



China Development Bank International Investment Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1062)

Interim Report 2012



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Corporate Information

DIRECTORS

Non-executive Director

Mr ZHANG Xuguang (Chairman)

Executive Directors

Mr TENG Rongsong (Chief Executive Officer)
Mr MAO Yong (Chief Investment Officer)
Mr LIU Xiao Guang

Independent Non-executive Directors

Mr WANG Xiangfei
Mr LU Gong
Mr FAN Ren Da, Anthony

COMPANY SECRETARY

Mr WONG Kwok Ho

AUDIT COMMITTEE

Mr ZHANG Xuguang
Mr WANG Xiangfei (Chairman)
Mr LU Gong

REMUNERATION COMMITTEE

Mr LIU Xiao Guang
Mr LU Gong (Chairman)
Mr FAN Ren Da, Anthony

NOMINATION COMMITTEE

Mr ZHANG Xuguang (Chairman)
Mr WANG Xiangfei
Mr FAN Ren Da, Anthony

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

Suites 4506 – 4509
Two International Finance Centre
No. 8 Finance Street, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Bank of East Asia, Limited

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law

Freshfields Bruckhaus Deringer

As to the Cayman Islands Law

Conyers Dill & Pearman

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

6th Floor, St. John's Building

33 Garden Road, Central

Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1062

WEBSITES

www.cdb-intl.com

www.irasia.com/listco/hk/cdbintl

Management Discussion and Analysis

The board of directors (the “**Board**” or “**Directors**”) of China Development Bank International Investment Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2012 (the “**Period**”). The interim results for the six months ended 30 June 2012 have been reviewed by the audit committee and the auditor of the Company.

OVERALL PERFORMANCE

For the Period, the Group recorded a loss of approximately HK\$8.85 million (30 June 2011: approximately HK\$8.66 million) which is principally attributable to the fragile investment environment, high administrative expenses and is partially offset by the increase in fair value of other financial assets.

The investment income for the Period increased by 232.7% from the same period last year to approximately HK\$0.27 million (30 June 2011: approximately HK\$0.08 million), primarily due to an increase in dividend income from listed securities investments.

For both the periods ended 30 June 2012 and 2011, the Group’s investment income was all derived in Hong Kong, based on the physical location of the underlying assets that generate the revenue. The Group’s non-current assets (other than financial instruments) are located in People’s Republic of China and Hong Kong.

The increase in fair value of other financial assets amounts to approximately HK\$0.92 million (30 June 2011: decrease in fair value of approximately HK\$0.63 million) was recorded in the Period, which was wholly attributable to the change in the embedded option value of investment in acquiring 12% equity interest of Capital Aihua (Tianjin) Municipal & Environmental Engineering Co., Ltd. (“**Capital Aihua**”).

The administrative expenses of the Group for the Period were approximately HK\$12.10 million (30 June 2011: approximately HK\$10.84 million).

The net proceeds from share subscription of approximately HK\$768.00 million enlarged the capital base of the Company during the Period. After accounting for the share subscription and the result of the Period, the Group’s net asset value increased from approximately HK\$284.18 million as at 31 December 2011 to approximately HK\$1,040.57 million as at 30 June 2012, with loss per share of HK0.430 cents (30 June 2011: HK0.882 cents).

LIQUIDITY AND FINANCIAL RESOURCES

It is the Group's policy to adopt a prudent financial management strategy. The Group's treasury policies are designed to maintain a suitable level of liquidity facilities and minimise financial risks in order to meet operation requirements and investment opportunities. As at 30 June 2012, the cash and bank balance of the Group was approximately HK\$910.69 million (31 December 2011: approximately HK\$153.10 million). As majority of all the retained cash was denominated in Hong Kong Dollars and placed in a major bank in Hong Kong, the Group's exposure to exchange fluctuations is considered minimal. The Board believes that the Group still maintains a healthy financial position as at 30 June 2012.

As at 30 June 2012, the Group had no borrowings or long-term liabilities, putting the Group in an advantageous position to pursue its investment strategies and investment opportunities.

CAPITAL STRUCTURE

During the Period, the Company placed 1,920,000,000 new shares at HK\$0.40 each per share. The number of the Company's issued shares increased from 982,215,360 to 2,902,215,360 during the Period.

CHARGE ON ASSETS, CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 30 June 2012, there were no charges on the Group's assets, the Group had no material capital commitment or any significant contingent liabilities (31 December 2011: Nil).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, the Company had not made any material acquisition and disposal of subsidiaries and associated companies.

PORTFOLIO REVIEW

Top Ten Investments

Particulars of top ten investments of the Group as at 30 June 2012 are set out as follows:

| Name of investment | Proportion of the share/ paid up capital owned | Carrying book cost up to 30 June 2012 HK\$ | Market value/ carrying amount as at 30 June 2012 HK\$ | Dividend received during the period HK\$ | Percentage to the Group's net assets as at 30 June 2012 |
|----------------------------------------------------------------------------------------------------------|------------------------------------------------|-----------------------------------------------|----------------------------------------------------------|---------------------------------------------|---------------------------------------------------------|
| Beijing Far East Instrument Company Limited (" Beijing Far East ") (Note 1) | 25% | 47,766,128 | 63,591,551 | – | 6.12% |
| Capital Aihua (Note 2) | 12% | 31,808,623 | 31,808,623 | – | 3.06% |
| HSBC Holdings Plc (" HSBC ") (HKEx stock code: 5) | Less than 0.1% | 4,286,608 | 4,455,407 | 70,616 | 0.43% |
| Tencent Holdings Limited (" Tencent ") (HKEx stock code: 700) | Less than 0.1% | 2,986,765 | 3,503,000 | 11,625 | 0.34% |
| Hutchison Whampoa Limited (" Hutchison Whampoa ") (HKEx stock code: 13) | Less than 0.1% | 4,141,898 | 3,325,000 | 76,500 | 0.32% |
| Bank of China Limited (" BOC ") – H Shares (HKEx stock code: 3988) | Less than 0.1% | 4,169,855 | 3,234,000 | – | 0.31% |
| AIA Group Limited (" AIA ") (HKEx stock code: 1299) | Less than 0.1% | 2,989,253 | 3,047,500 | 25,300 | 0.29% |
| Industrial and Commercial Bank of China Limited (" ICBC ") – H Shares (HKEx stock code: 1398) | Less than 0.1% | 4,418,895 | 3,003,000 | – | 0.29% |
| Ping An Insurance (Group) Company of China, Ltd. (" Ping An ") – H Shares (HKEx stock code: 2318) | Less than 0.1% | 3,007,219 | 2,714,800 | – | 0.26% |
| CNOOC Limited (" CNOOC ") (HKEx stock code: 883) | Less than 0.1% | 2,947,403 | 2,618,000 | 42,840 | 0.25% |

Notes:

1. Beijing Far East is a sino-foreign enterprise incorporated in the PRC, and is principally engaged in producing scientific measuring and industrial control equipment. Its carrying amount is accounted for using equity method.
2. Capital Aihua is a sino-foreign enterprise incorporated in the PRC and is principally engaged in municipal and environmental consultancy services in China; and covering consultancy works from engineering, procurement, construction and management for water supply project(s). Its carrying amount is stated at fair value.

Beijing Far East

Beijing Far East, an associate of the Group, 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 for the six months ended 30 June 2012, Beijing Far East recorded its unaudited consolidated profit of approximately RMB10.39 million, an increase of approximately 4.6%, as compared with its unaudited consolidated profit of approximately RMB9.93 million for the six months ended 30 June 2011.

Capital Aihua

In November 2010, the Group invested approximately RMB28.97 million in acquiring 12% equity interest of Capital Aihua. Capital Aihua is a joint venture established in 2001. The principal business of Capital Aihua is to provide municipal and environmental consultancy services in China. It specializes in water supply project, covering consultancy works from engineering, procurement, construction and management.

Pursuant to the equity transfer agreement in relation to the acquisition of 12% equity interest of Capital Aihua, the Group has an option to request the seller under such agreement to repurchase the 12% equity interest at the cost of the acquisition plus a guaranteed return at 15% per annum. As at the date of this report, the Group has not exercised the option. The management of the Company has considered that Capital Aihua is a medium-term investment project. The management of the Company will review the status and the market position of Capital Aihua regularly and will exercise the option as and when appropriate.

Securities Investments

For the Period, there were no changes in the Company's investments in Hong Kong listed securities. All the financial assets held for trading were equity shares listed in The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). As at 30 June 2012, the market value of the securities investments amounted to approximately HK\$32.14 million (31 December 2011: approximately HK\$30.71 million).

A brief description of the business and financial information of the listed investments is as follows:

- (a) HSBC is principally engaged in the provision of a comprehensive range of banking and related financial services through an international network in the Asia-Pacific region, Europe, the Americas, the Middle East and Africa. The unaudited profit attributable to shareholders of HSBC for the six months period ended 30 June 2012 was approximately US\$8,438 million and the unaudited net assets attributable to shareholders of HSBC at 30 June 2012 was approximately US\$173,766 million. The fair value of the investment in HSBC is based on quoted market bid prices.
- (b) Tencent is principally engaged in the provision of internet and mobile value-added services and online advertising services. The unaudited profit attributable to shareholders of Tencent for the six months period ended 30 June 2012 was approximately RMB6,050 million and the unaudited net assets attributable to shareholders of Tencent as at 30 June 2012 was approximately RMB34,714 million. The fair value of the investment in Tencent is based on quoted market bid prices.

Management Discussion and Analysis

- (c) Hutchison Whampoa is principally engaged in activities of ports and related services, telecommunications and e-commerce, property and hotels, retail and manufacturing, energy, infrastructure, finance and investments. The unaudited profit attributable to shareholders of Hutchison Whampoa for the six months period ended 30 June 2012 was approximately HK\$10,208 million and the unaudited net assets attributable to shareholders of Hutchison Whampoa at 30 June 2012 was approximately HK\$411,189 million. The fair value of the investment in Hutchison Whampoa is based on quoted market bid prices.
- (d) BOC is principally engaged in the provision of various banking and related financial services, including commercial banking, investment banking, insurance, direct investment and investment management, fund management and aircraft leasing business. The unaudited profit attributable to shareholders of BOC for the six months period ended 30 June 2012 was approximately RMB71,601 million and the unaudited net assets attributable to shareholders of BOC at 30 June 2012 was approximately RMB756,195 million. The fair value of the investment in BOC is based on quoted market bid prices.
- (e) AIA is principally engaged in the provision of individuals and businesses with products and services for insurance, protection, savings, investment and retirement needs. The unaudited profit attributable to shareholders of AIA for the six months period ended 30 June 2012 was approximately US\$1,444 million and the unaudited net assets attributable to shareholders of AIA at 30 June 2012 was approximately US\$23,123 million. The fair value of the investment in AIA is based on quoted market bid prices.
- (f) ICBC is principally engaged in the provision of corporate and personal banking, treasury operations, investment banking, asset management, trust, financial leasing and other financial services. The unaudited profit attributable to shareholders of ICBC for the six months period ended 30 June 2012 was approximately RMB123,160 million and the unaudited net assets attributable to shareholders of ICBC at 30 June 2012 was approximately RMB1,016,318 million. The fair value of the investment in ICBC is based on quoted market bid prices.
- (g) Ping An is principally engaged in the provision of life insurance, property and casualty insurance, banking and other financial services. The unaudited profit attributable to shareholders of Ping An for the six months period ended 30 June 2012 was approximately RMB13,959 million and the unaudited net assets attributable to shareholders of Ping An at 30 June 2012 was approximately RMB193,681 million. The fair value of the investment in Ping An is based on quoted market bid prices.
- (h) CNOOC is principally engaged in exploration, development, production and sales of crude oil and natural gas and other petroleum products. The unaudited profit attributable to shareholders of CNOOC for the six months period ended 30 June 2012 was approximately RMB31,869 million and the unaudited net assets attributable to shareholders of CNOOC at 30 June 2012 was approximately RMB284,225 million. The fair value of the investment in CNOOC is based on quoted market bid prices.

EMPLOYEES

As at 30 June 2012, the Company had 9 employees. The Company determines its staff remuneration in accordance with prevailing market salary scales, individual qualifications and performance. Remuneration packages of the Company's employees including basic salary, double pay and performance bonuses are reviewed on regular basis. The Company has adopted a share option scheme on 7 February 2005 for the purposes of providing incentives and rewards to eligible participants who have made contributions to the Group.

NEW NAME, NEW HORIZONS

"China Development Bank International Investment Limited" changed its name from "New Capital International Investment Limited" on 19 June 2012 to align itself with the branding of its substantial shareholder and corporate strategic development plans. This name change is a significant milestone and has created opportunities to build upon the Group's investment portfolios by leveraging the established networks and relationships of China Development Bank Corporation.

FUTURE PROSPECTS

Looking ahead, we expect the unclear economic and geopolitical backdrop as well as increasingly stiff competition will continue to increase challenges to the Company. However, the US Federal Open Market Committee anticipating that interest rates would remain low through at least late 2014, is favorable to the equity investments. Another positive factor is that the Chinese Government may be less hawkish to tighten the current macro policy in the near term. In light of the challenging international and domestic economic condition, the Company will adopt cautious measures to manage the portfolio of investments in order to create sustainable value for shareholders and other stakeholders.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

| | Notes | Six months ended 30 June | |
|-----------------------------------------------------------------------------------|-------|-----------------------------|-----------------------------|
| | | 2012 HK\$ (Unaudited) | 2011 HK\$ (Unaudited) |
| Investment income | 4 | 268,681 | 80,754 |
| Change in fair value of financial assets held for trading | | 1,431,168 | 215,732 |
| Change in fair value of other financial assets | | 923,590 | (634,992) |
| Other income | | 54,852 | 14,872 |
| Administrative expenses | | (12,095,006) | (10,843,994) |
| Share of results of associates | | 729,824 | 2,801,269 |
| Loss before taxation | | (8,686,891) | (8,366,359) |
| Income tax expense | 5 | (159,503) | (295,368) |
| Loss for the period attributable to owners of the Company | 6 | (8,846,394) | (8,661,727) |
| Change in fair value of available-for-sale investment | | (2,769,293) | – |
| Exchange differences arising on translation | | 3,195 | 1,213,597 |
| Other comprehensive (expense) income | | (2,766,098) | 1,213,597 |
| Total comprehensive expenses for the period attributable to owners of the Company | | (11,612,492) | (7,448,130) |
| Loss per share | | | |
| – Basic | 7 | HK0.430 cents | HK0.882 cents |

Condensed Consolidated Statement of Financial Position

At 30 June 2012

| | Notes | 30 June 2012 HK\$ (Unaudited) | 31 December 2011 HK\$ (Audited) |
|---------------------------------------------|-------|----------------------------------------|------------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 9 | 44,234 | 65,862 |
| Interests in associates | 10 | 64,841,403 | 64,108,384 |
| Available-for-sale financial assets | 11 | 29,039,330 | 31,808,623 |
| Other financial assets | 12 | 13,966,984 | 13,043,394 |
| | | 107,891,951 | 109,026,263 |
| Current assets | | | |
| Financial assets held for trading | 13 | 32,141,842 | 30,710,674 |
| Other receivables, prepayments and deposits | | 1,192,587 | 1,845,618 |
| Bank balances and cash | 14 | 910,688,761 | 153,102,049 |
| | | 944,023,190 | 185,658,341 |
| Current liabilities | | | |
| Other payables and accruals | | 10,090,505 | 9,406,991 |
| Net current assets | | 933,932,685 | 176,251,350 |
| Total assets less current liabilities | | 1,041,824,636 | 285,277,613 |
| Non-current liability | | | |
| Deferred taxation liabilities | | 1,259,503 | 1,100,000 |
| Net assets | | 1,040,565,133 | 284,177,613 |
| Capital and reserves | | | |
| Share capital | 15 | 29,022,154 | 9,822,154 |
| Reserves | | 1,011,542,979 | 274,355,459 |
| | | 1,040,565,133 | 284,177,613 |

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

| | Attributable to owners of the Company | | | | | | | Total |
|-------------------------------------------------------------|---------------------------------------|----------------------|--------------------|--------------------------------|-------------------|----------------------------|----------------------|----------------------|
| | Share capital | Share premium | Special reserve | Investment revaluation reserve | Exchange reserve | Capital redemption reserve | Accumulated losses | |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | |
| At 1 January 2011 (Audited) | 9,822,154 | 295,000,983 | 382,880,958 | - | 10,007,394 | 270,200 | (400,371,036) | 297,610,653 |
| Loss for the period | - | - | - | - | - | - | (8,661,727) | (8,661,727) |
| Exchange differences arising on translation | - | - | - | - | 1,213,597 | - | - | 1,213,597 |
| Total comprehensive income (expenses) for the period | - | - | - | - | 1,213,597 | - | (8,661,727) | (7,448,130) |
| At 30 June 2011 (Unaudited) | 9,822,154 | 295,000,983 | 382,880,958 | - | 11,220,991 | 270,200 | (409,032,763) | 290,162,523 |
| At 1 January 2012 (Audited) | 9,822,154 | 295,000,983 | 382,880,958 | - | 13,094,941 | 270,200 | (416,891,623) | 284,177,613 |
| Loss for the period | - | - | - | - | - | - | (8,846,394) | (8,846,394) |
| Change in fair value of available-for-sale financial assets | - | - | - | (2,769,293) | - | - | - | (2,769,293) |
| Exchange differences arising on translation | - | - | - | - | 3,195 | - | - | 3,195 |
| Total comprehensive (expenses) income for the period | - | - | - | (2,769,293) | 3,195 | - | (8,846,394) | (11,612,492) |
| Issue of shares by placement | 19,200,000 | 748,800,012 | - | - | - | - | - | 768,000,012 |
| At 30 June 2012 (Unaudited) | 29,022,154 | 1,043,800,995 | 382,880,958 | (2,769,293) | 13,098,136 | 270,200 | (425,738,017) | 1,040,565,133 |

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

| | Six months ended 30 June | |
|--------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| | 2012 HK\$ (Unaudited) | 2011 HK\$ (Unaudited) |
| Net cash used in operating activities | (10,460,125) | (32,896,266) |
| Net cash from (used in) investing activities | 46,825 | (7,168) |
| Issue of shares and cash from financing activity | 768,000,012 | – |
| Net increase (decrease) in cash and cash equivalents | 757,586,712 | (32,903,434) |
| Cash and cash equivalents at the beginning of the period | 153,102,049 | 200,621,488 |
| Cash and cash equivalents at the end of the period, representing cash and bank balances | 910,688,761 | 167,718,054 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the period are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011.

In the current period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

| | |
|-----------------------|--------------------------------------------------------------------|
| Amendments to HKFRS 7 | Financial Instruments: Disclosures – Transfers of Financial Assets |
| Amendments to HKAS 12 | Deferred Tax – Recovery of Underlying Assets |

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Company's executive directors. The Group's principal activity is investment in securities and equity instruments. The executive directors regard it as a single business segment. Also, the measurement policies the Group adopted for segment reporting under HKFRS 8 are the same as those used in its consolidated financial statements prepared under HKFRSs, therefore segment disclosures are not presented.

The management determines the Group is domiciled in Hong Kong, which is the location of the Group's principal office.

The Group's non-current assets (other than financial instruments) are located in the following geographical area, which based on the physical location of the assets:

| | 30 June 2012 HK\$ (Unaudited) | 31 December 2011 HK\$ (Audited) |
|------------------------------------|--------------------------------------------------|------------------------------------------|
| People's Republic of China ("PRC") | 64,841,403 | 64,108,384 |
| Hong Kong | 44,234 | 65,862 |
| | 64,885,637 | 64,174,246 |

4. INVESTMENT INCOME

| | Six months ended 30 June | |
|--------------------------------------------------------|--------------------------------------|-----------------------------|
| | 2012 HK\$ (Unaudited) | 2011 HK\$ (Unaudited) |
| Dividend income from financial assets held for trading | 268,681 | 80,754 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

5. 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 2011: nil).

| | Six months ended 30 June | |
|------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| | 2012 HK\$ (Unaudited) | 2011 HK\$ (Unaudited) |
| Deferred taxation on withholding tax on undistributed earnings of associates | | |
| Current period | 159,503 | 295,368 |

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging the following items:

| | Six months ended 30 June | |
|-----------------------------------------------------|-----------------------------|-----------------------------|
| | 2012 HK\$ (Unaudited) | 2011 HK\$ (Unaudited) |
| Depreciation | 19,172 | 25,275 |
| Staff cost (including defined contribution schemes) | 2,392,433 | 1,460,604 |
| Operating lease rentals | 1,130,336 | 1,012,170 |

7. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

| | Six months ended 30 June | |
|----------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| | 2012 HK\$ (Unaudited) | 2011 HK\$ (Unaudited) |
| Loss | | |
| Loss attributable to the owners of the Company for the purpose of basic loss per share | (8,846,394) | (8,661,727) |

| | 2012 | 2011 |
|------------------------------------------------------------------------------------------------|-------------------------|-------------|
| | Number of shares | |
| Weighted average number of ordinary shares for the purpose of calculating basic loss per share | 2,058,259,316 | 982,215,360 |

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

8. DIVIDEND

The directors do not recommend the payment of an interim dividend for the period (Six months ended 30 June 2011: nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group has written off certain plant and equipment with a carrying amount of HK\$2,456 (Six months ended 30 June 2011: nil).

There were no other additions or disposals noted during the period.

10. INTERESTS IN ASSOCIATES

| | 30 June 2012 HK\$ (Unaudited) | 31 December 2011 HK\$ (Audited) |
|--------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------|
| Unlisted shares, at cost | 125,766,128 | 125,766,128 |
| Share of post-acquisition results and other comprehensive income, net of dividend received | (60,924,725) | (61,657,744) |
| | 64,841,403 | 64,108,384 |

Particulars of the Group's associates as at 30 June 2012 and 31 December 2011 are set out as follows:

| Name of associate | Place of incorporation/ establishment and operation | Group equity interest | | Proportion of voting power held | | Principal activities |
|--------------------------------------------------------|-----------------------------------------------------------|-----------------------|---------------------|---------------------------------|---------------------|------------------------------------------------------|
| | | 30 June 2012 | 31 December 2011 | 30 June 2012 | 31 December 2011 | |
| China Property Development (Holdings) Limited ("CPDH") | The Cayman Islands | 33.42% | 33.42% | 20.49% | 20.49% | Investment holding |
| Beijing Far East Instrument Company Limited | PRC | 25% | 25% | 25% | 25% | Manufacture of electronic and electrical instruments |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | 30 June 2012 HK\$ (Unaudited) | 31 December 2011 HK\$ (Audited) |
|-------------------------------------------|--------------------------------------------------|------------------------------------------|
| Available-for-sale investments comprise: | | |
| Unlisted equity investment, at fair value | 29,039,330 | 31,808,623 |

In 2010, the Group entered into an agreement (“**Agreement**”) with Beijing Capital (Hong Kong) Limited (“**Beijing Capital**”), one of the shareholders of the Company, to acquire 12% equity interest in 首創愛華(天津)市政環境工程有限公司 (Note: For identification purpose, the English name of this company is Capital Aihua (Tianjin) Municipal & Environmental Engineering Co., Ltd. The official name of the company is in Chinese.) (“**Capital Aihua**”) for a cash consideration of approximately RMB28,970,000 (equivalent to HK\$33,994,368).

Pursuant to the Agreement, Beijing Capital granted an option (“**Option**”) to the Group that enables the Group to request Beijing Capital to reacquire the 12% equity interest in Capital Aihua at the cost of the acquisition plus a guaranteed return. The Option is a financial derivative and was measured at fair value. Details of the Option are set out in note 12.

Capital Aihua is an unlisted sino-foreign equity joint venture established in the PRC, which does not have a quoted market price in an active market. In prior years, the listed equity instrument classified as available-for-sale investment has been carried at cost less impairment whilst a put option that is linked to the same investee has been measured at fair value. During the current period, the directors have re-assessed the fair value measurement of the available-for-sale investment and determined that its fair value should have been measured at fair value. The directors use their judgement in selecting an appropriate valuation technique to assess the fair value of both the available-for-sale investment and the option. For the six-month period ended 30 June 2012, the decrease in fair value of the available-for-sale investment of HK\$2,769,293 (2011: nil) was recognised in other comprehensive income (expense) and accumulated in investment revaluation reserve and the fair value changes in prior years are considered insignificant.

12. OTHER FINANCIAL ASSETS

| | 30 June 2012 HK\$ (Unaudited) | 31 December 2011 HK\$ (Audited) |
|---------------------------|--------------------------------------------------|------------------------------------------|
| Put option, at fair value | 13,966,984 | 13,043,394 |

The Option is a financial derivative arose from the acquisition of the equity interest in Capital Aihua as disclosed in note 11 above. For the six-months period ended 30 June 2012, the increase in fair value of the Option of HK\$923,590 (2011: decrease in fair value of HK\$634,992) were recognised in the profit or loss for the period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

13. FINANCIAL ASSETS HELD FOR TRADING

| | 30 June 2012 HK\$ (Unaudited) | 31 December 2011 HK\$ (Audited) |
|------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------|
| Financial assets held for trading at fair value Equity securities listed in Hong Kong | 32,141,842 | 30,710,674 |

14. BANK BALANCES AND CASH

| | 30 June 2012 HK\$ (Unaudited) | 31 December 2011 HK\$ (Audited) |
|---------------------------|--------------------------------------------------|------------------------------------------|
| Deposits with banks | 7,620,618 | 7,570,978 |
| Cash at banks and in hand | 903,068,143 | 145,531,071 |
| | 910,688,761 | 153,102,049 |

Bank balances and cash comprise short-term bank deposits carrying interest at prevailing deposits rates which range from 0.10% to 1.40% (31 December 2011: 0.01% to 0.44%) per annum.

15. SHARE CAPITAL

| | Number of shares '000 | Share capital HK\$ |
|-------------------------------|--------------------------------------|-----------------------------------|
| Shares of HK\$0.01 each | | |
| Authorised: | | |
| At 1 January and 30 June 2012 | 12,000,000 | 120,000,000 |
| Issued and fully paid: | | |
| At 1 January 2012 | 982,215 | 9,822,154 |
| Placement of shares | 1,920,000 | 19,200,000 |
| At 30 June 2012 | 2,902,215 | 29,022,154 |

Pursuant to the share subscription agreement dated 22 May 2011 entered into between the Company and China Development Bank Capital Corporation Ltd. (國開金融有限責任公司), an aggregate of 1,920,000,000 new shares were allotted and issued by the Company at HK\$0.40 per share on 21 March 2012.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

16. RELATED PARTY TRANSACTIONS AND BALANCES

On 3 March 2008, the Group entered into an investment management agreement (the “**Investment Management Agreement**”) with KBR Management Limited (“**KBR**”). KBR is the investment manager of the Group. On 9 March 2012, the Group and KBR had entered into an amended and restated deed to the Investment Management Agreement. During the period, the Group incurred a fee of HK\$200,000 (Six months ended 30 June 2011: HK\$200,000) to KBR.

On 20 September 2006, the Group entered into a custodian agreement with Orangefield Management (Hong Kong) Limited (“**Orangefield**”). Orangefield is the custodian of the Group. During the period, the Group has incurred custodian fee of HK\$30,000 (Six months ended 30 June 2011: HK\$30,000) to Orangefield.

Compensation of key management personnel

The remuneration of directors of the Company and other members of the key management during the period was as follows:

| | Six months ended 30 June | |
|--------------------------|-----------------------------|-----------------------------|
| | 2012 HK\$ (Unaudited) | 2011 HK\$ (Unaudited) |
| Short term benefits | 2,310,000 | 1,155,837 |
| Post-employment benefits | 18,000 | 9,000 |
| | 2,328,000 | 1,164,837 |

17. CONTINGENT LIABILITIES

CPDH, an associate of the Company, had certain legal claims arising from the transactions relating to its former subsidiary, World Lexus Pacific Limited and one of its subsidiaries, Beijing Pacific Palace Real Estate Development Co., Limited. The arbitration proceedings were ended in November 2009. The tribunal made the final award of the arbitration proceedings in May 2010 (the “**Award**”). CPDH was required and had settled all the legal claims in accordance with the judgements in the Award. Accordingly, an additional amount of approximately HK\$5,600,000 was paid and recognised in profit or loss of CPDH for the year ended 31 December 2011.

The directors of the Company, with reference to the information provided by the directors and lawyers of CPDH, were of the opinion that no further provision was required to be recognized in the consolidated financial statements of CPDH which have been accounted for by the Group under the equity method of accounting in the condensed consolidated financial statements of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

18. OPERATING LEASES

At the end of the reporting period, the Group had future minimum lease payments under non-cancellable operating leases which fall due as follows:

| | 30 June 2012 HK\$ (Unaudited) | 31 December 2011 HK\$ (Audited) |
|----------------------------------------|--------------------------------------------------|------------------------------------------|
| Within one year | 2,193,672 | 2,964,306 |
| In the second to fifth years inclusive | 2,566,296 | 3,912,998 |
| | 4,759,968 | 6,877,304 |

Report on Review of Condensed Consolidated Financial Statements



TO THE BOARD OF DIRECTORS OF
CHINA DEVELOPMENT BANK INTERNATIONAL INVESTMENT LIMITED
(FORMERLY KNOWN AS NEW CAPITAL INTERNATIONAL INVESTMENT LIMITED)

Introduction

We have reviewed the condensed consolidated financial statements of China Development Bank International Investment Limited (formerly known as New Capital International Investment Limited) and its subsidiaries set out on pages 10 to 21 which comprise the condensed consolidated statement of financial position as of 30 June 2012, and the related condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 HKICPA. A review of these condensed consolidated financial statements 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements is not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2011 and the relevant explanatory notes disclosed in these condensed consolidated financial statements have been reviewed by another auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

24 August 2012

Other Information

CHANGE OF COMPANY NAME

Subsequent to the passing of a special resolution by the shareholders of the Company at the annual general meeting of the Company, the name of the Company has been changed from “New Capital International Investment Limited” to “China Development Bank International Investment Limited 國開國際投資有限公司” and would no longer adopt its existing Chinese name “新資本國際投資有限公司” for identification purpose with effect from 19 June 2012 upon the issue of the Certificate of Incorporation on Change of Name by the Registrar of Companies in the Cayman Islands. The Company had also completed the necessary filing procedures with the Companies Registry in Hong Kong and the Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company was issued on 10 July 2012.

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

As at 30 June 2012, 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 Securities and Futures Ordinance (the “SFO”)), which were required, pursuant to Section 352 of the SFO, to be recorded in the register required to be kept therein, or which were required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in the Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to any Directors or chief executive of the Company, as at 30 June 2012, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept under section 336 of the SFO:

Long positions in the shares and underlying shares of the Company

| Name of Shareholder | Capacity | Number of issued shares of the Company held | Approximate percentage of the existing issued share capital of the Company |
|--------------------------------------------------------------------------------|------------------------------------|---------------------------------------------|----------------------------------------------------------------------------|
| China Development Bank Corporation (“CDB”) (Note 1) | Interest of controlled corporation | 1,920,000,000 | 66.16% |
| China Development Bank Capital Corporation Ltd. (國開金融有限責任公司) (“CDBC”) (Note 1) | Interest of controlled corporation | 1,920,000,000 | 66.16% |
| China Development Bank International Holdings Limited (“CDBIH”) (Note 1) | Beneficial owner | 1,920,000,000 | 66.16% |
| Mr LIU Tong (Note 2) | Beneficial owner | 163,702,560 | 5.64% |
| Yoobright Investments Limited (“Yoobright”) (Note 2) | Interest of controlled corporation | 163,702,560 | 5.64% |

Notes:

1. CDBIH is a wholly-owned subsidiary of CDBC. CDBC is a wholly-owned subsidiary of CDB. Thus, CDB and CDBC are deemed to be interested in the same parcel of shares held by CDBIH.
2. Yoobright is beneficially and wholly owned by Mr LIU Tong. Mr LIU Tong is therefore deemed to be interested in the same parcel of shares held by Yoobright.

Save as disclosed above, as at 30 June 2012, the Company had not been notified by any person, other than Directors and chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of part XV of the SFO.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 7 February 2005 (the “Share Option Scheme”) under which the Board 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 2012, no option had been granted by the Company since the adoption of the Share Option Scheme. There are no share options outstanding as at 1 January 2012 and 30 June 2012. During the Period, there were no share options exercised, lapsed or cancelled under the Share Option Scheme.

Save as disclosed above, none of the Directors or chief executive of the Company, or their respective associates had any right to subscribe for the securities of the Company or its associated corporations, or had exercised any such right during the Period.

Other Information

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (30 June 2011: Nil).

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three members, namely, Mr ZHANG Xuguang, Mr WANG Xiangfei and Mr LU Gong. The majority members of the Audit Committee are independent non-executive directors. The chairman of the Audit Committee is Mr WANG Xiangfei, an independent non-executive director of the Company. The members of the Audit Committee meet regularly to review the reporting of financial and other information to the shareholders, the system of internal control, risk management, the effectiveness and objectivity of the audit process and make recommendations to the Board. The terms of reference of the Audit Committee were adopted and revised in 2012. The Audit Committee has reviewed the interim report, including the unaudited condensed consolidated interim financial information of the Group for the Period, which has also been reviewed by the Company’s auditor, Deloitte Touche Tohmatsu, 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.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “**Remuneration Committee**”) comprises three members, namely Mr LIU Xiao Guang, Mr LU Gong and Mr FAN Ren Da, Anthony. The majority members of the Remuneration Committee are independent non-executive directors. The chairman of the Remuneration Committee is Mr LU Gong, an independent non-executive director of the Company. The Remuneration Committee advises the Board on the Group’s overall policy and structure for the remuneration of directors and senior management. The terms of reference of the Remuneration Committee were adopted and revised in 2012.

NOMINATION COMMITTEE

The nomination committee of the Company (the “**Nomination Committee**”) comprises three members, namely Mr ZHANG Xuguang, Mr WANG Xiangfei and Mr FAN Ren Da, Anthony. The majority members of the Nomination Committee are independent non-executive directors. The chairman of the Nomination Committee is Mr ZHANG Xuguang, chairman of the Board. The Nomination Committee reviews the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy. The terms of reference of the Nomination Committee were adopted in 2012.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the Period, the Directors believe that the Company complied with all the code provisions of the Code on Corporate Governance Practices (formerly set out in Appendix 14 to the Listing Rules, the “**Old CG Code**”) for the three months ended on 31 March 2012, except for the Code Provision E.1.2 of the Old CG Code, and complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report (the new edition of the Code on Corporate Governance Practices, which is applicable to financial reports covering a period after 1 April 2012, the “**New CG Code**”) as set out in Appendix 14 to the Listing Rules for the three months ended 30 June 2012, except for the Code Provisions E.1.2, F.1.1 and F.1.3 of the New CG Code.

Under the Code Provision E.1.2 of the Old CG Code and the New CG Code, the chairman of the board should attend the annual general meeting. The chairman of the Board did not attend the annual general meeting of the Company held on 15 June 2012 (the “**AGM**”) due to other business commitment. An executive director was elected to act as the chairman of the AGM pursuant to the article 63 of the Company’s article of association to proceed the businesses of the AGM and to answer the shareholders’ questions to ensure effective communication with the shareholders of the Company at the AGM.

Under the Code Provision F.1.1 of the New CG Code, the company secretary should be an employee of the Company and have day-to-day knowledge of the Company’s affairs. On 23 March 2012, Mr WONG Kwok Ho was formally appointed by the Company, during the period from 23 March 2012, to act as the full time company secretary responsible for the Company’s day-to-day affairs. Since his appointment, Mr WONG Kwok Ho has been engaged in the Company’s operations and activities on daily basis and possesses the knowledge of the Company’s day-to-day affairs.

Under the Code Provision F.1.3 of the New CG Code, the company secretary should report to the board chairman and/or the chief executive. Mr WONG Kwok Ho, the company secretary of the Company, does not directly report to the chairman of the board, the chief executive officer or the chief investment officer of the Company. Mr WONG Kwok Ho directly reports to Mr BAI Zhe, whom then reports directly to Mr TENG Rongsong, (an executive director and the chief executive officer of the Company) and Mr MAO Yong, (an executive director and the chief investment officer of the Company). Mr BAI Zhe served the Direct Investment Division IV of CDBC during the period from 1 January 2012 to 30 June 2012.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding the directors’ securities transactions. Having made specific enquiry by the Company, the Directors have confirmed that they have complied with the required standards as set out in the Model Code during the Period.

ACKNOWLEDGMENT

On behalf of the Board, I would like to take this opportunity to express our appreciation to the external professionals to provide their professional services to the Group throughout the financial period. I would like to thank my fellow Directors for their valuable contribution and the staff of the Company for their commitment and dedicated services throughout the period. I would like to express our gratitude to our shareholders for their support to the Group.

DIRECTORS

As at the date hereof, the Board is comprised of Mr ZHANG Xuguang as non-executive director; Mr TENG Rongsong, Mr MAO Yong and Mr LIU Xiao Guang as executive directors; and Mr WANG Xiangfei, Mr LU Gong and Mr FAN Ren Da, Anthony as independent non-executive directors.

By Order of the Board

China Development International Investment Limited

ZHANG Xuguang

Chairman

Hong Kong, 24 August 2012