



CONCEPTA INVESTMENTS LIMITED

正奇投資有限公司*

(Incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2003

RESULTS

The Board of Directors ("Board") of Concepta Investments Limited (the "Company") is pleased to announce the unaudited condensed results of the Company for the six months ended 30th September 2003 as follows.

CONDENSED INCOME STATEMENT

For the six months ended 30th September 2003

| | <i>Note</i> | Six months ended 30th September 2003 (Unaudited) HKD |
|--|-------------|---|
| Turnover | | 527,577 |
| Net gain on disposal of listed investment in securities | 3 | 7,757,611 |
| Net unrealised holding gain on listed investment in securities | | 10,336,999 |
| Interest income | | 140,042 |
| Administrative expenses | | <u>(2,962,988)</u> |
| Profit from operations | 4 | 15,799,241 |
| Finance cost | | (57) |
| Profit before taxation | | 15,799,184 |
| Taxation | 5 | <u>(2,585,527)</u> |
| Net profit attributable to shareholders | | <u>13,213,657</u> |
| Earnings per share – Basic | 6 | <u>13.21cents</u> |
| Interim dividend | | <u>–</u> |

Notes:

1 Basis of preparation of financial statements

The Company is an investment company incorporated with limited liability as an exempted company in the Cayman Islands on 26th July 2002. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 20th March 2003.

The condensed unaudited interim financial statements have been prepared in accordance with Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange and compliance with Statement of Standard Accounting Practice ("SSAP") 25, "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

The Company had not commenced operation or business for the period from 26th July 2002 (date of incorporation) to 30th September 2002 (the corresponding interim period of the Company in 2002), the provision of comparative figures will not be meaningful. Therefore, no comparative figures have been presented for the condensed income statement, condensed statement of changes in equity and condensed cash flow statement.

2 Principal accounting policies

The condensed unaudited interim financial statements have been prepared under the historical cost convention, except that, as disclosed below, certain investment in securities are stated at fair value.

The principal accounting policies adopted are consistent with those in the Company's most recent published audited financial statements for the period from 26th July 2002 (date of incorporation) to 31st March 2003, except the accounting policies stated below:

Investment in securities

Investment in securities are recognised on a trade date basis and are initially measured at cost.

Investment securities which represent securities held for strategic purpose, are stated at cost less impairment losses, if any. The carrying amount of individual investment securities are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amount. When a decline other than temporary has occurred, the carrying amount of such investment securities is reduced to its fair value. The amount of the reduction is recognised as an expense in the income statement. This impairment loss is written back to income statement when the circumstances and events that led to the write-down or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Other investments are carried at fair value. At each balance sheet date the net unrealised gains and losses arising from the changes in fair value of other investments are recognised in the income statement. Profits or losses on disposal of other investments representing the difference between the net sales proceeds and the carrying amounts are recognised in the income statement as they arise.

Taxation

In the current period, the Company has adopted, for the first time, the revised SSAP 12. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous period, partial provision was made for deferred tax using the income statement liability method in which liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. This change in accounting policy has not had any material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

3 Turnover, revenue and segment information

The Company is principally engaged in investment in listed and unlisted companies in the Greater China. Turnover represented dividend received during the period.

No business or geographical analysis of the Company's performance for the period is provided as all of the turnover and contribution to operating results of the Company are attributable to investment in equity securities listed in Hong Kong.

4 Profit from operations

Profit from operations is stated after charging the following:

| | Six months ended 30th September 2003 (Unaudited) HKD |
|---|---|
| Contributions to retirement benefits scheme (already included in staff costs) | 6,500 |
| Depreciation | 20,760 |
| Operating lease payments in respect of office premises | 54,000 |
| Staff costs (including directors' emoluments) | <u>294,887</u> |

5 Taxation

The amount of taxation charged to the condensed income statement represents:

| | Six months ended 30th September 2003 (Unaudited) HKD |
|--|---|
| Hong Kong profits tax | |
| – current | 776,552 |
| – deferred taxation relating to origination of temporary differences | <u>1,808,975</u> |
| Taxation charge | <u>2,585,527</u> |

Hong Kong profits tax is provided at 17.5% based on the estimated assessable profit for the period.

Deferred tax is provided for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profits.

6 Earnings per share

The calculation of earning per share is based on the Company's net profit attributable to the shareholders of HKD13,213,657 divided by the weighted average number of ordinary share outstanding during the period, being 100,000,000.

There were no dilutive potential shares during the period ended, therefore, no diluted earnings per share has been presented.

INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend for the six months ended 30th September 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

During the six months ended 30th September 2003, the net asset value of the Company has increased by 28.5%. The stocks that benefited from outsourcing trend and low cost in China offered tremendous opportunities. The Company invested in, among others, Lee and Man Holding Limited (“Lee & Man”) and Suncorp Technologies Limited (“Suncorp”) for low valuation and growth prospects. Lee and Man is a company with global market share, sound customer profile, strong financials and the platform to develop its own brands while Suncorp is a key player (number one in United Kingdom and number three in Europe) in Europe producing DECT phone. The Company are constantly looking for stocks with reasonable mix of yield and growth that protect the downside risks and offer potential upsides, especially those of leading position in the market segments concerned.

Besides, the Company invested in potential future stars. China Data Broadcasting Holdings Limited (“China Data”) is one of them. China Data, back up by its major shareholder Apex Digital, Inc., possesses the comparative advantages: (1) low production cost in China; (2) strong logistics and distribution networks in USA and Europe; (3) research & development from top-tier companies in Silicon Valley. It could be the future winner as we are stepping from an analog world to digital one.

Another major segment the Company invested in is H shares. The growth in China drives commodity price up. This is particularly true for steel, copper and aluminium. The Company have invested in the related stocks including Aluminum Corporation of China Limited, Maanshan Iron & Steel Company Limited, Chongqing Iron & Steel Company Limited and Angang New Steel Company Limited. The Company will continue monitoring the supply and demand situation and China’s government policy that may affect the growth of stocks concerned.

The Company believe that H shares will still offer opportunities. H shares have already gone through PE expansion stage in the previous year. Looking forward, the stocks that deliver earning growth should continue their out-performances in 2004. In the coming months, the second semi-annual results of 2003 for most of the H shares should be good given the favourable macro-environment in China. In addition, the first six months results of 2004 should also be a fruitful horizon because earning growth is boosted by the low base of the SARS affected period in 2003.

Liquidity and Financial Resources

As at 30th September 2003, the Company had bank balances of HKD34,832,048 (31st March 2003: HKD46,288,698). As all the cash was placed in Hong Kong Dollars short-term deposits with major banks in Hong Kong, exposure to exchange fluctuation is considered minimal. 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 HKD61,169,955 (31st March 2003: HKD46,201,564) and no borrowings as at 30th September 2003, 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 30th September 2003, was 0.126 (31st March 2003: 0.003).

Capital Structure

There has been no change in the Company’s capital structure since 31st March 2003.

Employees

As at 30th September 2003, the Company had 6 (31st March 2003: 5) employees, including executive and non-executive directors of the Company. Total staff costs for the interim period amounted to HKD294,887. 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 employees.

Charges on the Company’s Assets and Contingent Liabilities

As at 30th September 2003, 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 six months ended 30th September 2003, the Company has not purchased, sold or redeemed any of its shares.

Share Options

The Company has a share option scheme (the "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 six months ended 30th September 2003.

Save as disclosed above, none of the Company's directors and chief executives, 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 six months ended 30th September 2003.

Further details of the Scheme were disclosed in the Company's 2003 Annual Report.

Compliance with the Code of Best Practice

None of the directors of the Company is aware of any information which would indicate that the Company is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange at any time during the six months ended 30th September 2003.

Audit Committee

The Company's audit committee, comprising two 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 six months ended 30th September 2003.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

All the information required by 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange will be published on the Stock Exchange's website in due course.

By Order of the Board
ZHANG Gaobo
Executive Director

Hong Kong SAR, 18th December, 2003

** For identification purposes only*

Please also refer to the published version of this announcement in The Standard dated on 19-12-2003.