

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	
	<i>(note)</i>	
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