

REVIEW OF THE PERIOD

The Board of Directors of New Capital International Investment Limited (the "Company" or "New Capital") announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2005. The interim report for the six months ended 30 June 2005 has been reviewed by the audit committee and auditors of the Company.

The loss of the Group for the first half of 2005 was HKD5,896,648 compared to the profit of HKD7,006,369 for the same period in 2004. The consolidated results, consolidated balance sheet and condensed consolidated cash flow statement of the Group, all of which are unaudited, along with the explanatory notes, are set out on pages 7 to 29 of this report.

BUSINESS DEVELOPMENT

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. Over the same period, China recorded a trade surplus of USD40 billion, with exports reaching USD342 billion, up 32.7% yoy while imports rose by 14.0% yoy to USD303 billion. 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.

The leasing residential market in Beijing continued to be active with increasing number of expatriates entering the city, triggering strong demand for luxury housing. In general, multinational companies engaged in the energy, automobile and communication fields were most active in bringing in the expatriates as their business expanded. From the supply perspective, some high quality projects were completed and ready for occupation, including Fortune Plaza Phase I, Central Park Phase II and Windsor Avenue.