
IMPORTANT

If you are in any doubt as to any aspect of this document or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in New Capital International Investment Limited, you should at once hand this document to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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NEW CAPITAL INTERNATIONAL INVESTMENT LIMITED

新資本國際投資有限公司*

(incorporated in Cayman Islands with limited liability)

(Stock Code: 1062)

GENERAL MANDATE TO ISSUE SHARES AND REPURCHASE OF SHARES AND RE-ELECTION OF RETIRING DIRECTORS

It is proposed that at the Annual General Meeting of New Capital International Investment Limited to be held at 3:00 p.m. on Friday, 26th May 2006 at Lavender Room, 27th Floor. The Park Lane Hotel, 31 Gloucester Road, Hong Kong, resolutions be proposed to approve, among other matters, (i) the grant of the General Mandate to the Directors; and (ii) the grant of the Repurchase Mandate to the Directors.

Whether or not you intend to attend the Annual General Meeting, you are requested to complete and return the form of proxy accompanying the Annual Report in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person if you so wish.

27th April 2006

* *For identification purposes only*

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DEFINITIONS

In this document, unless the context otherwise requires, the following expressions have the following meanings:

“Annual General Meeting”	the annual general meeting of the Company to be held at 3:00 p.m. on Friday, 26th May 2006 at Lavender Room, 27th Floor. The Park Lane Hotel, 31 Gloucester Road, Hong Kong
“Annual Report”	the annual report of the Company in respect of the financial year ended 31st December 2005
“Articles of Association”	the existing articles of association of the Company adopted on 4th November 2004
“Board”	the board of Directors of the Company
“Company”	New Capital International Investment Limited
“Directors”	directors of the Company
“General Mandate”	the general mandate to issue Shares to be granted to the Directors at the Annual General Meeting
“Group”	the Company and the Subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$” and “HK cent(s)”	Hong Kong dollars and cent(s) respectively, the lawful currency of Hong Kong
“Latest Practicable Date”	19th April 2006, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchases Code”	Hong Kong Code on Share Repurchases
“Repurchase Mandate”	the general mandate to repurchase Shares to be granted to the Directors at the Annual General Meeting
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Shareholders”	shareholders of the Company
“Share Option Scheme”	the share option scheme of the Company, which was approved and adopted by an ordinary resolution of the Shareholders in an extraordinary general meeting held on 4th November 2004
“Subsidiary”	means a subsidiary within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) for the time being of the Company whether incorporated in Hong Kong or elsewhere
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD

NEW CAPITAL INTERNATIONAL INVESTMENT LIMITED

新資本國際投資有限公司*

(incorporated in Cayman Islands with limited liability)

(Stock Code: 1062)

Directors:

Executive Directors:

Liu Xiao Guang (*Chairman*)

Cheng Bin Ren

Lawrence H. Wood

Liu Xue Min

Independent Non-Executive Directors:

To Chun Kei

Fung Tze Wa

Kwong Chun Wai Michael

Registered Office:

Century Yard

Cricket Square

Hutchins Drive

P. O. Box 2681 GT

George Town

Grand Cayman

British West Indies

Principal Place of Business:

35th Floor

One International

Finance Centre

1 Harbour View Street

Central

Hong Kong

27th April 2006

To the Shareholders

Dear Sir or Madam,

GENERAL MANDATE TO ISSUE SHARES AND REPURCHASE OF SHARES AND RE-ELECTION OF RETIRING DIRECTORS

INTRODUCTION

At the Annual General Meeting, resolutions will be proposed to approve, among other matters, (i) the grant of the General Mandate to the Directors; (ii) the grant of the Repurchase Mandate to the Directors; and (iii) re-election of retiring Directors.

The purpose of this document is to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for and against the proposed resolutions at the Annual General Meeting.

* *For identification purposes only*

LETTER FROM THE BOARD

GENERAL MANDATE TO ISSUE SHARES AND REPURCHASE OF SHARES

At the Annual General Meeting, ordinary resolution will be proposed:

- (a) to grant the Repurchase Mandate to the Directors to enable them to repurchase Shares on the Stock Exchange or on any other exchange on which the Shares have been or may be listed and recognised for this purpose by the SFC and the Stock Exchange under the Repurchases Code, which does not exceed 10 per cent. of the issued share capital of the Company on the date of passing such resolution; and
- (b) to grant the General Mandate to the Directors to exercise the power of the Company to allot, issue and otherwise deal with Shares, options and warrants of the Company up to the limit of (a) 20 per cent. of the issued share capital of the Company on the date of passing such resolution, plus (b) the share capital of the Company repurchased by the Company under the Repurchase Mandate.

In accordance with the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to renew the grant to the Directors of the Repurchase Mandate. Such explanatory statement is set out in the Appendix to this document.

RE-ELECTION OF RETIRING DIRECTORS

The Board currently consists of seven Directors, namely, Mr. Liu Xiao Guang, Mr. Cheng Bin Ren, Mr. Lawrence H. Wood, Mr. Liu Xue Min, Mr. To Chun Kei, Mr. Fung Tze Wa and Dr. Kwong Chun Wai Michael.

Mr. Fung Tze Wa and Dr. Kwong Chun Wai Michael will retire by rotation from the Board in accordance with Article 88 of the Articles of Association at the Annual General Meeting. Mr. Fung Tze Wa and Dr. Kwong Chun Wai Michael, all being eligible, offer themselves for re-election. A brief biographical details of the retiring Directors are set out in Appendix II.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during 19 May 2006 to 25 May 2006, both days inclusive, during which period no transfer of shares can be registered. To qualify for attending the AGM, shareholder must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Standard Registrars Limited at Level 25, Three Pacific Place, 1 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on 18 May 2006.

ANNUAL GENERAL MEETING

Forming part of the Annual Report is the notice of the Annual General Meeting. At the Annual General Meeting, and as part of the special businesses of the Annual General Meeting, resolutions will be proposed to approve (i) the grant of the General Mandate to the Directors; (ii) the grant of the Repurchase Mandate to the Directors; and (iii) re-election of retiring Directors.

LETTER FROM THE BOARD

Whether or not you intend to attend the Annual General Meeting, you are requested to complete and return the form of proxy accompanying the Annual Report in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person if you so wish.

Article 66 of the articles of association of the Company sets out the following procedures by which a poll can be demanded.

A resolution put to the vote of a meeting shall be decided on show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or by proxy and entitled to vote at the meeting; or
- (c) by at Shareholder or Shareholders present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or by proxy and holding Shares in the Company conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

RECOMMENDATION

The Directors believe that (i) the grant of the General Mandate to the Directors; (ii) the grant of the Repurchase Mandate to the Directors; and (iii) re-election of retiring Directors, are all in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all the Shareholders should vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting as set out in the notice of Annual General Meeting.

By Order of the Board of Directors of
New Capital International Investment Limited
Liu Xiao Guang
Chairman

The following is the explanatory statement required to be sent to Shareholders under the Listing Rules in connection with the Repurchase Mandate proposed to be passed by the Shareholders by an ordinary resolution at the Annual General Meeting.

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their fully paid-up shares and warrants on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders' approval

The Listing Rules provide that all on-market repurchases of securities by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a specific approval in relation to specific transactions or by a general mandate to the directors of the company to make such repurchases.

(b) Maximum number of securities to be repurchased

A maximum of 10 per cent. of the issued share capital of the company as at the date of passing the relevant resolution may be repurchased on the Stock Exchange. On the basis 623,284,000 Shares in issue as at the Latest Practicable Date, assuming no further Shares are issued between the Latest Practicable Date and the date of the Annual General Meeting, the maximum number of Shares to be repurchased on the Stock Exchange is 62,328,400.

(c) Subsequent issue of shares

A company may not without the prior approval of the Stock Exchange issue new shares or announce a proposed new issue of securities for a period of 30 days immediately following a repurchase of securities, whether on the Stock Exchange or otherwise (other than an issue of securities pursuant to the exercise of share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase).

(d) Reasons for purchases

The Directors believe that it is in the best interests of the Company and its Shareholders for the Directors to have a general authority from the Shareholders to enable the Directors to purchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

(e) Funding of purchases

Repurchases must be made out of funds which are legally available for such purpose in accordance with the Articles of Association of the Company, the Listing Rules and the applicable laws of the Cayman Islands and Hong Kong. It is envisaged that the funds required for any repurchases would be derived from the distributable profits of the Company.

(f) Impact on purchases

There may be an adverse impact on the working capital or gearing position of the Company in the event that the proposed repurchases of Shares were to be carried out in full at any time during the proposed repurchases period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or its gearing level which in the opinion of the Directors is from time to time appropriate for the Company.

(g) Connected parties

No connected persons (as defined in the Listing Rules) of the Company have notified the Company of a present intention to sell Shares to the Company and no such persons have undertaken not to sell any Shares to the Company in the event that the Repurchase Mandate is granted by the Shareholders.

(h) Share purchases made by the Company

The Company has entered into the following repurchases of its securities on the Stock Exchange during the six months preceding to the Latest Practicable Date:

Date of repurchase	No. of shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>
February 8, 2006	710,000	0.158	0.158
February 13, 2006	1,840,000	0.163	0.163
February 14, 2006	1,850,000	0.170	0.170
February 15, 2006	2,420,000	0.177	0.177
February 22, 2006	5,820,000	0.255	0.250
February 28, 2006	1,300,000	0.235	0.234
March 2, 2006	1,750,000	0.225	0.225
March 7, 2006	8,140,000	0.220	0.220

(i) Share prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each calendar month for the period from April 2005 to March 2006 were as follows:–

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2005	0.198	0.165
May 2005	0.165	0.120
June 2005	0.130	0.113
July 2005	0.130	0.100
August 2005	0.130	0.110
September 2005	0.149	0.120
October 2005	0.130	0.110
November 2005	0.165	0.130
December 2005	0.165	0.141
January 2006	0.170	0.142
February 2006	0.270	0.141
March 2006	0.232	0.205

(j) General

There are no Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any associates (as defined in the Listing Rules) of the Directors of the Company who have a present intention, in the event that the Repurchase Mandate is granted by the Shareholders, to sell to the Company its Shares.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the Repurchase Mandate only in accordance with the Listing Rules and the laws of the Cayman Islands.

(k) Takeovers Code

If, as a result of a share repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert could, depending on the level of increase of its or their interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26.1 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Sense Control International Limited (“SCIL”) and N.V. Haagsche Herverzekering-Maatschappij van 1836 (“NVHHMV”), which held approximately 17.26 per cent. and 13.66 per cent. respectively of the issued share capital of the Company, were the substantial shareholders holding more than 10 per cent. of the issued share capital of the Company. In the event that the Directors should exercise the proposed Repurchase Mandate in full, on the basis that no further Shares are issued or repurchased prior to the date of the Annual General Meeting, the shareholding of SCLL and NVHHMV in the Company would be increased to approximately 19.19 per cent. and of 15.18 per cent. respectively of the issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory offer under Rule 26.1 of the Takeovers Code.

Save as disclosed above, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any purchases made pursuant to the Repurchase Mandate.

MR. FUNG TZE WA**Independent non-executive directors**

Mr. Fung Tze Wa, aged 49, is a certified public accountant. He has been a director of Lawrence CPA Limited, a professional accounting firm in Hong Kong since 2002 and had worked in the fields of accounting and finance in several listed companies in Hong Kong for over 10 years. Mr. Fung has extensive experience in auditing, taxation and company secretarial practice in Hong Kong. He is an independent non-executive director of China Haidian Holdings Limited and Jiwa Bio-Pharm Holdings Limited, companies whose shares are listed on the Stock Exchange and is a member of the Hong Kong Institute of Certified Public Accountants, the Chartered Association of Certified Accountants, the Taxation Institute of Hong Kong and the Society of Chinese Accountants and Auditors. He obtained a master degree in professional accounting from Hong Kong Polytechnic University in 2000. Mr. Fung was appointed an Independent Non-executive Director in April 2004.

There is no fixed term of employment but Mr. Fung is subject to retirement by rotation and re-election at the Company's annual general meeting. Mr. Fung is entitled to a fixed annual fee in the amount of HK\$100,000 only.

Save as disclosed in the paragraph headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" in the section headed "Report of the Directors" of the Annual Report, Mr. Fung does not have other interests in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Fung does not have any relationship with any other Director, senior management or substantial shareholder of the Company.

There is no information relating to Mr. Fung that is required to be disclosed pursuant to Rules 13.51(2)(h) to (w) of the Listing Rules, and there are no other matters that need to be brought to the attention of holders of securities of the Company.

DR. KWONG CHUN WAI MICHAEL

Dr. Kwong Chun Wai, aged 41, is a fellow of the International Institute of Management, a fellow of the Hong Kong Institute of Marketing and a member of the Institute of Supply Chain Management. He is currently an independent non-executive Director of China Haidian Holdings Limited, a company whose shares are listed on the Stock Exchange, a director of the Hong Kong Economic and Trade Association, examiner of Cambridge Career Awards in Business, University of Cambridge Local Examination Syndicate in the United Kingdom and a business strategist specialising in the area of marketing and business administration. Dr. Kwong obtained a bachelor of arts degree with honours in philosophy from the University of Nottingham in the United Kingdom in 1987 and a doctor degree in business administration from Newport University in the United States in 2001. He has worked in leading media corporations as senior executives and served in the past as executive committee member in the Hong Kong branch of the Chartered Institute of Marketing and council member of the Hong Kong Institute of Marketing. Dr. Kwong was appointed an Independent Non-executive Director in April 2004.

There is no fixed term of employment but Dr. Kwong is subject to retirement by rotation and re-election at the Company's annual general meeting. Dr. Kwong is entitled to a fixed annual fee in the amount of HK\$100,000 only.

Save as disclosed in the paragraph headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" in the section headed "Report of the Directors" of the Annual Report, Dr. Kwong does not have other interests in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Dr. Kwong does not have any relationship with any other Director, senior management or substantial shareholder of the Company.

There is no information relating to Dr. Kwong that is required to be disclosed pursuant to Rules 13.51(2)(h) to (w) of the Listing Rules, and there are no other matters that need to be brought to the attention of holders of securities of the Company.