NEW CAPITAL INTERNATIONAL INVESTMENT LIMITED
新資本國際投資有限公司*

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

2006 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 2006 was HKD2,543,562 compared to the loss of HKD5,896,648 for the same period in 2005.

REVIEW OF THE PERIOD
China's gross domestic product (GDP) grew by 10.9% year-on-year during the first half year of 2006 to RMB9144.3 billion. The investment environment in China remains hot with China's Fixed Asset Investment (FAI) rising by 31.3% year-on-year to RMB3636.84 billion in the first half year of 2006. Beijing's FAI rose by 23.6% year-on-year to RMB120.72 billion in the first half year of 2006. Real estate investment in the first half year of 2006 amounted to RMB64.01 billion, up 20.8% year-on-year. Investment in Beijing's housing market reached RMB35.51 billion, a 28.1% increase year-on-year.

On 21 August 2006, New Capital has entered the New Investment Management Agreement with Avanta Investment Management Limited commencing from 1 September 2006. The investment management agreement with Baring Capital (China) Management Limited (renamed as ING Real Estate (Asia) Limited) has been terminated on the same date. Avanta has extensive experience in advising listed investment holding companies in Hong Kong, which have diversified investments in listed and unlisted investments. The Company considers that such extensive experience is relevant to the Company in pursuing its investment objective.

In order to reinforce the management of the Company, the Company has established new management structure in order to better utilize in-house resources to serve the development of the Company and to meet the increasing corporate governance requirements. With a full-time management team and strong leadership, the Board will have stronger management control in the investment business in committing to the business development of the Company.

REVIEW OF THE EXISTING PORTFOLIO
China Property Development (Holdings) Limited ("CPDH")
The Group invested HKD78 million in China Property Development (Holdings) Limited ("CPDH") in February 2002. CPDH holds 100% interest in a Beijing residential development project, the Pacific Town Project (marketed as Richmond Park in Beijing).

Richmond Park
Phase I of Richmond Park consists of three buildings of high-rise apartments and one clubhouse building. The construction work of Phase I had been completed and delivered to buyer for occupancy in late April 2006. The tax clearance work of Phase I is in progress and is expected to be completed before the end of 2006, when the property cost is ascertained and the tax elements are confirmed by the tax authority.

The sale of the buildings A4 and A5 of Phase II-A had been launched in the market. Building of B5 of Phase III was pre-sold in February 2006. At the end of July 2006, 216 units (94%) were sold out of the total 230 units with an average price of Rmb13,046.60 per sq.m. The construction work of Phase II-A and Phase III is scheduled to complete in late 2007.

The original development plan of the remaining phases of the Project is an area of low-density apartments and villa, which fails to comply with the recent released policy of "70% of units built are no larger than 90 sq.m.". Most of the work permits are delayed in the approval process. Both the project company and the government authorities have to clarify the interpretation of the guidelines and the implementation of the policies. This creates uncertainty in the remaining development of Richmond Park Project. The project company will closely monitor the issues and to adjust the development plan accordingly in order to minimize the impact of the new regulations.

Wuhan Xing Cheng Building

The Group has approved to invest about HKD38 million to acquire Profit Harbour Industrial Limited, a company registered in Hong Kong, which holds the two retails floors, Level 1 and Level 2 of Wuhan Xing Cheng Building with GFA 4424 sq.m. The property is leased out to CITIC Bank and Beijing Illinois with the leases expiring in August 2013 and January 2015. Wuhan Xing Cheng Building is a commercial building situated at the city centre of Jianghan District of Wuhan. It is at proximity to shopping malls, luxury residential apartments and commercial buildings. The acquisition will provide the Group a guaranteed rental yield of 8% per year. The Group is in final stage of completing the investment structure. Once the acquisition is completed, it will provide the Group a guaranteed rental yield of 8% per year.

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

Based on the unaudited management account as at 30 June 2006, the profit of Far East has amounted to Rmb9.114 million, as compared with Rmb2.74 million of the same period of 2005. The profit is mainly contributed from the investment income, the dividend income from Beijing Rosemount Far East Instrument Co. Limited, the joint venture of Far East with Rosemount Inc. for advanced market segment. The investment income booked in June 2006 account is Rmb5.52 mn as compared to Rmb2.23 mn booked in June 2004 account. After provisions made for impairment losses on an entrusted investment, the Group shares a profit of Far East for about HK$2.21 million.

Quoted Investment

As at 30 June 2006, the Group's investment in quoted securities includes an investment of 10 million shares in Skyworth Digital Company Limited ("Skyworth"). The Group received HK$100,000 dividend income from the shareholding of Skyworth in January 2006. Skyworth shares were stated at a valuation of HK$0.76 per share at the end of June 2006. The Group also holds 3,954,000 shares of China Construction Bank Corporation H shares, valued at HK$3.55 per share at the end of June 2006.

FUTURE PROSPECTS

Although the new austerity measures in regulating the real estate sector have increased policy uncertainties in the near term, it is effective to curb down the speculative investments, create a transparent market structure and to prevent over-expansion in real estate market. In the long term, the large developers with good financial position will benefit from the market. The limited land supply for large-sized residential properties will push up the sales price of the luxury properties units. In view of the healthy growth of the real estate sector and China's buoyant economic market, the Directors of the Company are 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 2006 to 30 June 2006 as follows:–

Condensed Consolidated Income Statement for the six months ended 30 June 2006

	Notes	Six months ended 30 June **2006** *HK$* **(unaudited)**	2005 *HK$* (unaudited)
Turnover	*4*	**592,645**	374,940
Other net gain (loss)		**10,682**	(20,366)
Operating expenses		**(5,350,221)**	(4,955,484)
Share of profits (losses) of associates	*5*	**866,457**	(4,360,818)
Gain on disposal of securities held for trading		**1,336,875**	–
Gain on deemed disposal of associates		**–**	3,065,080
Loss for the period		**(2,543,562)**	(5,896,648)
Loss per share			
Basic	*7*	**(0.403) HK cent**	(0.911) HK cent

Condensed Consolidated Balance Sheet at 30 June 2006

	Note	**At 30 June 2006** *HK$* **(unaudited)**	At 31 December 2005 *HK$* (audited)
Non-current assets			
Property, plant and equipment		**434,190**	498,024
Interest in associates		**82,406,747**	81,347,993
Available-for-sale securities		**21,636,700**	21,976,950
Investment deposit		**29,284,932**	29,284,932
		133,762,569	133,107,899
Current assets			
Other receivables		**342,062**	309,542
Bank balances		**30,382,674**	38,967,253
		30,724,736	39,276,795
Current liabilities			
Other payables		**1,311,832**	1,379,222
Net current assets		**29,412,904**	37,897,573
Total assets less current liabilities		**163,175,473**	171,005,472
Capital and reserves			
Share capital		**6,232,840**	6,471,140
Reserves		**156,942,633**	164,534,332
		163,175,473	171,005,472
Net asset value per share	*8*	**0.262**	0.264

Notes:

1. **Basis of Preparation**

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 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 holding company of other subsidiaries, as set out in note 13 to the financial statements of the Company in 2005 annual report.

The listing of the shares of ING Beijing was withdrawn from The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company's shares were listed on the Stock Exchange by way of introduction on 13 April 2005.

As the Scheme became effective on 13 April 2005, the effect of the Scheme is not reflected in the Company's financial statements for the accounting period beginning on 1 January 2005. However, all of the entities which took part in the Scheme were under common control before and immediately after the Scheme becoming effective and, consequently, there was a continuation of the risks and benefits to the controlling party that existed prior to the combination. The results of the Group for the period ended 30 June 2005 have been prepared using the basis of merger accounting in accordance with Hong Kong Accounting Guideline 5 "Merger accounting for common control combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Accordingly, the results of the Group for the period ended 30 June 2005 included 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.

Basis of preparation

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the HKICPA.

2. **Principal Accounting Policies**

The condensed financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of these new HKFRSs has had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standard, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and financial positions of the Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 "Financial Reporting in Hyperinflationary Economies"[2]
HK(IFRIC) – INT 8	Scope of HKFRS 2[3]
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives[4]

[1] Effective for annual periods beginning on or after 1 January 2007.
[2] Effective for annual periods beginning on or after 1 March 2006.
[3] Effective for annual periods beginning on or after 1 May 2006.
[4] Effective for annual periods beginning on or after 1 June 2006.

3. Business and Geographical Segments

The Group's principal activities are holding of equity investments primarily in companies or other entities with significant business interests or involvement in the People's Republic of China ("the PRC") as a single business segment. No geographical segment information is presented as the results of the Group and its associates were substantially derived from the PRC.

4. Turnover

Turnover represents interest income and dividend income from available-for-sale securities and is analysed as follows:

	Six months ended 30 June	
	2006	2005
	HK$	*HK$*
Interest income from deposits with banks	**492,645**	374,940
Dividend income from available-for-sale securities	**100,000**	–
	592,645	374,940

5. Share of Profits (Losses) of Associates

	Six months ended 30 June	
	2006	2005
	HK$	*HK$*
Share of results of associates	**1,117,135**	(4,917,839)
Share of associates' taxation	**(250,678)**	557,021
	866,457	(4,360,818)

6. Taxation

No provision for Hong Kong Profits Tax has been made for the periods ended 30 June 2006 and 2005 as the Group has no assessable profits for both periods. There is no significant unprovided deferred taxation during the period or at the balance sheet date.

7. Loss per Share

The calculation of the loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2006	2005
	HK$	*HK$*
Loss		
Loss for the purposes of loss per share	**2,543,562**	5,896,648
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**630,513,503**	647,114,000

No diluted loss per share has been presented as there were no potential ordinary shares in both periods.

8. Net Asset Value per Share

The net asset value per share as at 30 June 2006 is computed based on the consolidated net assets of HK$163,175,473 as at 30 June 2006 (31 December 2005: HK$171,005,472) and 623,284,000 ordinary shares in issue as at 30 June 2006 (31 December 2005: 647,114,000 ordinary shares).

9. Comparative Figures

Certain comparative figures have been restated to conform with the presentation in the current period.

INTERIM DIVIDEND

The Board of Directors does not recommend payment of interim dividend for the period ended 30 June 2006 (2005: nil).

EMPLOYEE

As at 30 June 2006, the Group had three employees, basic salary and mandatory provident fund scheme are provided to the employees. No share option scheme is granted.

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 2006 to review the Group's 2006 interim results before it was tabled for the Board's approval.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period from 1 January 2006 to 19 April 2006, 23,830,000 shares of HK$0.01 each were repurchased by the Company at prices ranging from HK$0.158 to HK$0.255 per share through The Stock Exchange of Hong Kong Limited and all of the repurchased shares were subsequently cancelled.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2006, 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 2006.

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTION

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 2006

* *For identification purposes only*

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