

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 2006. The interim results for the six months ended 30 June 2006 has been reviewed by the audit committee and auditors of the Company.

The loss of 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. The condensed consolidated results, consolidated balance sheet and consolidated cash flow statement of the Group, all of which are unaudited, along with selected explanatory notes, are set out on pages 6 to 9 of this report.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2006, the Company was in a strong liquidity position, with cash and bank balances of HK\$30,382,674 (31 December, 2005: HK\$38,967,253). As all the retained cash was placed in Hong Kong Dollars short-term deposits with a major bank in Hong Kong, the Company’s exposure to exchange fluctuations is considered minimal. The Board believes that the Company has sufficient financial resources to meet its immediate investment or working capital requirements.

As at 30 June 2006, the Company had assets of HK\$163,175,473 (31 December 2005: HK\$171,005,472) and no borrowings or long-term liabilities, putting the Company in an advantageous position to pursue its investment strategies and investment opportunities.

BUSINESS DEVELOPMENT

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 secondary industry recorded the strongest growth at 13.2% year-on-year in contrast to the tertiary and primary industries, which grew by 9.4% and 5.1%, respectively. 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. This is a continuation of a rising trend that has seen China’s key coastal cities and major inland centres attracting more investment as the economy matures. Real estate investment in China totalled RMB769.46 billion in the first half year in 2006, up 24.2% year-on-year and largely matching growth in FAI.

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 also 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 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 holds 100% interest in a Beijing residential development project, the Pacific Town Project (marketed as Richmond Park in Beijing). The Group's profit sharing ratio in CPDH is 33.42%.