Interim Report 2006

New Capital
International Investment Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1062)

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%.

New Real Estate Policies

On 29 May 2006, in order to curb the overheated real estate market, the Chinese State Council together with the nine ministries of central government jointly announced a circular of fifteen measures aiming at stabilizing property prices and achieving the six objectives. The measures include:

- Raise the minimum mortgage down payment ratio to 30% for all buyers except for home buyers purchasing apartments of 90 sq.m. or smaller for self use.

- Extend the time frame from two to five years for a 5.5% business tax on the entire sales price for home owners.

- All local governments are required to ensure that 70% of units built are no larger than 90 sq.m. The government will continue to reduce the land supply for the development of housing with low density and large unit sizes.

- The project loans to property developers from banks cannot exceed 65%; mortgage for residential units vacant for more than 3 years is not allowed.

- The government will levy high penalty fees for developers not starting construction within 1 year after obtaining building approvals; the land use rights will be forfeited by those not starting construction within 2 years.

They above are part of an overall policy of controlling the growth of the real estate market and perceived speculative activity. Some of the measures will have an impact in the development of Richmond Park Project.

Richmond Park

Phase I of Richmond Park consists of three buildings of high-rise apartments and one clubhouse building. The construction work of Phase I had been completed and delivered to buyer for occupancy in late April 2006. The tax clearance work of Phase I is in progress and is expected to be completed before end of 2006, when the property cost is ascertained and the tax elements are confirmed by the tax authority.

The sale of the buildings A4 and A5 of Phase II-A had been launched in the market. Building of B5 of Phase III was pre-sold in February 2006. At the end of July 2006, 216 units (94%) were sold out of the total 230 units with an average price of Rmb13,046.60 per sq,m. The construction work of Phase II-A and Phase III is scheduled to complete in late 2007.

Impact of The New Regulations on Richmond Park

The original development plan of the remaining phases of the Project is an area of low-density apartments and villa, which fails to comply with the recent released policy of "70% of units built are no larger than 90 sq.m.". Most of the work permits are delayed in the approval process. Both the project company and the government authorities have to clarify the interpretation of the guidelines and the implementation of the policies. This creates uncertainty in the remaining development of Richmond Park Project. The project company will closely monitor the issues and to adjust the development plan accordingly in order to minimize the impact of the new regulations.

Wuhan Xing Cheng Building

Wuhan city is the capital of Hubei Province, it is a famous historical and cultural city in China, a central metropolitan in the middle reaches of Yangtze River, national pivotal industrial base, centre of finance, commerce, logistics, information, science and education in Central China.

Wuhan Xing Cheng Building is a commercial building situated at the city centre of Jianghan District of Wuhan, it is at proximity to shopping malls, luxury residential apartments and commercial buildings. Wuhan Xing Cheng Building has 16 floors, the underground floor is public areas and car parks. The first and second floors are areas for shopping purposes, the third and fifteen floors are commercial offices.

The Group has approved to invest about HK$38 million to acquire Profit Harbour Industrial Limited, a company registered in Hong Kong, which holds the two retails floors, Level 1 and Level 2 of Wuhan Xing Cheng Building with GFA 4424 sq.m. The property is leased out to CITIC Bank and Beijing Illinois with leases expiring in August 2013 and January 2015. The acquisition will provide the Group a guaranteed rental yield of 8% per year.

Beijing Far East Instrument Co., Ltd. ("Far East")

Based on the unaudited management account as at 30 June 2006, the profit of Far East has amounted to Rmb9.114 million, as compared with Rmb2.74 million of the same period of 2005. The profit is mainly contributed from the investment income, the dividend income from Beijing Rosemount Far East Instrument Co. Limited, the joint venture of Far East with Rosemount Inc. for advanced market segment. The investment income booked in June 2006 account is Rmb5.52 mn as compared to Rmb2.23 mn booked in June 2004 account. After provisions made for impairment losses on an entrusted investment, the Group shares a profit of Far East for about HK$2.21 million.

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

Quoted Investment

As at 30 June 2006, the Group's investment in quoted securities includes an investment of 10 million shares in Skyworth Digital Company Limited ("Skyworth"). The Group received HK$100,000 dividend income from the shareholding of Skyworth in January 2006. Skyworth shares were stated at a valuation of HK$0.76 per share at the end of June 2006.

On 24 October 2005, the Group subscribed 3,954,000 shares of China Construction Bank Corporation -H shares at HK$2.35 per share. At 30 June 2006, the shares were stated at their fair value of HK$3.55 per share.

In view of the active IPO market in the first half year of 2006, the Group utilized the liquid money to make IPO subscription, which produces a gain of HK$1.34 million for the Group.

Future Prospects

Although the new austerity measures in regulating the real estate sector have increased policy uncertainties in the near term, it is effective to curb down the speculative investments, create a transparent market structure and to prevent over-expansion in real estate market. In the long term, the large developers with good financial position will benefit from the market. The limited land supply for large-sized residential properties will push up the sales price of the luxury properties units. In view of the healthy growth of the real estate sector and China's buoyant economic market, the Directors of the Company are optimistic on the prospects of the Group.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2006

		Six months ended 30 June	
		2006	2005
	Notes	***HK$***	*HK$*
		(unaudited)	(unaudited)
Turnover	*4*	**592,645**	374,940
Other net gain (loss)		**10,682**	(20,366)
Operating expenses		**(5,350,221)**	(4,955,484)
Share of profits (losses) of associates	*5*	**866,457**	(4,360,818)
Gain on disposal of securities held for trading		**1,336,875**	–
Gain on deemed disposal of associates		**–**	3,065,080
Loss for the period	*6*	**(2,543,562)**	(5,896,648)
Loss per share	*9*		
Basic		**(0.403) HK cent**	(0.911) HK cent

Condensed Consolidated Balance Sheet

At 30 June 2006

	Notes	At 30 June 2006 HK$ (unaudited)	At 31 December 2005 HK$ (audited)
Non-current assets			
Property, plant and equipment	10	**434,190**	498,024
Interest in associates	11	**82,406,747**	81,347,993
Available-for-sale securities	12	**21,636,700**	21,976,950
Investment deposit	13	**29,284,932**	29,284,932
		133,762,569	133,107,899
Current assets			
Other receivables		**342,062**	309,542
Bank balances	14	**30,382,674**	38,967,253
		30,724,736	39,276,795
Current liabilities			
Other payables		**1,311,832**	1,379,222
Net current assets		**29,412,904**	37,897,573
Total assets less current liabilities		**163,175,473**	171,005,472
Capital and reserves			
Share capital	15	**6,232,840**	6,471,140
Reserves		**156,942,633**	164,534,332
		163,175,473	171,005,472
Net asset value per share	17	**0.262**	0.264

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2006

	Attributable to equity holders of the Company							
	Share capital	Share premium	Special reserve	Exchange reserve	Fair value reserve	Capital redemption reserve	Accumulated losses	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 January 2006	6,471,140	177,760,966	382,880,958	4,048,753	3,590,945	–	(403,747,290)	171,005,472
Changes in fair value of available-for-sale securities	–	–	–	–	(340,250)	–	–	(340,250)
Exchange differences on translation of financial statements of PRC associates	–	–	–	184,203	–	–	–	184,203
Net expenses for the period recognised directly in equity	–	–	–	184,203	(340,250)	–	–	(156,047)
Loss for the period	–	–	–	–	–	–	(2,543,562)	(2,543,562)
Total recognised income and expense for the period	–	–	–	184,203	(340,250)	–	(2,543,562)	(2,699,609)
Repurchase of shares	(238,300)	–	–	–	–	238,300	(238,300)	(238,300)
Premium on repurchase of shares	–	–	–	–	–	–	(4,892,090)	(4,892,090)
At 30 June 2006	6,232,840	177,760,966	382,880,958	4,232,956	3,250,695	238,300	(411,421,242)	163,175,473
At 1 January 2005	6,471,140	177,760,966	382,880,958	3,121,784	4,600,000	–	(391,021,181)	183,813,667
Loss for the period	–	–	–	–	–	–	(5,896,648)	(5,896,648)
At 30 June 2005	6,471,140	177,760,966	382,880,958	3,121,784	4,600,000	–	(396,917,829)	177,917,019

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2006

	Six months ended 30 June	
	2006	2005
	HK$	*HK$*
	(unaudited)	(unaudited)
Net cash used in operating activities	**(2,093,814)**	(5,474,331)
Net cash (used in) from investing activities		
Purchase of securities held for trading	**10,180,565**	–
Proceeds from disposal of securities held for trading	**(11,517,440)**	–
Purchase of property, plant and equipment	**(23,500)**	–
Other investing cash flows	**–**	1,314,807
	(1,360,375)	1,314,807
Net cash used in financing activities		
Repurchase of shares	**(5,130,390)**	–
Net decrease in cash and cash equivalents	**(8,584,579)**	(4,159,524)
Cash and cash equivalents at 1 January	**38,967,253**	49,387,783
Cash and cash equivalents at 30 June	**30,382,674**	45,228,259

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2006 (Unaudited)

1 BASIS OF PREPARATION

Reorganisation

The Company was incorporated in the Cayman Islands on 1 August 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Laws of 1961 as consolidated and revised) of the Cayman Islands. Pursuant to a reorganisation proposal whereby ING Beijing Investment Company Limited ("ING Beijing") would become a wholly owned subsidiary of the Company to be implemented by way of a scheme of arrangement under section 166 of the Hong Kong Companies Ordinance, Chapter 32 of the Laws of Hong Kong ("the Scheme") as stated in a document dated 13 January 2005 issued to the shareholders of ING Beijing, the Company became the holding company of the companies now comprising the group on 13 April 2005, the effective date of the Scheme. This was accomplished by the Company acquiring the entire issued share capital of ING Beijing, the holding company of other subsidiaries, as set out in note 13 to the financial statements of the Company in 2005 annual report.

The listing of the shares of ING Beijing was withdrawn from The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company's shares were listed on the Stock Exchange by way of introduction on 13 April 2005.

As the Scheme became effective on 13 April 2005, the effect of the Scheme is not reflected in the Company's financial statements for the accounting period beginning on 1 January 2005. However, all of the entities which took part in the Scheme were under common control before and immediately after the Scheme becoming effective and, consequently, there was a continuation of the risks and benefits to the controlling party that existed prior to the combination. The results of the Group for the period ended 30 June 2005 have been prepared using the basis of merger accounting in accordance with Hong Kong Accounting Guideline 5 "Merger accounting for common control combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Accordingly, the results of the Group for the period ended 30 June 2005 included the financial results of the companies which now comprise the Group for the period from 1 January 2005 (or the date of incorporation if later) to 30 June 2005 as if the current group structure had been in existence and remained unchanged throughout the period.

Basis of preparation

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the HKICPA.

2 PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of these new HKFRSs has had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standard, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and financial positions of the Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 "Financial Reporting in Hyperinflationary Economies"[2]
HK(IFRIC) – INT 8	Scope of HKFRS 2[3]
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives[4]

[1] Effective for annual periods beginning on or after 1 January 2007.
[2] Effective for annual periods beginning on or after 1 March 2006.
[3] Effective for annual periods beginning on or after 1 May 2006.
[4] Effective for annual periods beginning on or after 1 June 2006.

3 BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group's principal activities are holding of equity investments primarily in companies or other entities with significant business interests or involvement in the People's Republic of China ("the PRC") as a single business segment. No geographical segment information is presented as the results of the Group and its associates were substantially derived from the PRC.

4 TURNOVER

Turnover represents interest income and dividend income from available-for-sale securities and is analysed as follows:

	Six months ended 30 June	
	2006	2005
	HK$	*HK$*
Interest income from deposits with banks	**492,645**	374,940
Dividend income from available-for-sale securities	**100,000**	–
	592,645	374,940

5 SHARE OF PROFITS (LOSSES) OF ASSOCIATES

	Six months ended 30 June	
	2006	2005
	HK$	*HK$*
Share of results of associates	**1,117,135**	(4,917,839)
Share of associates' taxation	**(250,678)**	557,021
	866,457	(4,360,818)

6 LOSS FOR THE PERIOD

Loss for the period has been arrived at after crediting (charging):

	Six months ended 30 June	
	2006	2005
	HK$	*HK$*
Other net gain (loss):		
Net exchange gain (loss)	**10,674**	(20,366)
Sundry	**8**	–
	10,682	(20,366)
Operating expenses:		
Administrative fees *(note a)*	**(396,712)**	(374,353)
Custodian fee	**(25,000)**	(25,268)
Depreciation	**(87,334)**	–
Legal and secretarial fees	**(68,737)**	(545,199)
Management fees *(note b)*	**(2,158,262)**	(2,246,517)
Other operating expenses	**(2,614,176)**	(1,764,147)
	(5,350,221)	(4,955,484)

Notes:

(a) Administrative fees are paid to ING Management (Hong Kong) Limited, a wholly owned subsidiary of ING Groep N.V.. ING Groep N.V. is a substantial shareholder of the Company.

(b) Management fees are paid to ING Real Estate (Asia) Limited (formerly known as "Baring Capital (China) Management Limited"), a wholly owned subsidiary of ING Groep N.V..

7 TAXATION

No provision for Hong Kong Profits Tax has been made for the periods ended 30 June 2006 and 2005 as the Group has no assessable profits for both periods. There is no significant unprovided deferred taxation during the period or at the balance sheet date.

8 DIVIDENDS

No dividend has been paid or declared by the Company during both periods.

9 LOSS PER SHARE

The calculation of the loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2006	2005
	HK$	*HK$*
Loss		
Loss for the purposes of loss per share	**2,543,562**	5,896,648
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**630,513,503**	647,114,000

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

10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2006, the Group spent HK$23,500 on acquisition of property, plant and equipment.

11 INTEREST IN ASSOCIATES

	At 30 June 2006 HK$	At 31 December 2005 HK$
Share of net assets	**82,406,747**	81,356,087
Amount due to an associate	**–**	(8,094)
	82,406,747	81,347,993

(a) China Property Development (Holdings) Limited ("CPDH")

(i) On 3 February 2005, 383 new ordinary shares of US$0.01 each of the CPDH were allotted to certain related companies of a shareholder of CPDH at a price of US$10,000 each. Upon the allotment, the Group's profit sharing ratio and proportion of voting rights held were diluted from 37.37% to 33.42% and from 22.88% to 20.49%, respectively. The allotment of shares resulted in a gain on deemed disposal of HK$3,065,080 which has been recognised in the consolidated income statement for the six months period ended 30 June 2005.

(ii) CPDH, through its wholly owned subsidiaries, Sound Advantage Limited ("Sound Advantage") and Choice Capital Limited ("Choice Capital"), acquired an 80% equity interest in World Lexus Pacific Limited ("World Lexus") in 2002. World Lexus' sole asset is a wholly owned PRC subsidiary, Beijing Pacific Palace Real Estate Development Co Ltd ("Beijing Pacific Palace"), which is engaged in a property development project at the Lido area of Jiangtai Town, Chaoyang District, Beijing, the PRC ("Pacific Town project").

The Pacific Town project is a medium density residential area with a mixed development of high rise apartments and villas. The development of the project will be carried out in several phases. The completion certificate for Phase I is expected to be obtained in late 2006. Pre-sale of the properties of Phase IIA and Phase III commenced in September 2005 and December 2005, respectively. Resettlement work for Phase IIB and Phase III commenced during the year ended 31 December 2005.

11 INTEREST IN ASSOCIATES *(continued)*

(a) China Property Development (Holdings) Limited ("CPDH") (continued)

(iii) CPDH acquired the remaining 20% equity interest in World Lexus from the former minority shareholders for a consideration of RMB40 million (equivalent to HK$38.5 million) in November 2004. Pursuant to the equity transfer agreement ("20% Equity Transfer Agreement"), CPDH is also required to reimburse the preliminary costs amounting to RMB45 million (equivalent to HK$43.3 million) of the Pacific Town project incurred by the minority shareholders prior to the acquisition of the 80% equity interest in World Lexus by Sound Advantage and Choice Capital from the same minority shareholders in 2002. The settlement of the consideration is secured by the 20% equity interest in World Lexus.

CPDH has withheld part of the consideration and reimbursement costs amounting to RMB45 million, including RMB10 million recoverable under the 20% Equity Transfer Agreement, and other breaches of warranties, to cover certain contingent liabilities of Beijing Pacific Palace and World Lexus as set out in notes 18(a) and (b). Due to disputes between the minority shareholders over the proportion which should be received by each shareholder, the balance of the consideration and reimbursement after deducting the amount withheld was fully settled by a payment to the Hong Kong High Court pursuant to an application for interpleader relief filed by CPDH.

(iv) During the period, CPDH paid total fees of US$493,904 (equivalent to HK$3.8 million) (period ended 30 June 2005: US$493,904, equivalent to HK$3.8 million) to certain related parties of the Group who act as fund manager, administrator and project manager. These related parties are either companies wholly owned by ING Groep N.V. or companies in which a director of the Company is a member of the key management.

11 INTEREST IN ASSOCIATES *(continued)*

(b) Beijing Far East Instrument Company Limited ("Beijing Far East")

In March 2002, the Group entered into a conditional agreement with Beijing Capital Group pursuant to which, the Group agreed to sell an equity interest of 9% in Beijing Far East for a consideration of approximately RMB14 million (equivalent to HK$13 million), subject to the fulfilment of certain conditions. The consideration is payable over a period of 5 years. Up to 30 June 2006, the disposal has not been accounted for as the conditions have not been satisfied, including the settlement of the consideration. According to the agreement between the Group and Beijing Capital Group, Beijing Capital Group is required to transfer back the equity interest in Beijing Far East in relation to the unpaid portion of the consideration to the Group upon the expiry of the 5-year period ending 31 December 2006. The Group continues to account for the share of profit or loss attributable to the portion of equity interest for which the consideration has not been settled. As such, although the legal interest in Beijing Far East held by the Group was 26% at 30 June 2006, the Group has accounted for 35% of the result of Beijing Far East for the period. A director of the Company is also a member of the key management of Beijing Capital Group.

12 AVAILABLE-FOR-SALE SECURITIES

	At 30 June 2006	At 31 December 2005
	HK$	*HK$*
Listed investments, at cost	**18,386,005**	18,386,005
Fair value adjustments	**3,250,695**	3,590,945
	21,636,700	21,976,950

The amount represents the Group's investments in Skyworth Digital Holdings Limited ("Skyworth Digital") and China Construction Bank Corporation ("CCB"). These shares are listed on the Stock Exchange.

At 30 June 2006 and 31 December 2005, the Group held 10,000,000 shares and 3,954,000 shares in Skyworth Digital and CCB, respectively.

During the period, decrease in fair value of Skyworth Digital amounting to HK$3,800,000 and increase in fair value of CCB amounting to HK$3,459,750 were recognised in fair value reserve.

13 INVESTMENT DEPOSIT

The amount represents the purchase consideration paid to acquire a 15% equity interest in a joint venture entity in the PRC in 2003 pursuant to a purchase agreement dated 10 November 2003. The PRC joint venture entity is engaged in the development of residential properties at the Taiyanggong Zone F in Beijing, the PRC. The purchase agreement has expired as the equity transfer was not effected by 31 October 2004 due to a delay.

According to a settlement agreement dated 10 May 2005, the investment deposit of HK$35 million plus compensation would be refunded by the vendor in two instalments on 30 June 2005 and 31 December 2005. The first instalment of HK$5.7 million was received in July 2005 and accounted for as a partial repayment of the investment deposit in the financial statements.

The vendor did not pay the final instalment due on 31 December 2005. The Group is negotiating with the vendor to settle the remaining balance by transfer of an equity interest in a company which holds certain investment properties in the PRC to the Group. Negotiation is ongoing and no agreement has been signed up to the date of the approval of the interim financial statements.

Based on the status of the negotiations and information available on the investment properties, the directors consider that no allowance for bad and doubtful debts is required at 30 June 2006.

14 BANK BALANCES

	At 30 June 2006	At 31 December 2005
	HK$	*HK$*
Deposits with banks	**30,066,222**	38,065,027
Cash at bank	**316,452**	902,226
	30,382,674	38,967,253

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

15 SHARE CAPITAL

	Number of shares	Share capital
		HK$
Ordinary shares of HK$0.01 each:		
Authorised:		
At 31 December 2005 and 30 June 2006	12,000,000,000	120,000,000
Issued and fully paid:		
At 1 January 2006	647,114,000	6,471,140
Repurchase of shares	(23,830,000)	(238,300)
At 30 June 2006	623,284,000	6,232,840

The Company repurchased its own shares on the Stock Exchange as follows:

Month	Number of shares	Price per share Lowest	Price per share Highest	Aggregate consideration
		HK$	*HK$*	*HK$*
February 2006	13,940,000	0.158	0.255	1,156,440
March 2006	9,890,000	0.220	0.225	3,973,950
	23,830,000			5,130,390

The above shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium on repurchase was charged against accumulated losses. An amount equivalent to the nominal value of the shares cancelled was transferred from accumulated losses to the capital redemption reserve.

16 EQUITY COMPENSATION BENEFITS

ING Beijing operated a share option scheme under which the Board of Directors of ING Beijing may grant options to employees, including directors, of ING Beijing and its subsidiaries to subscribe for shares of ING Beijing. Each option gives the holder the right to subscribe for one share of ING Beijing.

The share option scheme of ING Beijing was terminated and a new share option scheme of New Capital was adopted by the Company effective 13 April 2005. All outstanding share options granted in prior periods under the share option scheme of ING Beijing lapsed in November 2004. Terms of the new share option scheme of New Capital are similar to those of ING Beijing.

There were no options granted under the new share option scheme of New Capital during the period or outstanding options as at 30 June 2006.

17 NET ASSET VALUE PER SHARE

The net asset value per share as at 30 June 2006 is computed based on the consolidated net assets of HK$163,175,473 as at 30 June 2006 (31 December 2005: HK$171,005,472) and 623,284,000 ordinary shares in issue as at 30 June 2006 (31 December 2005: 647,114,000 ordinary shares).

18 CONTINGENT LIABILITIES

At 30 June 2006, the Group's associates, Beijing Pacific Palace and World Lexus, had the following contingent liabilities. The Group's interest in these associates is disclosed in note 11 (a).

(a) In July 2004, Beijing Pacific Palace commenced legal proceedings against a consultancy company to recover a deposit paid of RMB14 million (equivalent to HK$13 million) in relation to the Pacific Town project plus compensation of RMB34 million (equivalent to HK$33 million) for the delay in resettlement work of Phase I. The consultancy company has made a counter claim of RMB20 million (equivalent to HK$19 million) against Beijing Pacific Palace for breach of contract.

18 CONTINGENT LIABILITIES *(continued)*

According to the first judgement delivered in July 2005, the Beijing Second Intermediate People's Court dismissed the counter claim of the consultancy company and ordered it to repay RMB9 million (equivalent to HK$8.7 million) to Beijing Pacific Palace plus interest for the period from May 2002 to July 2005. Beijing Pacific Palace did not agree with the first judgement and filed an appeal with the Beijing Higher People's Court in August 2005. The final judgement was delivered in December 2005 whereby the Beijing Higher People's Court ordered the consultancy company to repay the entire amount of the deposit paid of RMB14 million plus interest for the period from May 2002 to the date of repayment. However, the claim of the compensation of RMB34 million by Beijing Pacific Palace was dismissed.

Beijing Pacific Palace had provided for an impairment loss of RMB4 million (equivalent to HK$3.8 million) against the deposit in prior years. The remaining amount of RMB10 million (equivalent to HK$9.6 million) is recoverable from the former minority shareholders under the terms of the 20% Equity Transfer Agreement (note 11(a)(iii)) and has been deducted from the consideration payable to the minority shareholders. As the consultancy company may not have the ability to repay the entire amount of the deposit and only RMB10 million is recoverable under the 20% Equity Transfer Agreement, the impairment loss of RMB4 million has not been reversed in the financial statements of Beijing Pacific Palace.

(b) In April 2005, a third party made a claim of RMB5.3 million (equivalent to HK$5.1 million) plus interest and damages against World Lexus for services rendered pursuant to certain agreements which amounted to a total of RMB9.4 million (equivalent to HK$9.0 million). As these agreements were not disclosed in the 20% Equity Transfer Agreement, this constitutes a breach of warranties included in the 20% Equity Transfer Agreement and CPDH has deducted the amount claimed by the third party from the consideration payable to the minority shareholders. No provision has been made in the financial statements of World Lexus. In September 2005, the third party commenced legal proceedings in the Hong Kong High Court against World Lexus and subsequently, the former minority shareholders of World Lexus have filed an application to the Hong Kong High Court for an intervention to the litigation. The legal proceedings are still in progress as of the date the financial statements are authorised for issue by the directors.

18 CONTINGENT LIABILITIES *(continued)*

(c) In April 2005, CPDH and the minority shareholders of World Lexus commenced arbitration proceedings in respect of the deductions involving the matters referred to in (a) and (b) above as well as certain other deductions which CPDH has made under the terms of the 20% Equity Transfer Agreement. In January 2006, one of the former minority shareholders made a counter claim of an unquantified amount in respect of loss of the development right relating to part of the Pacific Town project. Exchange of witness statements in respect of the counter claim are in progress. By considering the legal advice available, the directors of CPDH are of the opinion that it is not likely to settle any liabilities arising from the counter claim even the counter claim might exist and therefore, no provision is required. The arbitration proceedings are still in progress as of the date the financial statements are authorised for issue by the directors.

(d) In July 2005, another third party made a claim of approximately RMB50 million (equivalent to HK$48 million) against World Lexus pursuant to an agreement entered into by the third party with World Lexus in 2001 for services rendered in connection with the Pacific Town project. This agreement was also not disclosed in the 20% Equity Transfer Agreement and constitutes a breach of warranties.

CPDH has included this claim as part of the arbitration proceedings in (c) above. In July 2006, World Lexus was provided with a confirmation from the third party confirming that the third party has waived the rights under the alleged agreement and has withdrawn the claim. The directors of CPDH consider that no provision is required as any loss will be recoverable from the former minority shareholders under the terms of the 20% Equity Transfer Agreement.

(e) The directors of the Company, after considering the status of the above litigations and claims and the information provided by the directors of CPDH and World Lexus, are of the opinion that no provision or additional impairment loss is required to be made in the financial statements of the Group's associates which are used for equity accounting in the financial statements of the Group.

19 RELATED PARTY TRANSACTIONS

(a) During the period, the Group and its associates paid management fees and other expenses to certain related companies, the details of which are set out in notes 6 and 11(a)(iv) on this interim financial report.

(b) The Group paid key management personnel compensation as follows:

	Six months ended 30 June	
	2006	2005
	HK$	*HK$*
Salaries and other short-term employee benefits	**652,741**	423,534
Retirement scheme contributions	**3,000**	3,933
	655,741	427,467

20 COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the presentation in the current period.

Independent Interim Review Report to the Board of Directors of New Capital International Investment Limited

(incorporated in the Cayman Islands with limited liability)

Introduction

We have been instructed by New Capital International Investment Limited (the "Company") to review the interim financial report set out on pages 6 to 23.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, 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.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquires of management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2006.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 September 2006

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2006, 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 2006, 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:

Names	**No. of Shares**	**Approximate % of shareholding**
ING Groep N.V. *(Note 1)*	85,140,000	13.66
ING Bank N.V. *(Note 1)*	85,140,000	13.66
ING Real Estate (B) B.V. *(Note 1)*	85,140,000	13.66
ING Insurance Investments Holdings B.V. *(Note 1)*	85,140,000	13.66
ING IM Investment Holdings B.V. *(Note 1)*	85,140,000	13.66
N.V. Haagsche Herverekering-Maatachappij van 1836 *(Note 1)*	85,140,000	13.66
Lin Si Yu *(Note 2)*	107,600,000	17.26
Sense Control International Limited *(Note 2)*	107,600,000	17.26

Note:

1. The 85,140,000 shares were held by N.V. Haagsche Herverekering-Maatachappij van 1836, which is a wholly owned subsidiary of ING IM Investment Holdings B.V. ING IM Investment Holdings B.V. is therefore deemed to be interested in the same parcel of shares hold by N.V. Haagsche Herverekering-Maatachappij van 1836.

   ING IM Investment Holdings B.V. is a wholly owned subsidiary of ING Insurance Investments Holdings B.V. and ING Insurance Investments Holdings B.V. is therefore deemed to be interested in the same parcel of shares hold by ING IM Investment Holdings B.V.

   ING Insurance Investments Holdings B.V. is a wholly owned subsidiary of ING Real Estate (B) B.V. and ING Real Estate (B) B.V. is therefore deemed to be interested in the same parcel of shares hold by ING Insurance Investments Holdings B.V.

   ING Real Estate (B) B.V. is a wholly owned subsidiary of ING Bank N.V. and ING Bank N.V. is therefore deemed to be interested in the same parcel of shares hold by ING Real Estate (B) B.V.

   ING Bank N.V. is a wholly owned subsidiary of ING Groep N.V. and ING Groep N.V. is therefore deemed to be interested in the same parcel of shares hold by ING Bank N.V.

2. 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 hold by Sense Control International 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 2006, no option was granted since the adoption of the Share Option Scheme. There are no share options outstanding as at 30 June 2006.

Interim Dividend

The Board of Directors does not recommend payment of interim dividend for the period ended 30 June 2006 (2005: nil).

Charge on Assets and Contingent Liabilities

As at 30 June 2006, there were no charges on the Company's assets or any significant contingent liabilities (31 December 2005: Nil).

Employee

As at 30 June 2006, the Group had three employees, basic salary and mandatory provident fund scheme are provided to the employees. No share option scheme is granted.

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 13 September 2006 to review the Group's 2006 interim results before it was tabled for the Board's approval.

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, Mr. Fung Tze Wa and Mr. Kwong Chun Wai Michael.

Purchase, Sale or Redemption of Shares

During the period from 1 January 2006 to 19 April 2006, 23,830,000 shares of HK$0.01 each were repurchased by the Company at prices ranging from HK$0.158 to HK$0.255 per share through The Stock Exchange of Hong Kong Limited and all of the repurchased shares were subsequently cancelled.

Compliance with Code on Corporate Governance Practices

Throughout the six months ended 30 June 2006, 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 Non-executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings and that the chairman of the board did not attend the annual general meeting of the Company held on 26 May 2006.

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. Cheng Bing Ren, Mr. Lawrence H. Wood and Mr. Liu Xue Min as Executive Directors, Mr. Kwong Chun Wai Michael, Mr. To Chun Kei and Mr. Fung Tse Wa as independent Non-executive Directors.

By Order of the Board

Liu Xiao Guang
Chairman

Hong Kong, 20 September 2006