

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 2005 (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 2005 of the Company, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 9 to 20 of this report.

Business Review and Prospects

For the Period under review, the fluctuation of Hang Sang China Enterprises Index fluctuated between 4,485 and 5,542 points. The Company maintained a defensive strategy of buying undervalued stocks. The Board believes the slump of China property sector led by China’s central government austerity measures had made different impact on different regions and some of the China property developers were undervalued after the market correction.

The gain for the Period of approximately HKD5.65 million was mainly attributable to unrealised gain of HKD6 million on listed securities investment and administrative expenses of HKD1.26 million. The unrealised gain was mainly resulted from equity investment on the undervalued China property stocks and small caps.

In the first three quarters of 2005, approximately HK\$183 billion was raised from IPOs, placements, right issues, warrant issuance, etc. Part of the equity market liquidity has been and might continue to be absorbed by these fund raising activities for the coming two quarters. Existing market might turn more volatile in the coming two quarters than the previous two. While the future liquidity flow on the back of rising interest rate and ongoing speculation about the looming Renminbi revaluation is unclear, the Board will continue to adopt a defensive strategy.

For the near future, the Board believes steel sectors will continue downward earning revisions. With the growing wealth level of China consumers, attention shall be paid on the growth side of the related stocks. The Board believes there are still undervalued growth stocks in the China consumer sector. While the earning visibility remains low, the Board remains defensive and looks for opportunities to add more positions in sectors such as infrastructure, utility, consumer etc. of China.

Interim Dividend

The Board has resolved not to pay any interim dividend for the Period (2004: Nil).

Liquidity and Financial Resources

As at 30 September 2005, the Company had bank balances of HK\$26,582,810 (31 March 2005: HK\$29,037,553). 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\$50,177,928 (31 March 2005: HK\$44,523,448) and no borrowings as at 30 September 2005, 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 2005, was 0.005 (31 March 2005: 0.06).

Capital Structure

There has been no change in the Company's capital structure since 31 March 2005.

Significant Investments Held

As at 30 September 2005, the Company held investments in listed shares of HK\$23,817,500 (31 March 2005: HK\$18,087,200) and unlisted securities of HK\$778,000 (31 March 2005: HK\$778,000).

Employees and Remuneration Policies

During the Period, the Company had 3 (2004: 3) employees, including executive directors. Total staff costs for the Period amounted to HK\$457,998 (2004: 417,570). 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 2005, 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 in Shares

As at 30 September 2005, the interests 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")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

Long position in shares of the Company

Name of director	Number of ordinary shares of the Company Corporate interests (note)	Percentage of share holding
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, none of the directors, chief executive or their associates had any personal, family, corporate or other interests in the shares of the Company or any of its associated corporations as defined in the SFO.

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

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 30 September 2005, 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 in shares of the Company

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 (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 2005, 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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("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 six months ended 30 September 2005 before recommending them to the Board for approval.

Remuneration Committee

A remuneration committee was established by the Company on 28 April 2005, in accordance with the requirement of the Code on Corporate Governance Practices. The remuneration committee, comprising three independent non-executive directors, which meets at least every six months. The principal responsibilities of the remuneration committee include formulating, reviewing and considering the remuneration policy and proposal prepared by the management of the Company and/or the remuneration arrangement implemented by the Company.

By order of the Board

ZHANG Gaobo

Executive Director

Hong Kong SAR, 22 December 2005