

Chairman's Statement



The loss attributable to shareholders of ING Beijing for the year ended 31st December 2000 was HKD43,306,021. The corresponding result for the year ended 31st December 1999 was a loss of HKD116,257,137. The result for the year shows improvement compared with previous year. Portfolio companies are gradually recovering from the Asian financial crisis and are in position to capture new opportunities arising from China joining the World Trade Organization. The net asset value per share of the Group as at 31st December 2000 was HKD0.589. The net asset value per share for the previous year end date was HKD0.781.

HIGHLIGHTS OF THE YEAR

In April 2000, Skyworth Digital Holdings Limited ("Skyworth") was successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited. ING Beijing invested HKD92 million in Skyworth only 10 months before its listing. Its share price went up to HKD3.2 per share soon after the listing. With the downturn in the stock market, together with all other technology stocks, Skyworth's share price has been greatly affected and is now trading at below its initial listing price. With ING Beijing's investment in Skyworth marked to market (see notes on the accounts no.10(c) at p.39), this has caused a significant effect on ING Beijing's net asset value. However, ING Beijing remains confident with the Skyworth's business and is willing to take a longer term view on this investment.

To cope with changing market conditions, ING Beijing has focused on investment in companies with mature operations and with potential to go public within a period of twelve months. Skyworth was successfully listed last year. New investments along this direction have also started to show result. ING Beijing invested USD8 million in Skynet Limited ("Skynet") in July 2000. Within a month, Skynet successfully spun off its online news and entertainment business, hkcyber.com (Holdings) Limited, which was listed on the GEM Board of the Stock Exchange of Hong Kong Limited. Skynet operates diversified Internet businesses with three major portals covering online stock trading, online news and entertainment, and online games.

The current downturn in the Internet industry has little impact on ING Beijing's investments. ING Beijing has two Internet related companies within

its portfolio, ChinaGo Limited ("ChinaGo") and Skynet. Investment in ChinaGo was made in April 2000. ING Beijing together with a group of local and European institutional investors invested USD13 million in ChinaGo, with ING Beijing taking up USD3 million in the transaction. In view of the downward spiral of valuation of Internet companies listed overseas, ING Beijing has exercised the option available to investors to double its equity interest in ChinaGo at nominal cost, thereby achieving valuation adjustment. This has effectively increased the Group's interest in ChinaGo from 5.94% to 10.44%. On the business front, the development at ChinaGo has been encouraging. The number of email subscribers has increased from 1.2 million at the time of investment to 3.7 million within a period of less than 12 months. ChinaGo is currently ranked as the seventh largest email service provider in China. In view of

market changes, ChinaGo has diversified itself from an email service provider to new areas covering traditional media, software development and IT solution services.

ING Beijing was granted several options which allow for realization of its investment in Skynet partly in cash and partly in shares of its immediate holding company, Skynet (International Group) Holdings Limited. The cash element of the options in the aggregate amount of USD4 million is payable as to USD1 million by Skynet (International Group) Holdings Limited and as to USD3 million by Companion Building Material International Holdings Limited, both are companies listed on the

Main Board of the Stock Exchange of Hong Kong Limited.

ING Beijing's investment in Companion-China Limited ("Companion China") in the form of a convertible loan is partially exercised for repayment. In accordance with the terms of the convertible loan, Companion China has been notified to repay 50% of the loan principal plus interest on or before 1st May 2001. For the remaining investment, ING Beijing holds an option to either demand for repayment or conversion into the shares of Companion China or conversion of up to 20% listed shares of Companion China's immediate holding company, Companion Building

Material International Holdings Limited, a public company listed on the Main Board of the Stock Exchange of Hong Kong Limited, with the remaining unconverted amount to be repayable within 90 days of demand.

ING Beijing's liquid assets which comprise its investments in Skyworth, Companion China to the extent of the loan principal and interest due on 1st May 2001, cash on hand and other net current assets now account for over 35% of the portfolio. The cash and liquidity asset per share was HKD0.21, which represents a significant increase from previous year.

FUTURE PROSPECT

The sustained economic growth in China together with revival of public confidence fuelled the recent recovery of the country's consumer sector. Over half of the investments in ING Beijing's portfolio relate to the consumer sector. Increase in demand for electronic goods will directly benefit Skyworth's bottom line, giving optimism on the recovery of Skyworth's share price on the market. A stronger property market is leading to an increase in demand for building materials and home decoration products like timber boards, wooden furniture and ceramic tiles. These will benefit our investee companies Everbright Timber and Companion China.

China has been one of the fastest growing countries in the world with GDP growth over 8% in the past consecutive years. With the country's expected entry to the World Trade Organization, together with the continuing improvement in its investment environment, ING Beijing remains

confident that China will maintain its steady growth despite a slow down in the rest of the World.

Liu Xiao Guang
Chairman
Hong Kong SAR
19 April 2001

Investee Companies	Date of Investment	Invested Amount	ING Beijing Shareholdings
Skyworth	June 1999	HKD92 million	5.016%
APFS	May 1995	USD7.8 million	18%
ChinaGo	April 2000	USD3 million	10.44%
Skynet	July 2000	USD8 million	5.161%
Companion China	June 1997	USD12 million	Convertible Loan
Far East	July 1994	USD5.32 million	35%
Everbright Timber	November 1996	RMB 126.56 million	22.87%