# NEW CAPITAL INTERNATIONAL INVESTMENT LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1062)

## RESULTS FOR THE YEAR ENDED 31 DECEMBER 2004

### RESULTS

The Board of Directors of New Capital International Investment Limited ("New Capital" or the "Company") announces the audited proforma combined results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2004 as follows:–

| | Note | **2004** *HK$* | 2003 *HK$* |
|---|---|---|---|
| Turnover: Group and share of jointly controlled entities' turnover | *3* | **47,263,429** | 49,293,541 |
| Less: Share of jointly controlled entities' turnover | | **(46,167,527)** | (46,860,690) |
| Group turnover | *2* | **1,095,902** | 2,432,851 |
| Other net loss | *4(a)* | **(13,539)** | (2,882) |
| Gain on disposal of non-trading listed investments | *4(c)* | **16,938,629** | 6,013,708 |
| Gain on deemed disposal of associates | *5(b)* | **11,202,890** | – |
| Gain on disposal of interest in jointly controlled entity | *4(d)* | **–** | 2,064,532 |
| Write-back of amount due from jointly controlled entity | | **–** | 1,528,897 |
| Reversal of impairment of non-trading listed investments | *4(e)* | **–** | 16,240,360 |
| Operating expenses | *4(b)* | **(10,775,647)** | (7,846,444) |
| Profit from operations | *4* | **18,448,235** | 20,431,022 |
| Share of losses of associates | | **(14,168,595)** | (13,810,728) |
| Share of (losses)/profits of jointly controlled entities | | **(2,909,273)** | 1,754,967 |
| Profit from ordinary activities before taxation | | **1,370,367** | 8,375,261 |
| Income tax | *6* | **4,880,920** | (193,962) |
| Profit attributable to shareholders | | **6,251,287** | 8,181,299 |
| Earnings per share | | | |
| Basic | *7* | **1.16 cents** | 1.52 cents |

*Notes:*

**1. Reorganisation and basis of presentation of the proforma financial information**

*(a) Background*

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") will 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 Document"), 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 then holding company of the other subsidiaries of the Group.

The listing of the shares of ING Beijing was withdrawn from The Stock Exchange of Hong Kong Limited ("HKSE") and the Company's shares were listed on the HKSE by way of introduction on 13 April 2005.

*(b) Basis of presentation of the proforma financial information*

Since the Scheme became effective on 13 April 2005, in accordance with Statement of Standard Accounting Practice 27 "Accounting for group reconstructions" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the effect of the Scheme is not reflected in the Company's financial statements for the year ended 31 December 2004 included in the annual report. However, since all of the entities which took part in the Scheme were owned by the same group of ultimate shareholders before and immediately after the Scheme became effective and, consequently, there was a continuation of the risks and benefits to the ultimate shareholders that existed prior to the Scheme becoming effective, additional proforma financial information, prepared using the merger basis of accounting has been presented in the annual report.

The proforma combined income statement of the Group for the year ended 31 December 2004 includes the financial results of the companies which now comprise the Group for the year from 1 January 2004 (or the date of incorporation if later) to 31 December 2004 as if the current group structure had been in existence and remained unchanged throughout the year presented. The proforma combined balance sheet of the Group as at 31 December 2004 has been prepared to present the combined assets and liabilities of the companies which now comprise the Group as at that date as if the current group structure was in existence then. The comparative figures as at and for the year ended 31 December 2003 have been presented on the same basis.

**2. Turnover**

The principal activity of the Group is the holding of equity investments primarily in companies or entities with significant business interests or involvement in the People's Republic of China ("PRC"). In particular, the Group focuses on investing in Sino-foreign joint ventures in the PRC and companies with substantial operations or investments in the PRC.

Share of jointly controlled entities' turnover represents the Group's share of jointly controlled entities' invoiced value of goods sold.

Group turnover represents interest income and dividend income from listed investments. The amount of each significant category of revenue recognised in turnover during the year is as follows:

| | **2004** | 2003 |
|---|---:|---:|
| | ***HK$*** | *HK$* |
| Interest income from deposits with banks | **89,522** | 291,901 |
| Dividend income from listed investments | **1,006,380** | 2,140,950 |
| | **1,095,902** | 2,432,851 |

3. **Segmental information**

Segmental information is presented in respect of the Group's business segments which are based on the nature of business of its associates, jointly controlled entities and other investee companies. No geographical segment information is presented as the revenue of the Group, its associates and jointly controlled entities and the Group's results were substantially derived from the PRC.

The Group's associates, jointly controlled entities and other investee companies comprise the following main business segments:

Manufacture of industrial products: Electronic and electrical instruments, plywood and timber products.

Manufacture of consumer products: Audio-visual products.

Communications: Provision of paging, internet content, software and solutions and paid e-mail services and offline magazine publishing.

Real estate: Development of residential and commercial properties for sale.

Segment revenue includes the Group's share of jointly controlled entities' turnover. Segment results include only those relating to the Group.

| | **Segment revenue** | | **Segment results** | |
|---|---|---|---|---|
| | **Group and share of jointly controlled entities' turnover** | | **Contribution to profit from ordinary activities before taxation** | |
| | **2004** | 2003 | **2004** | 2003 |
| | ***HK$*** | *HK$* | ***HK$*** | *HK$* |
| Manufacture of industrial products | **46,167,527** | 46,860,690 | **(3,776,217)** | 4,204,259 |
| Manufacture of consumer products | **1,006,380** | 2,140,950 | **17,377,399** | 23,699,981 |
| Communications | **–** | – | **–** | (403,009) |
| Real estate | **–** | – | **(5,016,627)** | (14,235,609) |
| Unallocated | **89,522** | 291,901 | **(7,214,188)** | (4,890,361) |
| | **47,263,429** | 49,293,541 | **1,370,367** | 8,375,261 |

4. **Profit from operations**

Profit from operations is arrived at after charging/(crediting):

| | **2004** | 2003 |
|---|---|---|
| | ***HK$*** | *HK$* |
| (a) Other net loss | | |
| Net exchange loss | **13,539** | 2,882 |
| (b) Operating expenses | | |
| Administrative fees *(Note)* | **690,000** | 690,000 |
| Audit fee | **800,000** | 610,000 |
| Consultancy fee | **–** | 89,661 |
| Custodian fee | **60,000** | 150,000 |
| Legal and secretarial fees | **3,068,964** | 885,912 |
| Management fees *(Note)* | **3,559,617** | 2,414,581 |
| Project fee | **–** | 267,798 |
| Other operating expenses | **2,597,066** | 2,738,492 |
| | **10,775,647** | 7,846,444 |

*Note:* Administrative fees are paid to ING Management (Hong Kong) Limited, a wholly owned subsidiary of ING Groep N.V., pursuant to the agreements as disclosed in the directors' report in the annual report. ING Groep N.V. is a substantial shareholder of the Company.

Management fees are paid to Baring Capital (China) Management Limited ("BCCM") pursuant to the terms of the agreements as disclosed in the directors' report in the annual report. BCCM is also a wholly owned subsidiary of ING Groep N.V.

| | **2004** | 2003 |
|---|---|---|
| | ***HK$*** | *HK$* |
| (c) Gain on disposal of non-trading listed investments | | |
| *Skyworth Digital Holdings Limited* | | |
| Sales proceeds, net of expenses | **(28,475,729)** | (21,413,708) |
| Carrying value of investment | **11,537,100** | 15,400,000 |
| | **(16,938,629)** | (6,013,708) |
| (d) Gain on disposal of interest in jointly controlled entity | | |
| *Everbright Timber Industry (Shenzhen) Company Limited* | | |
| Sale proceeds, net of expenses | **–** | (2,064,532) |
| Carrying value of investment | **–** | – |
| | **–** | (2,064,532) |
| (e) Reversal of impairment of non-trading listed investments | | |
| *Skyworth Digital Holdings Limited* | **–** | (16,240,360) |

## 5. Gain on deemed disposal of associates

(a) On 30 June 2004, the Group's associate, China Property Development (Holdings) Limited ("CPDH"), completed a reorganisation pursuant to which, the Group's holding of 1,100 ordinary shares of US$0.01 each were redesignated as 460 non-voting ordinary shares of US$0.01 each and 640 ordinary shares of US$0.01 each. Upon completion of the reorganisation, the Group's profit sharing ratio and proportion of voting rights held remained at 52.38% and 30% respectively. Further changes to the Group's profit sharing ratio and proportion of voting rights held are set out in (b) below.

(b) On 1 November 2004, a shareholder of CPDH, through its subsidiary, converted a portion of the convertible loan and accrued interest into 928 new ordinary shares of US$0.01 each of CPDH at a conversion price of US$10,000 each. On the same date, 110 and 100 new ordinary shares of US$0.01 each of CPDH were allotted at par to the Group and another shareholder respectively. Upon the loan conversion and allotment, the Group's profit sharing ratio and proportion of voting rights held were diluted from 52.38% to 37.37% and from 30% to 22.88% respectively, resulting in a gain on deemed disposal of HK$11,202,890 which has been recognised in the proforma combined income statement for the year.

Subsequent to the year end date, 383 new ordinary shares of US$0.01 each of 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 further diluted to 33.42% and 20.49% respectively.

6. **Income tax**

Taxation in the proforma combined income statement represents:

| | **2004** | 2003 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Over-provision of Hong Kong Profits Tax in respect of prior years | **(417,558)** | – |
| Share of associates' taxation | **(4,463,362)** | – |
| Share of jointly controlled entities' taxation | **–** | 193,962 |
| Income tax (credit)/expense | **(4,880,920)** | 193,962 |

No provision for Hong Kong Profits Tax has been made for the year ended 31st December 2004 as the Group earned no profits assessable to Hong Kong Profits Tax for the year.

7. **Proforma earnings per share**

(a) *Basic*

The calculation of the proforma basic earnings per share is based on the proforma combined profit attributable to shareholders of HK$6,251,287 (2003: HK$8,181,299) and the proforma weighted average of 540,395,967 ordinary shares (2003: proforma weighted average of 539,512,583 ordinary shares) in issue during the year, being the shares that would have been in issue throughout the year on the assumption that the Scheme as set out in note 1 above had become effective on 1 January 2003.

(b) *Diluted*

Diluted earnings per share is not shown for the years ended 31 December 2004 and 2003 as the potential ordinary shares were anti-dilutive.

8. **Recently issued accounting standards**

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the proforma financial information. The Group has already commenced an assessment of the impact of these new HKFRSs but is not in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

## DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2004 (2003: nil).

## CLOSURE OF REGISTER OF MEMBERS

The Register of members will be closed from 19th May 2005 to 25th May 2005, both days inclusive during which no transfer of shares will be effected.

## REVIEW OF THE YEAR

For the year ended 31st December 2004, the audited proforma combined profit for New Capital International Investment Limited and its subsidiaries (the "Group") totaled HKD6,251,287. The proforma combined net asset value per share of the Company was HKD0.284 as at 31st December 2004. The Group's audited proforma combined profit for the year ended 31st December 2003, and proforma combined net asset value per share as at 31st December 2003 were HKD8,181,299 and HKD0.337 respectively.

## CHANGE OF DOMICILE

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

New Capital shall provide a more flexible structure to raise new capital from the market and to further develop its business and to pursue expansion. The Cayman Islands domicile will also allow the Group to project a more international image and help to attract new potential investors. With a new name, new face and transparent capital structure, New Capital is well prepared to take on a new phase of development capitalizing on the current buoyant market environment.

## REVIEW OF THE EXISTING PORTFOLIO

### Real Estate Transactions

The Group invested HK$78 million in China Property Development (Holdings) Limited ("CPDH") in February 2002. CPDH holds a 100% interest in a Beijing residential development project, the Pacific Town Project (marketed as Richmond Park in Beijing). The project is a 240,000 square meters high-end residential development project located in the northeast corner of Beijing within the Lido Area of the Chaoyang District. The project is situated in an up market district popular with foreigners and the diplomatic community. Phase I was launched in late August 2004 and was well received by the market. The apartments were substantially sold within a four months period. The sales price of Phase I have been adjusted steadily from Rmb 9,300 to 11,500 per sq.m. Phase II is expected to launch sales in September of 2005.

The Group invested HK$35 million in the Taiyanggong Zone F ("TYG") project in October 2003. The deal was guaranteed by the ultimate shareholder of the project in Hong Kong. Due to the delay in the registration of the share transfer under joint venture regulations, the guarantor was demanded to repay the investment of HK$35 million. TYG, also known as Sun Star City, is a 413,000 square meters residential development project targeting the middle sector. It is located between northeast Third and Fourth Ring Road in Beijing. The pre-sales of Phase II was launched in June 2004 and received good public response. The construction work for phase II is in progress, and is expected to be completed in August 2005.

### Other investment

Beijing Far East Instrument Company Limited ("Far East") is the only remaining non-property related investment in the Company's portfolio. In 2004, Far East generated an unaudited profit of RMB6 million, mainly contributed from its successful joint venture with Rosemount. However, due to the change in products mix, Far East discontinued the production of certain series of products. Inventories of the discontinued products stored over two years had become obsolete and provision was made. Accordingly, the Company shared the loss of approximately HK$2.9 million of Far East at the end of 2004. Far East is implementing a four-year business plan to consolidate its business operations, with a target to increase sales revenue 4 times by 2008. It will concentrate on streamlining the production of traditional electrical products as well as restructuring the product composition of Rosemount's business. Far East will increase efforts to explore the business of self-developed systems, which includes the automatic recording system and building integrated control systems.

## FUTURE PROSPECTS

With the stable growth of China's economy and macro economic measures to curb overheated industries, the property market is likely to achieve a soft landing and a healthy development prevails as people's standard of living continues to improve. Together with our years of knowledge in the China market and our relationship with local partners, we will continue to look for opportunities in the property sector and are confident that the sector will bring satisfactory return to our shareholders. The Directors are both confident and optimistic on the prospects of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed above, the information in relation to the matters set out in Paragraph 32 of Appendix 16 to the Listing Rules has not changed materially from the information disclosed in the most recent published annual report of the Company for the year ended 31st December 2003.

## EMPLOYEE

As at 31st December 2004, the Group employed a qualified accountant and basic salary and mandatory provident fund scheme are provided to this employee.

## AUDIT COMMITTEE

The Audit Committee comprises three Non-executive Independent Directors. This Committee acts in an advisory capacity and makes recommendations to the Board. It met on 18th April 2005 to review the Group's 2004 final results before it was tabled for the Board's approval.

## PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the financial year.

## CODE OF BEST PRACTICE

The Company has complied with Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the financial year 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 in accordance with Article 88 of the Company's Articles of Association.

### Detailed Results Announcement

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be subsequently published on the Exchange's website in due course.

By Order of the Board
**Lawrence H. Wood**
*Director*

Hong Kong, 22nd April 2005

*As at the date hereof, the directors of the Company are Mr. Liu Xiao Guang, Mr. Lawrence H. Wood, Mr. Cheng Bing Ren, Mr. Liu Xue Min, Mr. To Chun Kei, Mr Fung Tze Wa and Mr. Kwong Chun Wai, Michael.*

Please also refer to the published version of this announcement in The Standard.