

MANAGEMENT STATEMENT

On behalf of the board of directors (the "Board"), I would like to present to the shareholders the first annual report of Concepta Investments Limited (the "Company") for the period from 26th July 2002 (date of incorporation) to 31st March 2003 (the "Period").

INITIAL PUBLIC OFFERING AND PLACING

The Company is an investment company incorporated with limited liability as an exempted company in the Cayman Islands on 26th July 2002.

During the Period, the Company issued 25,000,000 new shares to Oriental Patron Financial Services Group Limited, the substantial shareholder of the Company (as defined in the Listing Rules) at an issue price of HKD0.50 per share. In addition, in connection with the Company's initial public offering, the Company offered a further 75,000,000 new shares at an issue price of HKD0.50 per share by way of placing and public offer. The shares of the Company were listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20th March 2003. The net proceeds raised via the Company's initial public offering were approximately HKD34 million.

RESULTS OF OPERATION

The Company had not commenced business since its public listing.

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Company had no borrowing and no credit facilities obtained from financial institutions. As at 31st March 2003, the Company had bank balances of 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 future investments and working capital requirements.

The Company had net current assets of HKD46,201,564 and no borrowings or long-term liabilities as at 31st March 2003, which positions the Company advantageously to pursue its investment strategies and new investment opportunities.

EMPLOYEES

During the Period, the Company did not employ any employees other than the directors of the Company. Total staff costs for the Period amounted to HKD86,000. 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.

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CHARGES ON THE COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 31st March 2003, there were no charges on the Company's assets and the Company did not have any significant contingent liabilities.

PROSPECTS

The world economy is not showing any signs of recovery in 2003 and the corporate profitability is unlikely to be greatly improved. Fortunately, we are located in Hong Kong, the international financial hub of the Greater China. While the Hong Kong's economy is yet to revive, international investors can through Hong Kong's capital market take advantage of the booming PRC economy.

We consider there are plenty of investment opportunities in the Greater China, particularly, in:

1. small-sized private companies with great potential growth;
2. companies of strong growth potential, but their share prices are not performing well for they are not known to international investors due to their small size or short listing period;
3. companies that are hindered by poor corporate governance, but with room for improvements; and
4. companies whose share prices are suppressed for some reasons.

Picking the right investment is of utmost importance among the above opportunities. With the extensive experience and market insights of our management, we can assist the targeted companies to improve their management and their relationship with investors. We believe the Company can bring attractive return for investors.

APPRECIATION

On behalf of the Board, I would like to thank all our shareholders for their continued trust and support and the investment manager for their dedicated efforts.

ZHANG Gaobo

Executive Director

Hong Kong SAR, 17th July 2003