabilities</b>			
Deferred taxation		835	835
<b>NET ASSETS</b>		<b>53,317,170</b>	53,189,327
<b>Capital and reserves</b>			
Share capital	11	10,000,000	10,000,000
Reserves		43,317,170	43,189,327
<b>SHAREHOLDERS' FUNDS</b>		<b>53,317,170</b>	53,189,327
<b>Net asset value per share</b>	12	<b>0.53</b>	0.53

**CONDENSED STATEMENT OF CHANGES IN EQUITY**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

	(Unaudited)			Total HK\$
	Reserves			
	Share capital HK\$	Share premium HK\$	(Accumulated losses)/ Retained profits HK\$	
At 1 April 2005	10,000,000	36,593,108	(1,278,948)	45,314,160
Net profit for the period	–	–	5,650,620	5,650,620
At 30 September 2005	10,000,000	36,593,108	4,371,672	50,964,780
<b>At 1 April 2006</b>	<b>10,000,000</b>	<b>36,593,108</b>	<b>6,596,219</b>	<b>53,189,327</b>
<b>Net profit for the period</b>	<b>–</b>	<b>–</b>	<b>127,843</b>	<b>127,843</b>
<b>At 30 September 2006</b>	<b>10,000,000</b>	<b>36,593,108</b>	<b>6,724,062</b>	<b>53,317,170</b>

**CONDENSED CASH FLOW STATEMENT**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

	<b>Six months ended 30 September</b>	
	<b>2006</b>	2005
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$</b>	HK\$
Net cash used in operating activities	<b>(10,330,927)</b>	(2,606,466)
Net cash from investing activities	<b>589,207</b>	151,723
Net cash from financing activities	–	–
<b>Net decrease in cash and cash equivalents</b>	<b>(9,741,720)</b>	(2,454,743)
<b>Cash and cash equivalents at 1 April</b>	<b>34,768,451</b>	29,037,553
<b>Cash and cash equivalents at 30 September</b>	<b>25,026,731</b>	26,582,810
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances	<b>25,026,731</b>	26,582,810

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

### 1 **Basis of preparation of financial statements**

The condensed unaudited interim financial statements (“Interim Report”) have been prepared in accordance with applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and compliance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

### 2 **Summary of significant accounting policies**

The Interim Report is prepared under the historical cost convention, as modified by the revaluation of certain investments which are carried at their fair values.

The principal accounting policies used in the preparation of this Interim Report are consistent with those used in the preparation of the annual financial statements for the year ended 31 March 2006.

In the current period, the Company has applied, for the first time, a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA that are effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs did not result in substantial changes to the Company’s accounting policies and amounts reported for the current or prior periods.

The Company has not applied the new HKFRSs that have been issued but are not yet effective. The Company is in the process of making an assessment of what the impact of the new HKFRSs is expected to be in the period of initial application but it is not yet in a position to ascertain how the new HKFRSs may affect the preparation and presentation of the results of operations and financial position of the Company.

### 3 Turnover

The Company is principally engaged in medium to long-term investments in listed and unlisted securities in the Greater China. An analysis of the Company's turnover is as follows:

	<b>2006</b>	2005
	<b>HK\$</b>	HK\$
		(Restated)
Proceeds from sale of financial assets at fair value		
through profit or loss	<b>17,621,156</b>	18,739,658
Dividend income from listed investments	<b>227,087</b>	199,920
	<b>17,848,243</b>	18,939,578

In previous periods, the Company's net gain on disposal of investments in listed equity securities was classified as a component of other income. During the current period, the Company included the proceeds from sale of investments in listed equity securities as a component of the Company's turnover with the corresponding carrying amount of listed equity securities disposed of being reported as cost of sales to better reflect the business nature of the Company and allow a more appropriate presentation of the Company's results. These changes in presentation have been applied retrospectively with comparatives restated as shown in the above and the condensed income statement.

### 4 Segment information

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

## 5 Profit before taxation

Profit before taxation is stated after charging the following:

	<b>Six months ended 30 September</b>	
	<b>2006</b>	2005
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$</b>	<b>HK\$</b>
Contributions to retirement benefits scheme (already included in staff costs)	<b>12,000</b>	12,000
Depreciation	<b>3,539</b>	3,860
Operating lease payments in respect of office premises	<b>54,000</b>	54,000
Staff costs (including directors' emoluments)	<b>457,998</b>	457,998

## 6 Taxation

No provision for Hong Kong profits tax is required since the Company has no assessable profits for the six months ended 30 September 2006 (2005: Nil).

The taxation for the six months ended 30 September 2006 and 30 September 2005 can be reconciled to profit per the income statement as follows:

	<b>Six months ended 30 September</b>	
	<b>2006</b>	2005
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$</b>	<b>HK\$</b>
Profit before taxation	<b>127,843</b>	5,650,620
Tax at Hong Kong profits tax rate of 17.5% (2005: 17.5%)	<b>22,372</b>	988,858
Tax effect of income that is not taxable in determining taxable profit	<b>(142,851)</b>	(61,537)
Tax effect of deferred tax asset not recognised/(Tax effect of utilisation of deferred tax asset not previously recognised)	<b>120,479</b>	(927,321)
Taxation	—	—

**7 Interim Dividend**

The board of directors does not recommend the payment of interim dividend in respect of the six months ended 30 September 2006 (2005: Nil).

**8 Basic earnings per share**

The calculation of basic earnings per share is based on the Company's net profit for the period of HK\$127,843 (2005: Net profit of HK\$5,650,620) divided by the weighted average number of ordinary share outstanding during the period, being 100,000,000 (2005: 100,000,000).

There were no dilutive potential shares during the periods ended 30 September 2006 and 30 September 2005, therefore, no diluted earnings per share has been presented.

**9 Available-for-sale financial assets**

	<b>30 September 2006 (Unaudited) HK\$</b>	31 March 2006 (audited) HK\$
Unlisted equity securities, at cost	<b>853,000</b>	853,000
Less: Provision for impairment losses	<b>(75,000)</b>	(75,000)
	<b>778,000</b>	778,000

**10 Financial assets at fair value through profit or loss**

	<b>30 September 2006 (Unaudited) HK\$</b>	31 March 2006 (audited) HK\$
Equity securities listed in Hong Kong, at fair value	<b>28,028,730</b>	18,579,025

## 11 Share capital

	<b>30 September 2006 (Unaudited) HK\$</b>	31 March 2006 (audited) HK\$
<i>Authorised:</i>		
200,000,000 ordinary shares of HK\$0.10 each	<b>20,000,000</b>	20,000,000
<i>Issued and fully paid:</i>		
100,000,000 ordinary shares of HK\$0.10 each	<b>10,000,000</b>	10,000,000

## 12 Net asset value per share

The net asset value per share is calculated by dividing the net asset value of the Company at 30 September 2006 of HK\$53,317,170 (31 March 2006: HK\$53,189,327) by the number of ordinary shares in issue at that date, being 100,000,000 (31 March 2006: 100,000,000)

## 13 Lease commitments

At 30 September 2006, the total future minimum lease payments under non-cancellable operating leases for the premises are payable as follows:

	<b>30 September 2006 (Unaudited) HK\$</b>	31 March 2006 (audited) HK\$
Within one year	<b>40,500</b>	94,500

**14 Related party transactions**

During the six months ended 30 September 2006, The Company had entered into the following significant related party transactions which, in the opinion of the directors, were carried out on normal commercial terms and in ordinary course of the Company's business:

**(A) Transactions with related companies:**

1. the Company paid rental expense totalling HK\$54,000 (2005: HK\$54,000) for office premises to Oriental Patron Finance Limited ("OPFL"). OPFL is a fellow subsidiary of Oriental Patron Financial Services Group Limited ("OPFSGL"), a substantial shareholder of the Company which had an interest of 29.80% in the share capital of the Company as at 30 September 2006. The directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have beneficial interests in OPFSGL.
2. during the period, investment management fee of HK\$396,285 (2005: HK\$346,804) was paid or payable to Oriental Patron Asia Limited ("OPAL"). OPAL ("Oriental Patron Fund Management", the trade name adopted by OPAL in fund management activities) is the investment manager of the Company and is a wholly owned subsidiary of OPFSGL.
3. the investment management fee were charged in accordance with the agreement with OPAL for investment management services and is calculated at 1.5% per annum on the net asset value of the Company at each preceding month end as defined in the agreement.
4. the Company paid brokerage commission totalling HK\$39,824 (2005: HK\$ 27,346) to Oriental Patron Securities Limited, a wholly owned subsidiary of OPFSGL, for securities services provided. The brokerage commission was charged at 0.25% on transaction value.

14 **Related party transactions** *(Continued)*

(B) **Compensation of key management personnel**

	<b>Six months ended 30 September</b>	
	<b>2006</b>	2005
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$</b>	<b>HK\$</b>
Short-term employee benefits	<b>325,998</b>	258,000

15 **Approval of Interim Report**

The Interim Report was approved by the board of directors on 15 December 2006.