

NewCapital

International Investment Limited

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

NewCapital

Interim Report 2009

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Corporate Information

DIRECTORS

Executive Directors

Mr. Liu Xiao Guang (*Chairman*)
Mr. Lawrence H. Wood (*Chief Executive Officer*)
(also known as Wu Yuk Shing or Hu Xu Cheng)
Mr. Liu Xue Min
Mr. Shi Tao
Mr. Lin Si Yu
Mr. Xiong Wei

Independent Non-executive Directors

Mr. To Chun Kei
Dr. Kwong Chun Wai Michael
Mr. Fung Tze Wa

QUALIFIED ACCOUNTANT

Mr. Chu Kim Wah

COMPANY SECRETARY

Miss Cheng Wing Sze

AUDIT COMMITTEE

Mr. To Chun Kei
Dr. Kwong Chun Wai Michael
Mr. Fung Tze Wa

REMUNERATION COMMITTEE

Mr. Liu Xiao Guang
Mr. To Chun Kei
Dr. Kwong Chun Wai Michael
Mr. Fung Tze Wa

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3306
Two Exchange Square
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Butterfield International (Cayman) Ltd.
Butterfield House
68 Fort Street
P.O. Box 705
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

Corporate Information

PRINCIPAL BANKER

The Bank of East Asia, Limited

AUDITORS

Grant Thornton

LEGAL ADVISER

DLA Piper Hong Kong

INVESTMENT MANAGER

KBR Management Limited

Suite 3306
Two Exchange Square
Central
Hong Kong

PROJECT MANAGER

**ZY International Project Management
(China) Limited**

P.O. Box 957
Offshore Incorporations Centre
Tortola, British Virgin Islands

CUSTODIAN

**Orangefield Management
(Hong Kong) Limited**

Room 1001-1002
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68 Des Voeux Road Central
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1062

WEBSITES

www.newcapital.com.hk
www.irasia.com/listco/hk/newcapital

Management Discussion and Analysis

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 2009. The interim report for the six months ended 30 June 2009 has been reviewed by the audit committee and auditors of the Company.

RESULTS

The loss of the Group for the first half year of 2009 was HK\$3,985,204 compared to the loss of HK\$11,255,189 for the same period in 2008. The condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement of the Group, all of which are unaudited, along with selected explanatory notes, are set out on pages 6 to 18 of this report.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2009, the cash and bank balance of the Group is HK\$81,191,270 (31 December 2008: HK\$72,471,934). As all the retained cash was placed in Hong Kong Dollars short-term deposits with a major bank in Hong Kong, the Group's exposure to exchange fluctuations is considered minimal. The Board believes that the Group has sufficient financial resources to meet its immediate investment or working capital requirements.

As at 30 June 2009, the Group had net assets of HK\$183,002,453 (31 December 2008: HK\$186,750,110) and no borrowings or long-term liabilities, putting the Group in an advantageous position to pursue its investment strategies and investment opportunities.

CAPITAL STRUCTURE

There had been no change to the Group's capital structure during the six months ended 30 June 2009.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2009, there were no charges on the Group's assets or any significant contingent liabilities (31 December 2008: Nil).

ECONOMIC REVIEW

China's GDP amounted to RMB13,986.2 billion as of the first half year of 2009, up 7.1% year-on-year. After the GDP growth rate tumbled to 6.1% in the first quarter 2009, economy growth surged in the second quarter 2009, with GDP growing at 7.9% year-on-year. The upticks of the economic indicators confirm that the Chinese economy is rebounding, with an increase in positive factors.

The Chinese government will continue to emphasize the effect of consumption on the economy recovery, which should benefit the retail market. With more liquidity derived from bank lending and growing market sentiment, the economy can expect a higher level of investment activity.

The Hang Seng Index and most world equity indexes experienced an unexpected strong rebound and investors' risk appetite did improve a lot in the last few months. During the second quarter 2009, Hang Seng Index rose significantly to 18,000 above while the US European markets also recorded a rally respectively. The recent global markets rally was dominantly driven by liquidity and policies, and it will be the case going forward.

Management Discussion and Analysis

PORTFOLIO REVIEW

An associate of the Group, Beijing Far East Instrument Co., Ltd. ("Beijing Far East"), is a leading industrial precision instrument manufacturer in China. The principal business of Beijing Far East is to manufacture meters and precise measuring instruments.

Based on the unaudited management accounts as at 30 June 2009, its profit reached RMB15 million, which has been increased by 36% as compared to RMB11 million for the six months ended 30 June 2008.

Most of the clients of Beijing Far East come from electricity, petroleum, petrochemical and metallurgy industries, they receive heavy strike in the economic slowdown in 2009. Beijing Far East meets pressure in the marketing and sales works, however, still achieving business and profit growth. New opportunities arise in new energy industry, lignite coal industries and urban construction work. Beijing Far East will commit to be the solution and integrated system provider for the clients in these fields.

A jointly controlled entity of the Group has been holding two retail floors of Wuhan Xing Cheng Building since early 2007. Wuhan Xing Cheng Building is a commercial building situated at the prime location of the city centre of Jiangnan District in Wuhan. The building is at proximity to shopping malls, luxury residential apartments and commercial buildings. There are 12 office floors above the building with more than 200 office units which provide a large customer base for the retail business. The interest in this jointly controlled entity has provided the Group an opportunity of capital appreciation. New Capital will seek to capture market opportunities to realize profit of the investment.

FUTURE PROSPECTS

China continues to be the world focus, with strong confidence on the banking, property and consumption sectors in the third quarter. Having strong support from the banks' loan growth under the government's directive policy, domestic consumption would be the edge point of fiscal stimulus in the second half year of 2009. The Chinese government will have strong commitment as well as efficiency of policies in restoring the economic development from the global recession. Thus the Hong Kong H shares index will maintain its out-performance against the US and European markets.

Hang Seng Index essentially comprises domestic real estates, conglomerates and banks. Based on stabilizing outlook for Hong Kong banks and properties and earnings upgrade of China, it is expected that the index will climb up again. The Group will continue to take advantage of the environment to seek new investment opportunities with attractive returns to shareholders. Looking forward, the Board is confident with the future prospects of the Group.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
		HK\$	HK\$
		(Unaudited)	(Unaudited)
	Notes		
Revenue	4	15,071	167,436
Operating expenses		(6,022,099)	(7,623,317)
Share of (loss)/profit of associates		(310,863)	3,844,600
Share of loss of jointly controlled entities		(600,766)	(341,355)
Change in fair value of financial assets held for trading		(354,600)	(7,098,529)
Gain/(Loss) on disposals of financial assets held for trading		3,714,053	(204,024)
Loss before income tax	5	(3,559,204)	(11,255,189)
Income tax expense	6	(426,000)	–
Loss for the period		(3,985,204)	(11,255,189)
Other comprehensive income			
Exchange differences on translation of financial statements of associates		237,547	1,034,379
Other comprehensive income for the period		237,547	1,034,379
Total comprehensive loss for the period		(3,747,657)	(10,220,810)
Loss for the period attributable to:			
Equity holders of the Company		(3,985,204)	(11,255,189)
Total comprehensive loss for the period attributable to:			
Equity holders of the Company		(3,747,657)	(10,220,810)
		HK cents	HK cents
Loss per share for loss attributable to the equity holders of the Company during the period			
– Basic	7	(0.584)	(1.650)
– Diluted	7	N/A	N/A

Condensed Consolidated Statement of Financial Position

As at 30 June 2009

		At 30 June 2009 HK\$ (Unaudited)	At 31 December 2008 HK\$ (Audited)
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	44,603	49,762
Interests in associates		70,699,822	70,773,138
Interests in jointly controlled entities		13,425,226	23,946,348
Loan to a jointly controlled entity		7,470,489	7,470,489
		91,640,140	102,239,737
Current assets			
Financial assets held for trading		11,361,488	18,029,500
Other receivables		11,123,710	6,555,166
Cash and cash equivalents	10	81,191,270	72,471,934
		103,676,468	97,056,600
Current liabilities			
Other payables		11,573,155	12,231,227
		92,103,313	84,825,373
Net current assets			
		183,743,453	187,065,110
Total assets less current liabilities			
Non-current liabilities			
Deferred tax liabilities		741,000	315,000
		183,002,453	186,750,110
Net assets			
EQUITY			
Share capital	11	6,820,940	6,820,940
Reserves		176,181,513	179,929,170
		183,002,453	186,750,110
Total equity			
		0.268	0.274
Net asset value per share			
	15		

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009 – Unaudited

	Attributable to equity holders of the Company						
	Share capital	Share premium	Special reserve	Exchange reserve	Capital redemption reserve	Accumulated losses	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 January 2009	6,820,940	170,887,413	382,880,958	8,145,413	270,200	(382,254,814)	186,750,110
Total comprehensive loss for the period	-	-	-	237,547	-	(3,985,204)	(3,747,657)
At 30 June 2009	6,820,940	170,887,413	382,880,958	8,382,960	270,200	(386,240,018)	183,002,453
At 1 January 2008	6,820,940	184,529,293	382,880,958	7,642,332	270,200	(348,297,988)	233,845,735
2007 final dividend paid	-	(13,641,880)	-	-	-	-	(13,641,880)
Total comprehensive loss for the period	-	-	-	1,034,379	-	(11,255,189)	(10,220,810)
At 30 June 2008	6,820,940	170,887,413	382,880,958	8,676,711	270,200	(359,553,177)	209,983,045

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009 HK\$ (Unaudited)	2008 HK\$ (Unaudited)
Net cash used in operating activities	(1,123,902)	(87,235,719)
Net cash from investing activities	9,843,238	104,170,000
Net cash used in financing activities	–	(13,641,880)
Increase in cash and cash equivalents	8,719,336	3,292,401
Cash and cash equivalents at 1 January	72,471,934	32,298,094
Cash and cash equivalents at 30 June	81,191,270	35,590,495

Notes to the Unaudited Interim Financial Information

For the six months ended 30 June 2009

1. BASIS OF PREPARATION

This unaudited interim financial information ("The Unaudited Interim Financial Information") has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure provisions in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Unaudited Interim Financial Information has been reviewed by our auditors in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The Unaudited Interim Financial Information for the six months ended 30 June 2009 was approved for issue by the board of directors on 21 September 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Unaudited Interim Financial Information has been prepared in accordance with the accounting policies and method of comparatives used in the annual financial statements of the Company for the year ended 31 December 2008 (the "2008 Annual Financial Statements"), except for the adoption of the new or amended Hong Kong Financial Reporting Standards ("HKFRSs"), which include individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Int") as disclosed below. The Unaudited Interim Financial Information should be read in conjunction with the 2008 Annual Financial Statements.

In the current period, the Group has applied for the first time the following new or amended HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 January 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32, HKAS 39 & HKFRS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendment)	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
Various	Annual improvements to HKFRSs 2008

Notes to the Unaudited Interim Financial Information

For the six months ended 30 June 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other than as noted below, the adoption of these new or amended HKFRSs has had no material effect on this interim financial report.

HKAS 1 (Revised 2007) – Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. HKAS 1 affects the presentation of owner changes in equity and introduces a "Statement of comprehensive income". Comparatives have been restated to conform with the revised standard.

Adoption of new or amended HKFRSs

The Group has not early adopted the following new and amended HKFRSs, which have been published but are not yet effective:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-Time Adopters ³
HKFRS 2 (Amendment)	Group Cash-Settled Share-Based Payment Transactions ³
HKFRS 3 (Revised)	Business Combinations ¹
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) – Int 18	Transfer of Assets from Customers ²
Various	Annual Improvements to HKFRS 2009 ⁴

¹ Effective for annual periods beginning on or after 1 July 2009

² Effective for transfer received on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 January 2010

⁴ Generally effective for annual periods beginning on or after 1 January 2010 unless otherwise stated in the specific HKFRS

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

Notes to the Unaudited Interim Financial Information

For the six months ended 30 June 2009

3. SEGMENT INFORMATION

The Group's principal activity is investment in securities and equity instruments. Management regards it as a single business segment and no segment information is presented.

4. REVENUE

Revenue, which is also the Group's turnover, represents interest income and dividend income receivable from financial assets held for trading. Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2009 HK\$ (Unaudited)	2008 HK\$ (Unaudited)
Interest income	15,061	167,436
Dividend income from financial assets held for trading	10	–
	15,071	167,436

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived after charging:

	Six months ended 30 June	
	2009 HK\$ (Unaudited)	2008 HK\$ (Unaudited)
Depreciation	17,056	99,687
Exchange loss	2,337	88,206
Loss on disposal of jointly controlled entity (<i>note</i>)	65,221	–

Note: During the period, a jointly controlled entity, namely China Eco-hotel Investments Limited was liquidated and a loss of HK\$65,221 has been recognised in the statement of comprehensive income (Six months ended 30 June 2008: Nil).

Notes to the Unaudited Interim Financial Information

For the six months ended 30 June 2009

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (Six months ended 30 June 2008: Nil).

Under the new tax law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation of HK\$426,000 has been provided in the consolidated financial statements in respect of temporary differences attributable to undistributed profits of a PRC associate during the period (Six months ended 30 June 2008: Nil).

	Six months ended 30 June	
	2009 HK\$ (Unaudited)	2008 HK\$ (Unaudited)
Current tax	–	–
Deferred tax	426,000	–
	426,000	–

7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of HK\$3,985,204 (Six months ended 30 June 2008: HK\$11,255,189) and on the weighted average of 682,094,000 (Six months ended 30 June 2008: 682,094,000) ordinary shares in issue during the period. No diluted loss per share has been presented as there were no potential ordinary shares for both periods.

8. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (Six months ended 30 June 2008: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2009, the Group acquired property, plant and equipment of HK\$11,897 (Six months ended 30 June 2008: HK\$3,820). There was no disposal of property, plant and equipment during the period (Six months ended 30 June 2008: Nil).

Notes to the Unaudited Interim Financial Information

For the six months ended 30 June 2009

10. CASH AND CASH EQUIVALENTS

	At 30 June 2009 HK\$ (Unaudited)	At 31 December 2008 HK\$ (Audited)
Deposits with banks	7,495,863	7,468,056
Cash at banks and in hand	73,695,407	65,003,878
	81,191,270	72,471,934

Deposits with banks represent fixed deposits with maturities within 3 months from initial inception.

11. SHARE CAPITAL

	At 30 June 2009 (Unaudited)		At 31 December 2008 (Audited)	
	Number of shares	Amount HK\$	Number of shares	Amount HK\$
Ordinary shares of HK\$0.01 each				
Authorised:	12,000,000,000	120,000,000	12,000,000,000	120,000,000
Issued and fully paid	682,094,000	6,820,940	682,094,000	6,820,940

12. COMMITMENTS

At the balance sheet date, the Group did not have any capital commitment (31 December 2008: Nil).

Notes to the Unaudited Interim Financial Information

For the six months ended 30 June 2009

13. LITIGATION MATTERS

13.1 As set out in the 2008 Annual Financial Statements, one of the Group's associate, China Property Development (Holdings) Limited ("CPDH"), had the following litigations arising from the transactions relating to its former subsidiaries, World Lexus Pacific Limited ("World Lexus") and one of its subsidiaries, Beijing Pacific Palace Real Estate Development Co., Limited ("Beijing Pacific Palace").

As at 30 June 2009 and 31 December 2008, the Group holds 33.4% equity interest in CPDH. In 2002, CPDH acquired 80% equity interest in World Lexus whose sole asset is its investment in the wholly owned subsidiary in the PRC, namely Beijing Pacific Palace. Beijing Pacific Palace was principally engaged in a property development project at Jiangtai Town, Chaoyang District, Beijing, the PRC (the "Pacific Town Project").

In 2004, CPDH entered into another agreement and acquired the remaining 20% equity interest in World Lexus (the "20% Equity Transfer Agreement") from the former minority shareholders of World Lexus (the "Former Minority of World Lexus") for a consideration of RMB85 million (the "Consideration"), which included the preliminary costs incurred by the Former Minority of World Lexus on the Pacific Town Project prior to the acquisition of 80% equity interest in World Lexus by CPDH made in 2002. CPDH did not pay the full amount of the Consideration as a result of certain breaches of the 20% Equity Transfer Agreement and other contingent liabilities by the Former Minority of World Lexus as set out below:

- (a) In accordance with the terms of the 20% Equity Transfer Agreement, the Former Minority of World Lexus undertook RMB10 million in respects of a deposit paid to a consultancy company of Beijing Pacific Palace. As the consultancy company did not refund the deposit to Beijing Pacific Palace, CPDH deducted the amount of RMB10 million from the Consideration. CPDH has included the amount of RMB10 million together with unrecovered costs in its subsequent arbitration proceedings as set out in note 13.1(e) below.
- (b) A third party made a claim against World Lexus for its services rendered on the Pacific Town Project. CPDH paid an amount of RMB2.2 million to this third party. As these services were not disclosed by the Former Minority of World Lexus at the time when the 20% Equity Transfer Agreement was entered, CPDH thus subsequently made a claim of RMB2.2 million plus other associated costs arising from this matter against the Former Minority of World Lexus in its subsequent arbitration proceedings as set out in note 13.1(e) below.

Notes to the Unaudited Interim Financial Information

For the six months ended 30 June 2009

13. LITIGATION MATTERS *(continued)*

13.1 *(continued)*

- (c) Another third party made a claim against World Lexus for its services rendered on the Pacific Town Project. Again, information about these services was not disclosed to CPDH by the Former Minority of World Lexus at the time when the 20% Equity Transfer Agreement was entered.

Eventually, this third party confirmed in writing to World Lexus that the alleged claim had been withdrawn. CPDH has also included the associated costs arising from this matter in its claim against the Former Minority of World Lexus in its subsequent arbitration proceedings as set out in note 13.1(e) below.

- (d) Save mentioned in notes 13.1(a) to (c) above, the Former Minority of World Lexus also failed to (i) provide legitimate tax invoices of approximately RMB4.95 million to Beijing Pacific Palace and (ii) to recover the debts of RMB18.1 million from a contracted party to Beijing Pacific Palace (the "Contracted Party"). Thus, CPDH has also included the claim of the amount plus the associated costs arising from this matter against the Former Minority of World Lexus in its subsequent arbitration proceedings as set out in note 13.1(e) below.
- (e) In April 2005, CPDH, the Former Minority of World Lexus and the Contracted Party undertook arbitration proceedings in respect of the matters referred to in notes 13.1(a) to (d) above as well as certain other deductions which CPDH made under the terms of the 20% Equity Transfer Agreement.

As a result of the matters as set out in notes 13.1(a) to (d) above, CPDH deducted an amount of approximately RMB20 million from the Consideration. Up to 30 June 2009, CPDH had already paid approximately RMB65 million to the Former Minority of World Lexus, its designated accounts or the Hong Kong High Court.

- (f) During the arbitration proceedings as described in note (e) above, one of the Former Minority of World Lexus and the Contracted Party made a counter claim of RMB20 million in respect of loss of the development right on certain parts of the Pacific Town Project.

The above legal claims are currently subject to arbitration proceedings. It is expected that the second hearing is resumed and scheduled in September 2009.

Notes to the Unaudited Interim Financial Information

For the six months ended 30 June 2009

13. LITIGATION MATTERS *(continued)*

13.2 In November 2007, CPDH disposed of its entire interest in World Lexus to an independent third party (the "Buyer"). The gain arising from this disposal was then recognised by CPDH. So far, 90% of the total consideration had already been received by CPDH and the remaining 10% of the total consideration amounting to US\$6,275,000 (the "Remaining Consideration") was kept by an escrow agent as a guarantee for any contingent liabilities and undisclosed tax liabilities.

In November 2008, the Buyer issued a claim letter for contingent liabilities and undisclosed information to the escrow agent, and requested the escrow agent not to release the Remaining Consideration to CPDH. CPDH objected these claims made by the Buyer and thus the escrow agent applied for an interpleader proceedings to the Hong Kong High Court. In June 2009, CPDH filed a notice of appeal to the escrow agent's interpleader application on the ground that the claims made by the Buyer are not relevant to the release of Remaining Consideration in escrow. The appeal hearing is scheduled on 12 January 2010.

13.3 The directors of the Company, after considering the status of the above legal claims on the matters as set out in notes 13.1 and 13.2 above, with reference to the information provided by the directors and lawyers of CPDH, are of the opinion that no further provision or further impairment loss is required to be made in the consolidated financial statements of CPDH which have already been accounted for under equity accounting in the consolidated financial statements of the Group. The directors of the Company are of the opinion that there will be no further contingent liabilities in respect of the above arbitration proceedings.

14. RELATED PARTY TRANSACTIONS

14.1 On 20 September 2006, the Group entered into a custodian agreement with Orangefield Management (Hong Kong) Limited. During the period, the Group paid HK\$30,000 (Six months ended 30 June 2008 HK\$30,000) to Orangefield Management (Hong Kong) Limited. Custodian of the Group is regarded as a connected party in accordance with the Listing Rule 21.13.

On 29 February 2008, the Group entered into an investment management agreement with KBR Management Limited. During the period, the Group paid HK\$166,667 (Six months ended 30 June 2008 HK\$133,000) to KBR Management Limited. Investment manager of the Group is regarded as a connected party in accordance with the Listing Rule 21.13.

Notes to the Unaudited Interim Financial Information

For the six months ended 30 June 2009

14. RELATED PARTY TRANSACTIONS *(continued)*

14.2 During the period, the Group paid key management personnel compensation as follows:

	Six months ended 30 June	
	2009 HK\$ (Unaudited)	2008 HK\$ (Unaudited)
Salaries and other short-term employee benefits	1,047,225	1,011,000
Retirement scheme contributions	18,000	12,000
	1,065,225	1,023,000

15. NET ASSET VALUE PER SHARE

Net asset value per share as at 30 June 2009 is computed based on the unaudited consolidated net assets of HK\$183,002,453 as at 30 June 2009 (31 December 2008: HK\$186,750,110 (audited)) and 682,094,000 ordinary shares in issue as at 30 June 2009 (31 December 2008: 682,094,000 ordinary shares).

16. COMPARATIVE FIGURES

Certain comparatives have been reclassified during the period to conform to the current period's presentation. Change in fair value of financial assets held for trading investments and exchange loss, which were previously classified as other loss, are now separately disclosed in the face of the consolidated statement of comprehensive income and classified under operating expenses respectively.

Independent Review Report



Grant Thornton
均富

Member of Grant Thornton International Ltd

To the Board of Directors of
New Capital International Investment Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 6 to 18 which comprise the condensed consolidated statement of financial position of New Capital International Investment Limited as of 30 June 2009 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended, and a summary of significant accounting policies and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of the report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim financial information.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with HKAS 34.

Grant Thornton
Certified Public Accountants
6th Floor, Nexus Building
41 Connaught Road Central
Hong Kong

21 September 2009

Other Information

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2009, none of the Directors or the chief executive of the Company or their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they are taken or deemed to have under such provision of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept therein, or which were required, pursuant to Model Code for Securities Transactions by Directors of Listed Company, to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to the Directors, as at 30 June 2009, the persons/companies who have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholder	No. of Shares	Approximate % of shareholding
Mr. Lin Si Yu (Note 1)	107,600,000	15.77
Sense Control International Limited (Note 1)	107,600,000	15.77
Dover VI Associates, LLC (Note 2)	105,800,000	15.51
Dover VI Associates, L.P. (Note 2)	105,800,000	15.51
Dover SPING GP LLC (Note 2)	85,140,000	12.48
Dover SPING L.P. (Note 2)	85,140,000	12.48
Dover Street VI L.P. (Note 2)	20,660,000	3.03
Mr. Xiong Wei (Note 3)	62,000,000	9.09
Econoworth Investments Limited (Note 3)	62,000,000	9.09

Notes:

1. Sense Control International Limited is beneficially and wholly owned by Mr. Lin Si Yu. Mr. Lin Si Yu is therefore deemed to be interested in the same parcel of shares held by Sense Control International Limited.
2. (a) The 85,140,000 shares were held by Dover SPING L.P., Dover SPING GP LLC, which has controlling interest in Dover SPING L.P., is therefore deemed to be interested in the same parcel of shares held by Dover SPING L.P.
- (b) The 20,660,000 shares were held by Dover Street VI L.P..

Other Information

- (c) Dover VI Associates, LLC has controlling interest in Dover VI Associates L.P. and Dover VI Associates L.P. has controlling interest in Dover SPING GP LLC and Dover Street VI L.P.. Both Dover VI Associates, LLC and Dover VI Associates L.P. are therefore deemed to be interested in the 85,140,000 shares held by Dover SPING L.P. and the 20,660,000 shares held by Dover Street VI L.P..
3. Econoworth Investments Limited is beneficially and wholly owned by Mr. Xiong Wei. Mr. Xiong Wei is therefore deemed to be interested in the same parcel of shares held by Econoworth Investments Limited.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company effective 13 April 2005 under which the board of directors of the Company may, at its discretion, grant to any director, employee, executive or officer of the Company, or any director, employee, executive of any subsidiaries from time to time of the Company, to subscribe for the Company's shares.

As at 30 June 2009, no option was granted since the adoption of the Share Option Scheme. There are no share options outstanding as at 30 June 2009.

INTERIM DIVIDEND

The Board of Directors does not recommend payment of interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2009, there were no charges on the Company's assets or any significant contingent liabilities (31 December 2008: Nil).

EMPLOYEE

As at 30 June 2009, the Group has 7 employees. Basic salary, discretionary bonus and mandatory provident fund scheme are provided to these employees.

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 10 September 2009 to review the Group's 2009 interim results before it was tabled for the Board's approval.

Other Information

REMUNERATION COMMITTEE

The Remuneration Committee is headed by Mr. Liu Xiao Guang, the Chairman of the Board. The other members of the Remuneration Committee are the three independent non-executive directors, Mr. To Chun Kei, Dr. Kwong Chun Wai Michael and Mr. Fung Tze Wa.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company or any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities during the six months ended 30 June 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2009, 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 the independent non-executive Directors of the Company were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings during 1 January 2009 to 20 April 2009; and that the chairman of the board did not attend the annual general meeting of the Company held on 27 May 2009 due to business commitment. All the independent non-executive directors have entered into appointment letters with the Company on 21 April 2009 with a fixed term of 3 years.

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. Lawrence H. Wood, Mr. Liu Xue Min, Mr. Shi Tao, Mr. Lin Si Yu and Mr. Xiong Wei as Executive Directors; and Mr. To Chun Kei, Dr. Kwong Chun Wai Michael and Mr. Fung Tze Wa as Independent Non-executive Directors.

By Order of the Board

Liu Xiao Guang

Chairman

Hong Kong, 21 September 2009