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NEW CAPITAL INTERNATIONAL INVESTMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1062)

ANNOUNCEMENT

Connected Transaction – Change of Investment Manager

The board of Directors are pleased to announce that the Company entered into the New Agreement with Avanta Investment Management Limited on 21 August 2006 whereby Avanta has agreed to provide investment management services to the Company for an initial term of three year from the effective date of its appointment subject to the terms and conditions of the New Agreement.

The investment management agreement between the Company and Baring Capital (China) Management Limited (renamed as ING Real Estate (Asia) Limited from 17 May 2006) will be terminated with effect from 31 August 2006.

NEW AGREEMENT

The Company has entered into the New Agreement with Avanta on 21 August 2006 to appoint Avanta as its investment manager commencing on 1 September 2006.

Parties:

- (1) The Company; and
- (2) Avanta

Prior to the appointment and to the best of the Directors' knowledge, information and belief, Avanta is an independent third party not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or an associate of any of them and has no previous relationship with the Company before the entering into the New Agreement.

Date:

21 August 2006

Terms of the New Agreement

Avanta will be appointed as the investment manager of the Company commencing from 1 September 2006 to provide investment management advice and all matters relating to the Company's listing status and regulations in relation to Listing Rules and Corporate Governance to the Company.

The New Agreement shall be for an initial term of three years, subject to renewal for a term of three years on the terms and conditions to be agreed by Avanta and the Company. The investment management fee shall be HK\$400,000 per annum, payable quarterly in advance.

Reasons for the entering into the New Agreement

The Directors consider that the investment experience of Avanta is relevant to the investment strategies of the Company and are of the view that its expertise will be beneficial to the Company and its shareholders as a whole.

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, together with a lower investment management fee, is relevant to the Company in pursuing its investment objective which is not just focus on real estate market.

Information on the Company

The principal activity of the Company is to act as investment holding company holding equity investments primarily in companies or other entities.

The investment objective/strategies of the Company is to achieve medium-term to long term capital appreciation of its assets primarily through investment in money market securities and equity and debt related securities in listed and /or unlisted companies or entities on a global basis.

Information on Avanta

Avanta, a company incorporated in Hong Kong with limited liability under the Companies Ordinance on 17th April, 1998, is principally engaged in the business of provision of financial and investment advisory services to clients on direct investment projects and is a deemed licensed corporation to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

Avanta has years of experiences in serving Hong Kong listed investment companies since April 2000. The followings demonstrate Avanta's experiences in this regard:

Everest International Investments Limited. Investment Manager. 2000/04-2003/04;

Garron International Limited. Investment Manager. 2004/04 to 2005/06;

Grand Investment International Limited. 2004/04-Current;

China Financial Industry Investment Fund Limited. Interim Investment Manager & Investment Manager. 2004/12-2005/03 & 2005/05-Current.

Set out below are the biographies of the executive directors of Avanta:

Mr. Chou Ping-chun, Benji (周秉鈞), aged 42, holds a master's degree in business administration from Anderson Graduate School of Management at University of California Los Angeles, US and a bachelor's degree in statistics from Cheng-Chi University, Taiwan. He is a licensed person for the regulated activities of advising on securities and asset management under the SFO. Mr. Chou has been a director of Avanta from January 1999 to present and is responsible for identifying target companies for investments, negotiating appropriate terms and conditions, performing valuation and execution, monitoring the investments and providing investment and disposition recommendations. Mr. Chou has approximately ten years' experience in investment management from 1995 to present. He is also a director of Grand Investment International Ltd.

Ms. Chou Hui Chen (周慧珍), aged 41, holds a Master of Arts degree from Leicester Polytechnic (now Leicester De Montfort University) in Textile Studies, UK and a Bachelor of Arts degree from Fu-Jen Catholic University, Taiwan in Fashion Business. Ms. Chou has around eight years of experience in corporate strategy, research and investment management. Ms. Chou has strong experience in financial consulting work. Before joining Avanta, Ms Chou worked as an assistant manager in Partners Capital. She joined Avanta in January 2004 as an investment manager and is now an executive director. Her participation includes identifying target companies for investments, performing valuation and deal negotiation, monitoring investments and providing investment and disposition recommendations. Ms. Chou is a licensed person for the regulated activities of advising on securities and asset management.

Mr. Yen Jong Ling, John (嚴中伶), aged 45, has obtained a master's degree in business administration and a master's degree in science from State University of New York at Buffalo and New York University respectively. He joined Avanta in March 2006 as an executive director. Mr. Yen is a licensed person for the regulated activities of asset management, Mr. Yen has over 12 years of experience in international capital markets, From 1991 to 1993, Mr. Yen was a manager of Aetna Investment Management (Taiwan) Limited. From 1993 to 1996, he was a senior fund manager of Aetna Investment Management (Hong Kong). From 1996 to 1997, Mr. Yen worked as an investment manager in ImPac Asset Management (Hong Kong) Limited. From 1997 to 1998, Mr. Yen worked at Rothschild Asset Management (Hong Kong) Limited as an assistant director. From 1999 to 2001, he was a director of JS Cresvale Securities International Limited. From 2001 to 2002, he was the president of Hwa Yu Securities Investment Advisory Company. In 2002, he founded Fuxion Asset Management Company Limited. He was a managing director of Crosby Asset Management (Hong Kong) Limited in 2004.

Avanta has considered the following differences between the Company and its other clients before agreeing to take up the appointment as investment manager of the Company:

1. Different on current size. The net asset value of Avanta's current largest client is approximately \$60 million in size while the net asset value of investment fund size of the Company will be approximately \$160 million immediately following the appointment;
2. Different on mandate horizon. The current management contracts of Avanta were started in different year and, therefore, will have different expiration dates in the coming future;
3. Different current portfolio composition. The investments made by Grand Investment or China Financial Industry Investment Fund Limited are not same portfolio structure as that of Company;
4. Different on boards of directors which means different investment preferences. Most of the funds' boards and also the Board have the final decisions on investment/divestment activities. Therefore, there are varieties in the processes as well as on the outcomes.

Avanta shall devote such time and effort to the Company's business as is necessary to promote the interests of the Company. If conflicts in relation to investment opportunities arise between the Company and other funds managed or advised by and/or clients of Avanta, the following mechanism/procedures will be in place to deal with conflict of interest generally. The steps include the following:

- (1) all suitable investment opportunities screened and identified by Avanta shall be presented to both the Board and the board of directors or managing bodies of the funds in a timely and equitable manner to the extent such investments fall within the investment objectives and policies of the Company or the funds; and
- (2) if the Company and any of the funds intend to participate in the same investment presented as aforesaid, and the total amount of intended investment offered by both the Company and the relevant funds exceeds the available investment size of the opportunities, Avanta shall exercise its independent and professional judgment and allocate the opportunities to the Company and the relevant funds on a pro-rata basis depending on the respective fund size by reference to their respective latest consolidated net asset values published in the newspapers at the material time, and/or on such other reasonable and equitable basis as Avanta may consider appropriate after taking into account factors such as the total amount available for investment by the Company and by such other funds and/or clients as well as whether such other funds and/or clients have any existing interest in the proposed investment.

Termination of the original investment management agreement

Upon the appointment of Avanta as investment manager under the New Agreement, the appointment of ING Real Estate (Asia) Limited (formerly known as Baring Capital (China) Management Limited) as investment manager of the Company under the original investment management agreement will be terminated with effect from 1 September 2006 accordingly. There is no disagreement between the Company and ING Real Estate (Asia) Limited.

Connected Transaction

Avanta shall be deemed as a connected person of the Company pursuant to Rule 21.13 of the Listing Rules upon the New Agreement becoming effective. The investment management fee to be paid by the Company to Avanta is HK\$400,000 per annum which is less than HK\$10,000,000 and 25% in respect of each of the percentage ratios (other than the profits ratio) prescribed under Rule 14.07 of the Listing Rules. The transaction contemplated under the New Agreement is subject to reporting and announcement requirement but exempt from independent shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules.

The Directors (including the independent non-executive Directors) consider the terms of the New Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Company and that the terms of the New Agreement are fair and reasonable so far as the Company and its shareholders are concerned.

As at the date of this announcement, the members of the Board are Mr. Liu Xiao Guang, Mr. Cheng Bin Ren, Mr. Lawrence H. Wood, Mr. Liu Xue Min, Mr. To Chun Kei, Mr. Fung Tze Wa and Mr. Kwong Chun Wai Michael.

DEFINITIONS

“Avanta”	Avanta Investment Management Limited, a company incorporated in Hong Kong, with limited liability and a licensed corporation registered under the SFO
“Company”	New Capital International Investment Limited, a company incorporated in the Cayman Islands with limited liability which shares are traded on the Stock Exchange
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Agreement”	the investment management agreement dated 21 August 2006 between the Company and Avanta
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	The shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board of Directors of
New Capital International Investment Limited
Lawrence H Wood
Executive Director

Hong Kong, 22 August 2006

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