

Interim Report 2007

Concepta

Investments



Concepta Investments Limited

正奇投資有限公司

Stock Code: 1140

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Corporate Information

Board of Directors

Executive Directors

Mr. ZHANG Zhi Ping

Mr. ZHANG Gaobo

Non-executive Directors

Mr. LIU Hongru

Mr. ZHANG Huaqiao

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 Banker

Standard Chartered Bank

Industrial and Commercial Bank of China
(Asia) Limited.

Principal Registrars

Butterfield Fund Services (Cayman) Limited

Butterfield House

68 Fort Street

P.O. Box 705

KY1-1107, Grand Cayman

Cayman Islands

Branch Registrars

Tricor Abacus 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

Stock Code

The Stock Exchange of Hong Kong Limited

Code: 1140

Website

www.concepta.com.hk

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 2007 (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 2007 of the Company, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 12 to 22 of this report.

Business Review and Prospects

The Company reports a profit for the Period of HKD15,046,164 representing approximately 117 times of the corresponding period. The reported profit for the Period was mainly attributed to realized and unrealized gain of approximately HK\$19.3 million on listed securities investment, interest income of approximately HK\$0.3 million less the administrative expenses of approximately HK\$1.5 million.

The investment strategy implemented over the Period was to rebalance the portfolio away from very large concentration in a few positions and redeploy the portfolio toward sectors and situations that offer visible and attractive investment opportunities. As a result, positions in China Bluechemical Ltd., Guangdong Investment Limited and China Southern Airlines Company Limited were progressively reduced to about 8% to 10% of net asset value.

In the Period, new positions were entered mostly in banking, insurance, real estate, energy, telecommunication and infrastructure, while cash balances were reduced to HKD17,596,531 (31 March 2007: HKD30,577,667).

Banks in China enjoy the benefit of a combined rise in loan balances, steady net interest margins, stable credit quality, contribution from fee incomes and profit from securities investments. The negatives of some exposure to mortgage-backed securities in general and sub-prime related vehicles in particular have had some impact on sentiment, though real impact on balance sheet remains contained and the Board believe exposures are under control.

Business Review and Prospects *(Continued)*

Unlike visible current catalysts for banks, a new position in the insurance sector is rather a view on medium term opportunities for the sector, considering short term expectations are already quite stretched while fundamentals do not seem to offer new catalysts. The Company would be happy to accumulate more positions on share price pull back in the future.

Abundant liquidity in the region and attractive funding cost support, besides the long term fundamentals, will continue to support real estate volumes, prices and related share prices. The Company took some positions in the segment though some were exited with profit to rotate to new opportunities.

Energy has been a broad investment case for global investors and China offer quality opportunities. However, the perception that the case is getting crowded and seasonal observation regarding oil prices led the Company to reduce exposure temporarily.

Growing penetration of mobile services in China is well documented. Though valuations have risen substantially, long term growth potential is intact and visibility gives the Company confidence in taking a position at the current stage of the industry developments. The Board does not excessively worry about developments regarding the competitive landscape, though recognize that current valuations suggest that the market is taking the same view.

Investment Prospects

After a strong rise from the lows of mid-August, stock prices started to exhibit a higher volatility. A lot of positive developments have been recognized by investors though the investment case appears particularly solid and will continue to attract more interest from those that are not yet much positioned in China and Hong Kong. The Board is currently more comfortable with financials and related (e.g. real estate) than with energy and materials. The Company prefers to stay away from the pure consumption related stocks, where expectations are stretched and risk on profit margin is a core concern. The Company will continue to seek opportunities in areas with visibility on growth and profitability though the Board believes a valuation discipline could prove to be more rewarding in the coming six months than in the recent past.

Investment Prospects *(Continued)*

Due to the continuous rapid development of the PRC economy in recent years, the income level of PRC nationals increases significantly and accordingly resulting in increasing demand for different choice of investment by the PRC nationals. The significant level of foreign exchange reserve of PRC also provided a background for making investments outside PRC for its nationals.

According to the Trial Scheme promulgated by the SAFE on 20 August 2007, PRC nationals are allowed to make direct investment in Hong Kong listed securities with their self-owned foreign currencies or RMB at a designated city on a trial basis. The Trial Scheme would facilitate PRC nationals to invest outside PRC in an orderly fashion and gain experience in risk prevention and management. The relaxation of foreign exchange control over direct investment by PRC national outside PRC also facilitates PRC nationals to make use of the international financial market to diversify their investment risk, enhance its portfolio mix and its risk-adjusted return.

In view of the above, the Board envisages the Trial Scheme will gradually be implemented on a nation wide basis and a variety of institutions and companies will directly or indirectly benefit from the Trial Scheme accordingly. With the recent highly liquid and buoyant markets, on 7 September 2007 the Company had entered into a placing agreement with Oriental Patron Asia Limited ("OPAL") under which OPAL has placed 600,000,000 new shares (attached with one warrant for every five shares issued thereof) at an issue price of HK\$1.20 per share. The share placement of 600,000,000 new shares was completed on 15 November 2007 and raised net proceeds of approximately HK\$700 million to capture such investment opportunities.

The Board envisages that many of such investment opportunities will arise from unlisted equities or equities linked investments and the depending on the market and economic conditions prevailing from time to time, the Company's investment distribution will gradually shift to include higher position in unlisted investments.

The Company signed an agreement with Guotai Junan Financial Holdings Limited, a wholly owned subsidiary of Guotai Junan Securities Company Limited, to establish a joint venture fund management company in Hong Kong. Guotai Junan Securities Company Limited is a leading PRC securities company.

The main mission of the Company is to act as a facilitator of outbound Chinese investments as well as inbound foreign investments into China.

Interim Dividend

The Board has resolved not to pay any interim dividend for the Period (2006: Nil).

Liquidity and Financial Resources

As at 30 September 2007, the Company had bank balances of HK\$17,596,531 (31 March 2007: HK\$30,577,667). 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\$70,508,577 (31 March 2007: HK\$60,462,413) and no borrowings as at 30 September 2007, 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 equity as at 30 September 2007, was 0.05 (31 March 2007: 0.03).

Capital Structure

During the Period there has been no change in the Company's capital structure. For information in relation to issue of new shares subsequent to 30 September 2007, please refer to note 15(B) to the financial statements under the paragraph headed "Subsequent Events".

Significant Investments Held

As at 30 September 2007, the Company held investments in listed securities of HK\$56,405,490 (31 March 2007: HK\$31,524,670) and unlisted securities of HK\$778,000 (31 March 2007: HK\$778,000).

Employees and Remuneration Policies

During the Period, the Company had 3 (2006: 3) employees, including executive directors. Total staff costs for the Period amounted to HK\$457,998 (2006: 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 2007, 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 and Underlying Shares

As at 30 September 2007, the interests and short positions of the directors and chief executive of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company 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 as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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") were as follows:

Long position in shares and underlying shares of the Company:

Name of director	Capacity in which interests are held (note 1)	Number of ordinary shares / underlying shares held in the Company							Percentage of the enlarged issued share capital (note 2)
		As at 30 September 2007			Upon completion of the placing				
		Interests in shares (note 1)	Interests under equity derivatives	Total Interests	Interests the issued share capital (note 2)	Interests in shares (note 1)	Interests under equity derivatives (note 1)	Total Interests	
Mr. ZHANG Zhi Ping	Interest of controlled corporation	629,800,000	-	629,800,000	629.80%	359,800,000	66,000,000	425,800,000	60.83%
Mr. ZHANG Gaobo	Interest of controlled corporation	629,800,000	-	629,800,000	629.80%	359,800,000	66,000,000	425,800,000	60.83%

Directors' and Chief Executive's Interests and/or Short Positions in Shares and Underlying Shares *(Continued)*

Notes:

- 29,800,000 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.

600,000,000 shares are attributable to the placing shares (the "Placing Shares") of the Company agreed to be underwritten by Oriental Patron Asia Limited ("OPAL"), a wholly owned subsidiary of OPFSG, under a placing agreement dated on 7 September 2007 ("Placing Agreement"). In addition, it has been agreed that of the 600,000,000 Placing Shares, 330,000,000 shares be placed to Ottness Investments Limited, an investment holding company incorporated in the British Virgin Islands and whose entire issued share capital is beneficially owned in equal shares by Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo. The placing was completed on 15 November 2007 and the interest of OPAL in the Company ceased and 330,000,000 shares were placed to Ottness Investments Limited accordingly.

On the basis of every one unlisted warrant for every five Placing Shares, Ottness Investments Limited also has interest in 66,000,000 units of unlisted warrants giving rise to an interest in 66,000,000 underlying shares. Detailed information on the unlisted warrants can be referred to the circular of the Company dated on 22 October 2007.

- The percentage of shareholdings in the 6th column are calculated on the basis of 100,000,000 shares in issue as at 30 September 2007.

The percentage of shareholdings in the 10th column are calculated on the basis of 700,000,000 shares, comprising 100,000,000 shares in issue as at 30 September 2007 and 600,000,000 Placing Shares.

Save as disclosed above, as at 30 September 2007, none of the directors nor the chief executive of the Company had registered any interest or short positions in the shares and underlying shares of the Company or any of its associated corporations 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

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.

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 and Underlying Shares

As at 30 September 2007, the following substantial shareholders' interests or short positions, being 5% or more of the Company's issued share capital were recorded in the register of substantial shareholders maintained under section 336 of the SFO.

Long position in shares and underlying shares of the Company:

Name of shareholders	Capacity in which interests are held	Number of ordinary shares / underlying shares held in the Company							
		As at 30 September 2007			Upon completion of the placing				
		Interests in shares	Interests under equity derivatives	Total Interests	Percentage of the issued share capital (note 2)	Interests in shares	Interests under equity derivatives	Total Interests	Percentage of the enlarged issued share capital (note 2)
OPFSGI (note 1)	Beneficial owner	629,800,000	-	629,800,000	629.80%	29,800,000	-	29,800,000	4.26%
Oriental Patron Holdings Limited (note 1)	Interest of controlled corporation	629,800,000	-	629,800,000	629.80%	29,800,000	-	29,800,000	4.26%
Best Future International Limited (note 1)	Interest of controlled corporation	629,800,000	-	629,800,000	629.80%	29,800,000	-	29,800,000	4.26%
Million West Limited (note 1)	Interest of controlled corporation	629,800,000	-	629,800,000	629.80%	29,800,000	-	29,800,000	4.26%
OPAL (note 1)	Beneficial owner	600,000,000	-	600,000,000	600.00%	-	-	-	-
Ottness Investments Limited (note 1)	Beneficial owner	330,000,000	-	330,000,000	330.00%	330,000,000	66,000,000	396,000,000	56.57%
Mr. XIAO Wei	Beneficial owner	16,796,000	-	16,796,000	16.80%	16,796,000	-	16,796,000	2.40%
Mr. WANG Wencang	Beneficial owner	14,096,000	-	14,096,000	14.10%	14,096,000	-	14,096,000	2.01%
Ms. LI Luo Dan	Beneficial owner	9,000,000	-	9,000,000	9.00%	9,000,000	-	9,000,000	1.29%
Mr. POON Tak Chun, Paul	Beneficial owner	9,000,000	-	9,000,000	9.00%	9,000,000	-	9,000,000	1.29%

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

Notes:

1. 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 629,800,000 shares held by OPFSGL.

The extent of interest is based on the maximum number of 600,000,000 Placing Shares which OPAL was obliged to take up in performance of its obligation under the Placing Agreement entered into between the Company and OPAL on 7 September 2007. In addition, it has been agreed that of the 600,000,000 Placing Shares, 330,000,000 shares be placed to Ottness Investments Limited, an investment holding company incorporated in the British Virgin Islands and whose entire issued share capital is beneficially owned in equal shares by Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo. The placing was completed on 15 November 2007 and the interest of OPAL in the Company ceased and 330,000,000 shares were placed to Ottness Investments Limited accordingly.

On the basis of every one unlisted warrant for every five Placing Shares, Ottness Investments Limited also has interest in 66,000,000 units of unlisted warrants giving rise to an interest in 66,000,000 underlying shares. Detailed information on the unlisted warrants can be referred to the circular of the Company dated on 22 October 2007.

2. The percentage of shareholdings in the 6th column are calculated on the basis of 100,000,000 shares in issue as at 30 September 2007.

The percentage of shareholdings in the 10th column are calculated on the basis of 700,000,000 shares, comprising 100,000,000 shares in issue as at 30 September 2007 and 600,000,000 Placing Shares.

Save as disclosed above, at 30 September 2007, no person or corporation, other than directors or chief executive of the Company, whose interests or short positions are set out in the section "Directors' and Chief Executive's Interests and/or Short Positions in Shares and Underlying Shares" above, had registered an interest or short position in the shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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

Hong Kong SAR, 11 December 2007

Condensed Income Statement

For the six months ended 30 September 2007

		Six months ended	
		30 September	
		2007	2006
		(Unaudited)	(Unaudited)
	<i>Note</i>	HK\$	HK\$
Turnover	3	37,973,386	17,848,243
Cost of financial assets at fair value through profit or loss		(32,491,758)	(17,420,491)
Gross profit		5,481,628	427,752
Other income – interest income		322,714	589,207
Net unrealised gain on financial assets at fair value through profit or loss		13,784,061	393,564
Administrative expenses		(1,496,650)	(1,282,680)
Profit before tax		18,091,753	127,843
Income tax	5	(3,045,589)	–
Profit for the period	6	15,046,164	127,843
Basic earnings per share	8	15.05 cents	0.13 cents

Condensed Balance Sheet

At 30 September 2007

	<i>Note</i>	30 September 2007 (Unaudited) HK\$	31 March 2007 (Audited) HK\$
Non-current assets			
Available-for-sale financial assets	9	778,000	778,000
<hr style="border-top: 1px dashed black;"/>			
Current assets			
Financial assets at fair value through profit or loss	10	56,405,490	31,524,670
Prepayments and other receivables		50,182	138,498
Bank balances		17,596,531	30,577,667
		74,052,203	62,240,835
<hr style="border-top: 1px dashed black;"/>			
Current liabilities			
Accrued charges		388,590	1,345,353
Tax payable		3,155,036	433,069
		3,543,626	1,778,422
<hr style="border-top: 1px dashed black;"/>			
Net current assets		70,508,577	60,462,413
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NET ASSETS		71,286,577	61,240,413
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Capital and reserves			
Share capital	11	10,000,000	10,000,000
Reserves			
Final dividend proposed		–	5,000,000
Others		61,286,577	46,240,413
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TOTAL EQUITY		71,286,577	61,240,413
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Net asset value per share	12	0.71	0.61
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Condensed Statement of Changes in Equity

For the six months ended 30 September 2007

	(Unaudited)				
	Share capital HK\$	Share premium HK\$	Retained profits HK\$	Reserves	
				Final dividend proposed HK\$	Total HK\$
At 1 April 2006	10,000,000	36,593,108	6,596,219	–	53,189,327
Profit for the period	–	–	127,843	–	127,843
At 30 September 2006	10,000,000	36,593,108	6,724,062	–	53,317,170
At 1 April 2007	10,000,000	36,593,108	9,647,305	5,000,000	61,240,413
Profit for the period	–	–	15,046,164	–	15,046,164
Final dividend paid for 2007	–	–	–	(5,000,000)	(5,000,000)
At 30 September 2007	10,000,000	36,593,108	24,693,469	–	71,286,577

Condensed Cash Flow Statement

For the six months ended 30 September 2007

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Net cash used in operating activities	(8,303,850)	(10,330,927)
Net cash generated from investing activities	322,714	589,207
Net cash used in financing activities	(5,000,000)	–
Net decrease in cash and cash equivalents	(12,981,136)	(9,741,720)
Cash and cash equivalents at 1 April	30,577,667	34,768,451
Cash and cash equivalents at 30 September	17,596,531	25,026,731
Analysis of the balances of cash and cash equivalents		
Bank balances	17,596,531	25,026,731

Notes to the Condensed Financial Statements

For the six months ended 30 September 2007

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 2007.

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 January 2007. 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 application of these new HKFRSs will not have material impact on the financial statements 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:

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Proceeds from sale of financial assets at fair value through profit or loss	37,607,715	17,621,156
Dividend income from listed investments	365,671	227,087
	37,973,386	17,848,243

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 Income tax

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Current – Hong Kong Profits Tax		
Provision for the period	3,045,589	–

Hong Kong Profits Tax has been provided at a rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period.

5 Income tax (Continued)

The income tax for the six months ended 30 September 2007 and 30 September 2006 can be reconciled to profit per the income statement as follows:

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Profit before tax	18,091,753	127,843
Tax at Hong Kong Profits Tax rate of 17.5% (2006: 17.5%)	3,166,057	22,372
Tax effect of income that is not taxable	(120,468)	(142,851)
Tax effect of deferred tax asset not recognised	–	120,479
Income tax	3,045,589	–

6 Profit for the period

The Company's profit for the period is stated after charging the following:

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Contributions to retirement benefits scheme (already included in staff costs)	12,000	12,000
Depreciation	–	3,539
Operating lease payments in respect of office premises	54,000	54,000
Staff costs (including directors' emoluments)	457,998	457,998

7 Interim dividend

The board of directors has resolved not to pay an interim dividend in respect of the six months ended 30 September 2007 (2006: Nil).

8 Basic earnings per share

The calculation of basic earnings per share is based on the Company's profit for the period of HK\$15,046,164 (2006: profit of HK\$127,843) divided by the weighted average number of ordinary share outstanding during the period, being 100,000,000 (2006: 100,000,000).

There were no dilutive potential shares during the periods ended 30 September 2007 and 30 September 2006. Accordingly, no diluted earnings per share has been presented.

9 Available-for-sale financial assets

	30 September 2007 (Unaudited) HK\$	31 March 2007 (Audited) HK\$
Unlisted equity securities, at cost	853,000	853,000
Less: Impairment losses	(75,000)	(75,000)
	778,000	778,000

10 Financial assets at fair value through profit or loss

	30 September 2007 (Unaudited) HK\$	31 March 2007 (Audited) HK\$
Equity securities listed in Hong Kong, at fair value	56,405,490	31,524,670

11 Share capital

	30 September 2007 (Unaudited) HK\$	31 March 2007 (Audited) HK\$
<i>Authorised:</i>		
200,000,000 ordinary shares of HK\$0.10 each	20,000,000	20,000,000
<i>Issued and fully paid:</i>		
100,000,000 ordinary shares of HK\$0.10 each	10,000,000	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 2007 of HK\$71,286,577 (31 March 2007: HK\$61,240,413) by the number of ordinary shares in issue at that date, being 100,000,000 (31 March 2007: 100,000,000)

13 Lease commitments

At 30 September 2007, the total future minimum lease payments under non-cancellable operating leases for the premises are payable as follows:

	30 September 2007 (Unaudited) HK\$	31 March 2007 (Audited) HK\$
Within one year	63,000	117,000

14 Related party transactions

During the six months ended 30 September 2007, 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 (2006: 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 629.80% in the share capital of the Company as at 30 September 2007. The directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have beneficial interests in OPFSGL.
2. during the period, investment management fee of HK\$513,183 (2006: HK\$396,285) 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\$149,645 (2006: HK\$ 39,824) to Oriental Patron Securities Limited, a wholly owned subsidiary of OPFSGL, for securities services provided.

(B) Compensation of key management personnel:

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Salaries and other short-term employee benefits	319,998	319,998
Employer's contribution to retirement benefits scheme	6,000	6,000
	325,998	325,998

15 Subsequent Events

The following events took place after the balance sheet date:

- (A) Pursuant to an ordinary resolution duly passed in an extraordinary general meeting held on 7 November 2007 (the "First EGM"), the authorised share capital of the Company was increased from HK\$20,000,000 divided into 200,000,000 ordinary shares of par value of HK\$0.10 each (each a "Share" and together the "Shares") to HK\$200,000,000 divided into 2,000,000,000 Shares by the creation of an additional 1,800,000,000 Shares.
- (B) As fully detailed in the Company's circular dated 22 October 2007 and a placing agreement dated 7 September 2007 made between the Company as issuer and OPAL as placing agent respectively in respect of the placing (the "Placing") of an aggregate of 600,000,000 Shares (the "Placing Shares") at the issue price of HK\$1.20 per Placing Shares and the issue of unlisted warrants (the "Warrants") on the basis of one Warrant for every five Placing Shares at an initial subscription price of HK\$1.20 per Share were approved by the independent shareholders at the First EGM. The Placing was completed on 15 November 2007. More details of the results of the Placing can be referred to the announcement of the Company dated on 15 November 2007.
- (C) Pursuant to a special resolution duly passed at the extraordinary general meeting held on 15 November 2007, the name of the Company will be changed to "OP Financial Investments Limited" and the Chinese name "東英金融投資有限公司" will be adopted for identification purpose only upon the new name of the Company is registered by the Registrars of Companies in the Cayman Islands. Further announcement will be made by the Company when the new name has become effective.

16 Approval of Interim Report

The Interim Report was approved by the board of directors on 11 December 2007.