Chairman's Statement

For the year ended 31 December 2005, the net loss for the Group totaled HK$12,726,109. The consolidated net asset value per share of the Group was HK$0.264 as at 31 December 2005. The Group's profit for the year up to 31 December 2004, and net asset value per share as at 31 December 2004 were HK$6,251,287 and HK$0.284 respectively.

CHANGE OF CAPITAL STRUCTURE

On 13th April 2005, New Capital International Investment Limited ("New Capital"), a company incorporated in the Cayman Islands, has replaced the listing status of ING Beijing Investment Company Limited ("ING Beijing") on the Stock Exchange of Hong Kong Limited. New Capital has become the new holding company of the Group and ING Beijing is now a wholly owned subsidiary of New Capital.

CORPORATE GOVERNANCE

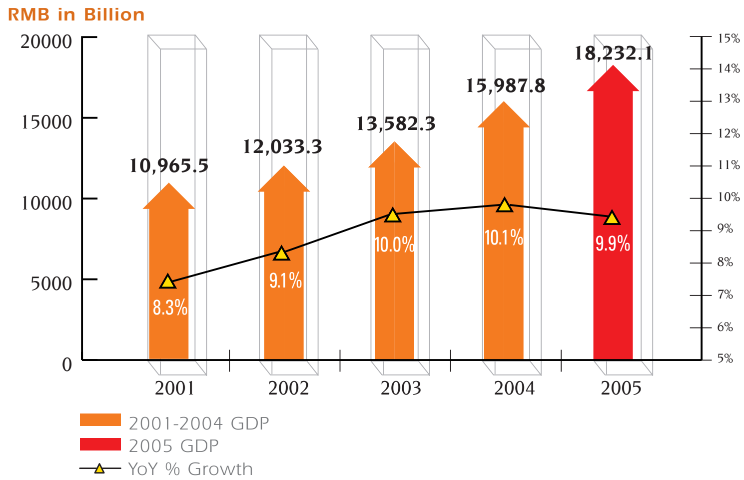
On 19th November, 2004, the Stock Exchange of Hong Kong Limited published its conclusion report and amendments had been made to the Listing Rules relating to the Code on Corporate Governance Practice and Rules on the Corporate Governance Report.

In view of such changes, New Capital held its Board Meeting on 23rd June 2005 to update the directors the revised requirements and to work on the corporate governance compliance. In the meeting, the remuneration committee has been set up, the division of roles and responsibilities of chairman and chief executive officer is recognized and the revised term of reference of the audit committee was adopted.

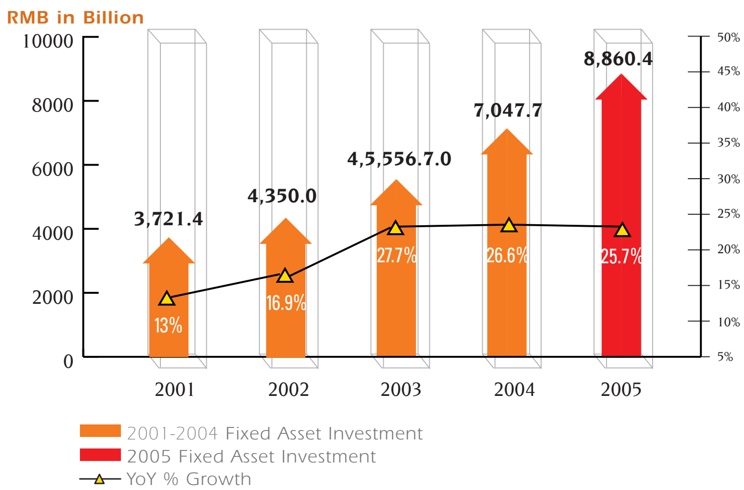
CONTINUED GROWTH IN 2005

China's rapid economic growth and low inflation in 2005 is a spectacular achievement. There were widespread expectations of an economic slowdown amid continued implementation of the government's tightening measures, but China's real GDP growth reached 9.9% in 2005, and is set to be the third consecutive year that China has attained 9%-plus growth.

Chairman's Statement (Cont'd)



Continuing demand for cheap manufacturing goods, rapid industrialization unleashing huge productive capacity and on-going cost advantages will all help to sustain the near double-digit real growth of the China's economy. Fixed Asset Investment (FAI) was the primary driver of growth in 2005, expanding by 25.7% to RMB8,860.4 billion. Investment in real estate was reported at RMB1,575.9 billion, up 19.8% year-on-year.



For the year 2005, China's total value-added industrial output reaching RMB7,619 billion, up 11.4% from a year earlier. Its export base has greatly expanded, grew by 28.4% to US$762 billion. Imports grew by 17.6% to US$660.1 billion. The rapidly expanding export base has given rise to an investment boom in a wide range of industries. Retail sales were up 12.9% year-on-year while consumer price index rose by 1.8% year-on-year.

REAL ESTATE MARKET IN BEIJING

Beijing's FAI increased by 11.8% to RMB282.72 billion in 2005. The amount of real estate investment grew mildly by 3.5% to RMB152.50 billion, as compared with 22.5% growth in 2004. Sale of commercial housing grew by 40.8% to RMB175.88 billion. GFA completed was up by 11.3% to 46.79 mn sq m, while GFA-new start was up by 7.4% to 140.96 mn sq m. GFA sold rose up by 13.4% to 28.03 mn sq m.

REAL ESTATE TRANSACTIONS

The Group invested HKD 78 million in China Property Development (Holdings) Limited ("CPDH") in February 2002. CPDH holds a 100% interest in a Beijing residential development project, the Pacific Town Project (marketed as Richmond Park in Beijing). The project is a 240,000 square meters high-end residential development project located in the northeast corner of Beijing within the Lido Area of the Chaoyang District. The project is situated in an up market district popular with foreigners and the diplomatic community.

Pre-sales was launched in late August 2004. The 408 units of the three blocks (Block A1, A2 and A3) of Phase I were substantially sold, with an average selling price of RMB10,517. The construction work of Phase I is expected to complete and ready for occupancy in mid 2006. Once the ownership is passed to the buyers, the revenue from Phase I can be recognized in the financial statements of CPDH. The Group's profit-sharing ratio in CPDH is 33.42%.

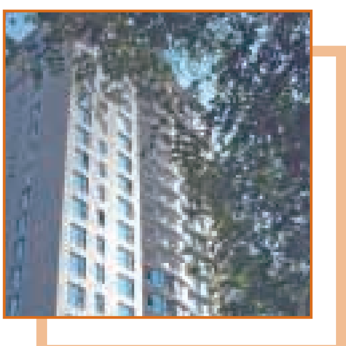
Phase II-A consists of two blocks, A4 and A5, which have been launched in the market. B5 of Phase III was pre-sold in February 2006. The construction work of Phase II-A and III is scheduled to complete in late 2007.

The Group has approved the acquisition of an equity interest in a company holding two commercial floors of Wuhan Xing Cheng Building for settlement of the deposit paid for the Taiyanggong Zone F Project. Wuhan Xing Cheng Building is a commercial building situated at the city centre of Jianghan District in Wuhan. The building 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.

OTHER INVESTMENTS

Beijing Far East Instrument Company Limited ("Far East") is the only remaining non-property related investment in the Company's portfolio. Based on the unaudited management accounts as at 31st December 2005, Far East achieved 50% increase in revenue to RMB210 million. Its gross profit margin improved from 9.9% in 2003, to 11.5% in 2004 and 12.07% in 2005. Its profit before provisions/impairment losses for the year 2005 was about RMB6 million. In the year 2005, the Group's share of loss of Far East is about HK$1.8 million. This was because there were additional provisions made for obsolete stocks and impairment losses on an entrusted investment and outstanding receivables.

Far East has succeeded in streamlining the production of traditional electrical products and restructuring the product composition. In the coming years, it will concentrate on exploring the business in self-developed systems, which includes the automatic recording system and building integrated control systems.



FUTURE PROSPECTS

China's economic engine will remain in high gear in 2006. Direct invest flows into China totaled USD 60.3 billion in 2005 portended that China's export performance should fare well in the near future. Consumption growth will be sustained amid healthy income growth and government support.

With China's real estate yielding over 20% return and the combined returns of Shanghai and Shenzhen stock just below 6%, it is predictable that money will continue to flow into the real estate sector unless the performance of the equities market dramatically improves.

The macro control measures implemented by the China's central government have been effective in driving excessive speculation out of the residential market. However, a heightened level of investment activity, especially by overseas funds, was witnessed in office and retail property sectors. Policies encouraging home ownership and liberal lending allowed investment in the residential sector to increase about 50% from the year 2000 to 2005; however, during that same period investment in commercial real estate increased over 200%.

The Directors are confident that the real estate market in China will benefit from the steady macroeconomic policies resulting in a stable growth pattern and rising disposable incomes. The Group's focus on China's property sector will continue to benefit from the buoyant economic environment.