NEW CAPITAL INTERNATIONAL INVESTMENT LIMITED

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1062)

2005 INTERIM RESULTS

RESULTS

The loss of New Capital International Investment Limited (the "Company" or "New Capital") and its subsidiaries ("the Group") for the first half of 2005 was HK$5,896,648 compared to the profit of HK$7,006,369 for the same period in 2004.

REVIEW OF THE PERIOD

China saw a rapid economic growth registering a value-added industrial output totaled RMB3,227 billion in the first six months of 2005, up 16.4% yoy. China's GDP increased by 9.5% yoy in the first half year of 2005 to RMB6,742 billion. During the first half year of 2005, Fixed Asset Investment in Beijing reached RMB97.7 billion, up 14.4% yoy. Real estate investment which accounted for 54.2% of Fixed Asset Investment totaled RMB53 billion during the period, up 8.1% yoy. Over the same period, new building starts totaled 8.9 million sq m, down 23% yoy, of which new residential buildings amounted to 5.9 million sq m, down 31.7% yoy. This slowdown highlights the effects of the government's new tighter financing policies and other property related regulations.

Being attracted by the high return and strong market momentum, an increasing number of foreigners and overseas Chinese were buying residential properties in Beijing for investment and self-occupation purposes. The newly released regulation, which became effective 1 June, requires residential property owners pay a 5% business tax on the total price of the property that have been held for less than two years. As a result, some landlords have changed their investment strategy, from a short-term hold-and-sell strategy to a mid-term renting strategy. Nevertheless, it appears that Beijing has not been as affected by the policy as other cities like Shanghai, since the market is mainly driven by owner-occupier purchases.

REVIEW OF THE EXISTING PORTFOLIO

China Property Development (Holdings) Limited ("CPDH")

The Group invested HK$78 million in China Property Development (Holdings) Limited ("CPDH") in February 2002. CPDH held 80% interest in a Beijing residential development project, the Pacific Town Project (marketed as Richmond Park in Beijing), and increased its stake to 100% in late 2004.

Richmond Park

Richmond Park has made significant progress in its sales, planning and development work. Pre-sales of building A2 in Phase I was launched on 24 June 2005, priced at an average selling price of RMB12,000 per sq m inclusive of luxurious fitment. A2 is comprised of 22 apartment units with an average size ranging from approximately 191 to 324 sq m. It was well received by the market, in which 9 out of 22 units (40%) were booked within a one week period.

The two other buildings in Phase I are well over 90% sold since its launch in August 2004; representing 288 units of A1, 77 units of A3 sold as of June. Total sales contract value amounted to RMB664 million; and received payment amounted to RMB500 million as of June.

The average selling price for the three buildings, that has launched pre-sales, has outperformed the company's projected selling price of RMB9,700 per sq m. As of June, the average selling price per sq m for A1, A2 and A3 was RMB10,308, RMB12,000, and RMB9,765 respectively.

With the construction work of Phase I in progress, the management of the Project is currently focusing on Phases II (A & B) and III which comprises of approximately 130,000 sq m and 24,000 sq m of residential apartments. The resettlement work has reached the final stages for Phases IIA and III, and shall commence site clearance followed by super structure construction very soon.

Beijing Far East Instrument Co., Ltd. ("Far East")

Based on the unaudited management accounts as at 30 June 2005, the profit of Far East amounted to RMB2.74 million before provisions. It included RMB2.23 million dividend income from Beijing Rosemount Far East Instrument Co. Limited, the joint venture of Far East with Rosemount Inc. for advanced market segment. Far East made additional provisions on its receivables and inventories according to the aging composition at the period end, resulting in a loss of RMB4.43 million for the period.

To explore the business of automatic control systems, Far East will form a joint venture with Beijing Union Partner Co. Limited and Beijing Yu Cheng Sheng Ye Technology Co. Limited to invest into the business of building integrated control system. Far East will invest RMB0.8 million for a 40% shareholding of the joint venture company, Beijing Far East Jia Chuang Building Integrated Control System Co. Limited.

FUTURE PROSPECTS

Since 2002, the Beijing municipal government has issued a series of directives intended to curtail an overly rapid growth of investment in real estate development by limiting credit availability and tightening the supply of land. These measures will tend to eliminate the smaller, financially weaker developers from the market while leaving the larger developers with a better and more transparent environment to operate. It will also stimulate developers to put more emphasis on market research and producing better quality products. The Company's investment in the Pacific Town project is in a favorable position to enjoy the new conditions.

Beijing is enjoying a fast growing economy and the city's vast investment infrastructure for the 2008 Olympic Games will continue to stimulate domestic consumption and attract foreign companies. Multinationals are expected to invest more as they move beyond the start up and consolidation phase and begin looking for new business opportunities.

This would in turn bring in more expatriates relocating to Beijing for both short and long-term assignments. An increasing number of foreigners, overseas and local Chinese were buying residential properties in Beijing for investment and self-occupation purposes. This indicated stable demand for high-end residential units in the short to mid-term.

Together with our years of knowledge in the China market and our relationship with local partners, we will continue to look for opportunities in the property sector and are confident that the sector will bring satisfactory return to our shareholders. The Directors of the Company are both confident and optimistic on the prospects of the Group.

The board of directors of the Company announces the unaudited results of the Group for the period from 1 January 2005 to 30 June 2005 as follows:–

Consolidated Income Statement for the six months ended 30 June 2005 – unaudited

	Note	**Six months ended 30 June** **2005** ***HK$***	 2004 (Restated) *HK$*
Turnover: Group and share of associates' turnover	*5*	**32,455,085**	21,151,840
Less: Share of associates' turnover		**(32,080,145)**	(20,684,741)
Group turnover	*4*	**374,940**	467,099
Other net loss		**(20,366)**	(407)
Gain on deemed disposal of associates	*3*	**3,065,080**	–
Gain on disposal of available-for-sale securities	*3*	**–**	16,938,629
Operating expenses		**(4,955,484)**	(4,912,891)
(Loss)/profit from operations		**(1,535,830)**	12,492,430
Share of losses of associates	*6*	**(4,360,818)**	(5,486,061)
(Loss)/profit before taxation		**(5,896,648)**	7,006,369
Income tax	*7*	**–**	–
(Loss)/profit attributable to equity holders of the company		**(5,896,648)**	7,006,369
(Loss)/earnings per share	*8*		
Basic		**(0.911) cents**	1.299 cents

Consolidated balance sheet at 30 June 2005 – unaudited

	Note	At 30 June 2005 (Unaudited) HK$	At 31 December 2004 (Audited) (Restated) HK$
Non-current assets			
Interest in associates		**86,307,112**	88,567,299
Available-for-sale securities		**13,600,000**	13,600,000
Investment deposit		**–**	35,000,000
		99,907,112	137,167,299
Current assets			
Investment deposit		**35,000,000**	–
Prepayments and other receivables		**126,286**	742,142
Cash and cash equivalents		**45,228,259**	49,387,783
		80,354,545	50,129,925
Current liabilities			
Accounts payable and accruals		**2,344,638**	3,483,557
Net current assets		**78,009,907**	46,646,368
Net assets		**177,917,019**	183,813,667
Capital and reserves			
Share capital		**6,471,140**	6,471,140
Reserves		**171,445,879**	177,342,527
Total equity		**177,917,019**	183,813,667
Net asset value per share	*9*	**$0.275**	$0.284

Notes:–

1. **Reorganisation and basis of preparation**

   (a) *Reorganisation*

   The Company was incorporated in the Cayman Islands on 1 August 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Laws of 1961 as consolidated and revised) of the Cayman Islands. Pursuant to a reorganisation proposal whereby ING Beijing Investment Company Limited ("ING Beijing") would become a wholly owned subsidiary of the Company to be implemented by way of a scheme of arrangement under section 166 of the Hong Kong Companies Ordinance, Chapter 32 of the Laws of Hong Kong ("the Scheme") as stated in a document dated 13 January 2005 issued to the shareholders of ING Beijing, the Company became the holding company of the companies now comprising the group ("the Group") on 13 April 2005, the effective date of the Scheme. This was accomplished by the Company acquiring the entire issued share capital of ING Beijing, the then holding company of other subsidiaries, as set out in note 10 on the proforma financial information of the Company's 2004 annual report. The listing of the shares of ING Beijing was withdrawn from The Stock Exchange of Hong Kong Limited ("HKSE") and the Company's shares were listed on the HKSE by way of introduction on 13 April 2005.

   (b) *Basis of preparation*

   This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

   The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2004 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2005 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700, "Engagements to review interim financial reports", issued by the HKICPA. KPMG's independent review report to the Board of Directors is included in the interim report. In addition, this interim financial report has been reviewed by the Company's Audit Committee.

The financial information relating to the financial year ended 31 December 2004 as being previously reported does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements.

In accordance with Statement of Standard Accounting Practice 27 "Accounting for group reconstructions", the consolidated income statement for the period ended 30 June 2005 includes the financial results of the companies which now comprise the Group for the period from 1 January 2005 (or the date of incorporation if later) to 30 June 2005 as if the current group structure had been in existence and remained unchanged throughout the period presented. The comparative figures as at 31 December 2004 and for the period ended 30 June 2004 have been presented on the same basis.

2. Changes in accounting policies

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRS") (which term collectively includes HKASs and Interpretations) that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. The Board of Directors has determined the accounting policies to be adopted in the preparation of the Group's annual financial statements for the year ending 31 December 2005, on the basis of HKFRSs currently in issue.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2005 may be affected by the issue of additional interpretations or other changes announced by the HKICPA subsequent to the date of issuance of this interim financial report. Therefore the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

The following is a summary of the effect of the changes in accounting policies for the annual accounting period beginning on 1 January 2005 which have been reflected in this interim financial report.

	Effect on consolidated balance sheet of adopting new accounting policies		
	HKAS 32 and HKAS 39 *HK$*	**HKAS 31** *HK$*	**Total** *HK$*
Increase in available-for-sale securities	**13,600,000**	**–**	**13,600,000**
Increase in interest in associates	**–**	**21,025,854**	**21,025,854**
Decrease in non-trading investments	**(13,600,000)**	**–**	**(13,600,000)**
Decrease in interest in jointly controlled entities	**–**	**(21,025,854)**	**(21,025,854)**
Total effect at 1 January 2004 and 2005	**–**	**–**	**–**

The changes in accounting policies resulted in the reclassification of certain assets of the Group and did not have any financial impact on the Group's results for the periods ended 30 June 2005 and 30 June 2004 and consolidated net assets as at 30 June 2005 and 31 December 2004.

(a) Financial instruments (HKAS 32, "Financial instruments: Disclosure and presentation" and HKAS 39, "Financial instruments: Recognition and measurement")

In prior years, the accounting policies for financial instruments were as follows:

(i) Investments held for trading were stated in the balance sheet at fair value. Changes in fair value were recognised in the consolidated income statement as they arise.

(ii) Non-trading investments were stated in the balance sheet at fair value. Changes in fair value were recognised in the investment revaluation reserve until the investment was sold, collected or otherwise disposed of or until there was objective evidence that the investment was impaired, at which time the relevant cumulative gain or loss was transferred from the investment revaluation reserve to the consolidated income statement. Transfers from the investment revaluation reserve to the income statement as a result of impairments were reversed when the circumstances and events that led to the impairments ceased to exist and there was persuasive evidence that the new circumstances and events would persist for the foreseeable future.

With effect from 1 January 2005, and in accordance with HKAS 39, all non-trading investments are classified as available-for-sale securities and carried at fair value. Changes in fair value are recognised in equity, unless there is objective evidence that an individual investment has been impaired. If there is objective evidence that an individual investment has been impaired, any amount held in the fair value reserve in respect of the investment is transferred to the income statement for the period in which the impairment is identified. Any subsequent increase in the fair value of available-for-sale securities is recognised directly in equity. The adoption of HKAS 32 and HKAS 39 only resulted in a redesignation of all non-trading investments as available-for-sale securities. Such redesignation has no financial effect on the current and prior accounting periods except for the change in presentation.

(b) Share option scheme (HKFRS 2 "Share-based payment")

In prior years, no amounts were recognised when employees (which term includes directors) were granted share options over shares in the Company. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

With effect from 1 January 2005, in order to comply with HKFRS 2, the Group recognises the fair value of such share options as an expense in the income statement, or as an asset, if the cost qualifies for recognition as an asset under the Group's accounting policies. A corresponding increase is recognised in a capital reserve within the equity.

Where the employees are required to meet vesting conditions before they become entitled to the options, the Group recognises the fair value of the options granted over the vesting period. Otherwise, the Group recognises the fair value in the period in which the options are granted. If an employee chooses to exercise options, the related capital reserve is transferred to share capital and share premium, together with the exercise price. If the options lapse unexercised the related capital reserve is transferred directly to retained profits.

The Group has taken advantage of the transitional provisions set out in paragraph 53 of HKFRS 2 under which the new recognition and measurement policies have not been applied to the following grants of options:

(i) all options granted to employees on or before 7 November 2002; and

(ii) all options granted to employees after 7 November 2002 but which had vested before 1 January 2005.

Since the options granted by the Group fall within category (i), the change in accounting policy has no impact on the Group's net assets and results for the current and prior periods. Details of the share option scheme can be found in the Company's 2004 annual report and in the interim financial report.

(c) HKAS 31, "Interests in joint ventures"

In prior years, a jointly controlled entity was defined as an entity which operated under a contractual arrangement between the Group and other parties, where the contractual arrangement established that the Group and one or more of the other parties shared joint control over the economic activity of the entity. An investment in a jointly controlled entity was accounted for in the Group's financial statements under the equity method and was initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of the jointly controlled entity's net assets.

With effect from 1 January 2005, in accordance with HKAS 31, joint control exists only when the strategic financial and operating decisions of the joint venture require the venturers' unanimous consent. As a result of this, management reviewed the nature of an investment previously accounted for as an interest in a jointly controlled entity and concluded that this investment should be reclassified as an investment in an associate. The reclassification has been applied retrospectively. Such reclassification has no effect on the current and prior accounting periods except for the change in presentation.

3. Gains on investments

	Six months ended 30 June	
	2005	2004
	HK$	*HK$*
Gain on deemed disposal of associates	**3,065,080**	–
Gain on disposal of 12,819,000 shares of Skyworth Digital Holdings Limited	**–**	16,938,629

4. Turnover

The principal activity of the Company and of its subsidiaries is the holding of equity investments primarily in companies or entities with significant business interests or involvement in the PRC. In particular, the Group focuses on investing in Sino-foreign joint ventures in the PRC and companies with substantial operations or investments in the PRC.

Share of associates' turnover represents the Group's share of associates' invoiced value of goods sold.

Group turnover represents interest income and dividend income from listed investments and is analysed as follows:

	Six months ended 30 June	
	2005	2004
	HK$	*HK$*
Interest income from deposits with banks	**374,940**	10,719
Dividend income from listed investments	**–**	456,380
	374,940	467,099

5. Segment reporting

Segment information is presented in respect of the Group's business segments which are based on the nature of business of its associates and other investee companies. No geographical segment information is presented as the revenue of the Group and its associates and the Group's results were substantially derived from the PRC.

The Group's associates and other investee companies comprise the following main business segments:

Manufacture of industrial products: Electronic and electrical instruments.

Manufacture of consumer products: Audio-visual products.

Real estate: Development of residential and commercial properties for sale.

Segment revenue includes the Group's share of associates' turnover. Segment results include only those relating to the Group.

	Revenue Group and Group's share of associates' turnover Six months ended 30 June		**Segment results Contribution to (loss)/ profit before taxation Six months ended 30 June**	
	2005	2004	**2005**	2004
	HK$	*HK$*	***HK$***	*HK$*
Manufacture of industrial products	**32,080,145**	20,684,741	**(1,933,840)**	(2,794,355)
Manufacture of consumer products	**–**	456,380	**(134,791)**	17,089,473
Real estate	**–**	–	**(979,391)**	(4,286,113)
Unallocated	**374.940**	10,719	**(2,848,626)**	(3,002,636)
	32,455,085	21,151,840	**(5,896,648)**	7,006,369

6. Share of losses of associates

	Six months ended 30 June	
	2005	2004
	HK$	*HK$*
		(Restated)
Share of results of associates	**(4,917,839)**	(5,486,061)
Share of associates' taxation	**557,021**	–
	(4,360,818)	(5,486,061)

7. Income tax

No provision for Hong Kong Profits Tax has been made for the period ended 30 June 2005 as the Group has no assessable profits for the period. There is no significant deferred taxation not provided for.

8. (Loss)/earnings per share

(a) *Basic*
The calculation of basic (loss)/earnings per share is based on loss attributable to equity holders of the company of HK$5,896,648 (30 June 2004: profit attributable to equity holders of the company of HK$7,006,369) and the 647,114,000 ordinary shares (30 June 2004: 539,514,000 ordinary shares) in issue during the period, being the shares that would have been in issue throughout the period if the Scheme as set out in note 1 had become effective on 1 January 2004.

(b) *Diluted*

There were no potential ordinary shares during the period ended 30 June 2005.

Diluted earnings per share was not shown for the period ended 30 June 2004 as the potential ordinary shares were anti-dilutive.

9. Net asset value per share

The net asset value per share is computed based on the consolidated net assets of HK$177,917,019 (31 December 2004: HK$183,813,667) and 647,114,000 ordinary shares in issue as at 30 June 2005 (31 December 2004: 647,114,000 ordinary shares).

INTERIM DIVIDEND

The Board of Directors does not recommend payment of interim dividend for the period ended 30 June 2005 (2004: nil).

EMPLOYEE

As at 30 June 2005, the Group employed a qualified accountant and basic salary and mandatory provident fund scheme are provided to the employee.

AUDIT COMMITTEE

The Audit Committee comprises three independent Non-executive Directors. This Committee acts in an advisory capacity and makes recommendations to the Board. It met on 13 September 2005 to review the Group's 2005 interim results before it was tabled for the Board's approval.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the period from 1 January 2005 to 30 June 2005.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2005, the Company has complied with all the code provisions of 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 (the "Listing Rules") except that Non-executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings and that the Chairman of the Board did not attend the annual general meeting of the Company held on 26 May 2005.

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Code"). Having made specific enquiry by the Company, all Directors confirmed that they had complied with the required standards as set out in the Code during the period.

DIRECTORS

As at the date hereof, the Board is comprised of Mr. Liu Xiao Guang, Mr. Cheng Bing Ren, Mr. Lawrence H. Wood and Mr. Liu Xue Min as Executive Directors, Mr. Kwong Chun Wai Michael, Mr. To Chun Kei and Mr. Fung Tse Wa as independent Non-executive Directors.

By Order of the Board
Liu Xiao Guang
Chairman

Hong Kong, 20th September 2005

Please also refer to the published version of this announcement in The Standard.