ING BEIJING

INVESTMENT COMPANY LIMITED

2001
INTERIM REPORT

REVIEW OF THE PERIOD

The Board of Directors of ING Beijing Investment Company Limited (the "Company" or "ING Beijing") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2001. The interim report for the six months ended 30 June 2001 has been reviewed by the audit committee and auditors of the Company.

The loss of the Company for the first half of 2001 was HKD1,461,780 compared to the loss of HKD1,771,549 for the same period in 2000. The loss in the first half of 2001 was mainly attributable to operational expenses. The consolidated results, consolidated balance sheet and condensed consolidated cash flow statement of the Group, all of which are unaudited, along with selected explanatory notes, are set out on pages 6 to 18 of this report.

BUSINESS DEVELOPMENT

The success in the application for the hosting of the Olympic Games in Beijing in 2008 has brought a new breeze of business opportunities. As evidenced by Olympic Games hosting cities around the world, the Beijing property sector is expected to enjoy good market sentiment for the years to come.

ING Beijing was established in May 1994 with the joint effort of the Beijing Municipal Government and the ING Group. With its Beijing Municipal Government background and its link to one of the largest property developer in Beijing, the Beijing Capital Group, via the Board members, ING Beijing is well positioned to benefit from the favorable conditions of the Beijing property sector.

ING Beijing is being repositioned to take advantage of this favorable environment. In July, the Executive Committee of the Board of Directors approved an investment relating to a commercial property in Beijing. The investment is to be satisfied with a combination of cash and shares considerations. Such investment is the first of a series of property projects to be considered by the Company. In addition, to facilitate the Company's development in the property sector, ING Beijing will seek strategic alliance with major property developers in Beijing to co-develop existing and future projects.

CREATING VALUE FOR SHAREHOLDERS

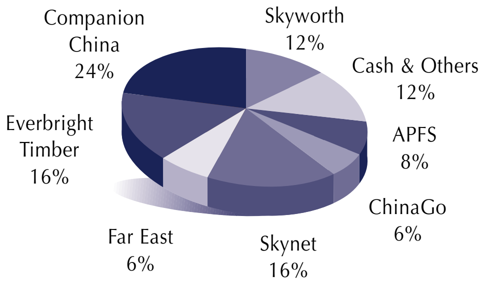
In August, ING Beijing issued bonus warrants to shareholders and introduced an incentive scheme by providing share options to Executive Directors and senior management of the Company and directors of its subsidiaries.

The issue of bonus warrants is a measure to stimulate liquidity, and to increase public interest in the Company's shares. Warrants are marketable instrument, which offer investors an alternative to investing in the Company's shares. Investors can choose the amount of risk, which they are willing to undertake when investing in the Company. Although warrants do not provide investors with actual shares in the Company, they offer investors an option to convert into shares.

The share option scheme is designed to align the interest of Executive Directors and senior management with that of shareholders. It motivates the key personnel according to their contributions to the Company and draws their efforts together to create better value for all.

REVIEW OF THE EXISTING PORTFOLIO

ING Beijing is working on realization of investments in the existing portfolio. The objective is to re-invest the realized cash resources into new investments in the Beijing property sector. The fair value of the portfolio as at 30 June 2001 is as follows:



Investee Companies	Date of Investment	Fair Valuation	ING Beijing Shareholding
APFS	May 1995	HKD31 million	18%
ChinaGo	April 2000	HKD23 million	10.44%
Companion-China	June 1997	HKD92 million	Convertible Loan
Everbright Timber	Nov 1996	HKD59 million	22.87%
Far East	July 1994	HKD24 million	35%
Skynet	July 2000	HKD62 million	5.33%
Skyworth	June 1999	HKD47 million	5.016%

The downturn of the technology sector has created a difficult environment for the operation of our Internet-related investee companies, i.e., ChinaGo Limited and Skynet Limited. However, ING Beijing has been granted options which either bring valuation of investment in line with the market situation or allow for realization of its investment at not less than the initial investment cost. Accordingly, no provision is considered necessary for ING Beijing's investment in these two companies.

ChinaGo Limited ("ChinaGo")

In April this year, ING Beijing exercised its option to double its equity share in ChinaGo at nominal cost, to bring valuation of ChinaGo in line with the market situation. As a result, ING Beijing's holding in ChinaGo is increased from 5.94% to 10.44% of ChinaGo's enlarged issued share capital. ChinaGo has subsequently reorganized its business and is now focused in two main business sectors: offline magazine publishing and software/IT solution services. It is one of the first companies to launch paid email services in China. The management of ChinaGo is optimistic that the company will be able to achieve breakeven before the end of the year.

Skynet Limited ("Skynet")

ING Beijing invested USD8 million in Skynet Limited in July 2000. ING Beijing may elect to demand repayment of USD4 million as to USD1 million by Skynet's holding company, Skynet (International Group) Holdings Limited ("Skynet International"), and as to USD3 million, by Companion Building Material International Holdings Limited; both companies are listed on The Stock Exchange of Hong Kong Limited. The remaining USD4 million may be converted into shares of Skynet International. Based on the announced results for the year ended 31 March 2001, and the trading price of the shares of Skynet International on 8 August 2001, the conversion if exercised may provide ING Beijing with shares of Skynet International whose value is not less than USD4 million.

Companion-China Limited ("Companion-China")

Companion-China is one of the largest ceramic tile producers and distributors in China. It operates 5 ceramic tile factories in China and Hong Kong. ING Beijing invested USD12 million in Companion-China in the form of convertible loan in June 1997.

Turnover of Companion-China increased to HKD249 million in the year ended 31 March 2001 from HKD195 million in the previous year. The profit after tax for the year ended 31 March 2001 was HKD4.5 million that was significantly lower than HKD32.9 million in last year. However, the outlook for the company is considered promising due to the expected increase in both local and export sales.

Companion-China has made significant achievement in exporting to overseas markets. 9 million square meters of ceramic tiles have been shipped to Home Depot, the largest building material department store in the United States with over 1,000 branches. It is expected that orders from the United States will increase to 2,000 containers in the coming year, representing over 30% of Companion-China's annual production. In addition, the first delivery has been made to the first Japanese customer in July 2001. The successful development of the Japanese market is important for the company to establish its brand in the world market.

ING Beijing is in the course of negotiation with the Companion group on settlement of the convertible loan to Companion-China. Repayment proposals under consideration include conversion into shares of its ultimate holding company, Companion Building Material International Holdings Limited ("Companion International"), a company listed on The Stock Exchange of Hong Kong Limited. Based on the announced financial information of Companion International as at 31 March 2001, the group should have sufficient assets to cover liabilities.

Beijing Asia Pacific First Star Communications Technology Co., Ltd. ("APFS")

APFS is a joint venture amongst ING Beijing, Singapore Telecom, Beijing Asia Pacific Group and Beijing Jingfang Group. APFS is a leader in providing nationwide paging services in China, covering 22 coastal cities. There are over 474,000 subscribers by the end of June 2001.

APFS is diversifying itself from a radio-paging operator to a high value added telecom services provider. APFS is working with a major call-center operator in Hong Kong to expand call-center operations into major cities in China, utilizing APFS's nationwide sales and support infrastructure. APFS has also developed a B2B platform for cargo transportation in China that provides services such as on-line matching between cargo owners and carriers. The platform employed the latest UMS technology which enables cargo owners and carriers to obtain information and find their counterparts through different kinds of communication devices. A trial system is installed in Nanjing covering over 10,000 members across 9 leading cities in China.

The management of APFS is exploring the possibility to list the company on the GEM Board of The Stock Exchange of Hong Kong Limited in early 2002 to finance its expansion into value added telecommunication services.

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

Far East produces scientific measuring and industrial control equipment. During the first half of 2001, the company showed improvement in its results. It generated a turnover of RMB45 million (RMB34 million in the first half of 2000) and net profit of RMB0.5 million (net loss of RMB1 million in the first half of 2000) in the first half of 2001. Its 20% owned associated company, a joint venture with Rosemount of the United States, generated a net profit of over RMB8 million in the first half of 2001.

The outlook of Far East is considered optimistic due to the close relationship with Rosemount and the successful development of contracted works. Far East is actively reviewing its position in the industry and continuously looking for further diversification. The relocation of its operations to the suburb is being considered so that the existing site can be applied for property development. This not only reduces the cost of production but also provides opportunity to realize the value of the existing site that is close to the International Exhibition Center of Beijing.

Everbright Timber Industry (Shenzhen) Co., Ltd. ("Everbright Timber")

The market was difficult for Everbright Timber during the first six months. However, Everbright Timber focused on profitable products and operation and administration costs reduction. Revenue for the first half year was significantly lower than last year. The decrease in revenue and profitability was due to the general decrease in demand for decorative board and the excessive supply of such products in the market. Many manufacturers have taken advantage of the cheap Indonesian currency to accumulate stock in 2000. Their purchases in 2001 were correspondingly reduced.

The management of Everbright Timber is carrying out due diligence on the relocation of the main production facilities to Songgang in Shenzhen, leaving the existing production site in Shekou for property development. The relocation will further reduce the scale of production and lead to focus on high margin products. The exercise will enable the value gain accrued to the land to be realized for shareholders. It is expected to get support from the Shenzhen Municipal Government as it is the plan of the government to develop Shekou as a commercial and residential satellite town.

ING Beijing's liquid assets which comprise its investments in Skyworth and net current assets now account for 51% of the portfolio. The cash and liquidity asset per share was HKD0.31, which represents a significant increase from previous year.

FUTURE PROSPECT

China's economy has been growing at a healthy pace throughout the recent years. The country's imminent entry to the WTO is expected to further stimulate the economy in the years to come while the hosting of the 2008 Olympic Games in Beijing is expected to create opportunities in the property sector. The Company will utilize its Beijing resources to capture investment opportunities in the property sector focusing on the Beijing market. The revival of the property sector is also expected to bring recovery to the building materials industry and that will benefit ING Beijing's investee companies in the building materials sector. ING Beijing is optimistic with the years ahead and believes that the positive atmosphere of the property market will compensate the current depression in the China market caused by the downturn of technology companies. The Directors are confident that ING Beijing will be able to perform in this new environment.

Consolidated profit and loss account
for the six months ended 30 June 2001 - unaudited
(Expressed in Hong Kong dollars)

	Note	**Six months ended 30 June** **2001**	2000
Turnover: Group and share of jointly controlled entities' turnover	*3*	**$ 53,538,710**	$ 73,694,387
Less: Share of jointly controlled entities' turnover		**(47,406,582)**	(67,023,214)
Group turnover	*2*	**$ 6,132,128**	$ 6,671,173
Other net income	*4(a)*	**1,656**	505,674
Operating expenses	*4(b)*	**(6,897,329)**	(8,881,006)
Operating loss		**$ (763,545)**	$ (1,704,159)
Share of profits/(losses) of jointly controlled entities		**183,824**	(67,390)
Loss from ordinary activities before taxation	*4*	**$ (579,721)**	$ (1,771,549)
Taxation	*5(a)*	**(882,059)**	—
Loss for the period	*12*	**$ (1,461,780)**	$ (1,771,549)
Basic loss per share	*7*	**(0.27) cents**	(0.35) cents

The notes on pages 10 to 18 form part of this interim financial report.

Consolidated statement of recognised gains and losses
for the six months ended 30 June 2001 - unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Note	**2001**	2000
Surplus on revaluation of non-trading investments	*12*	**$ 15,268,622**	$ 41,714,163
Exchange differences on translation of the financial statements of PRC jointly controlled entities	*12*	**86,948**	(97,340)
Net gains not recognised in the consolidated profit and loss account		**$ 15,355,570**	$ 41,616,823
Net loss for the period	*12*	**(1,461,780)**	(1,771,549)
Total recognised gains and losses		**$ 13,893,790**	$ 39,845,274

The notes on pages 10 to 18 form part of this interim financial report.

Consolidated balance sheet
at 30 June 2001 - unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 June 2001 (Unaudited)	At 31 December 2000 (Audited)
Non-current assets			
Interest in jointly controlled entities	8	$ 45,329,845	$ 45,081,132
Non-trading investments	9	164,183,567	148,888,948
Convertible loan	10	—	42,870,471
		$ 209,513,412	$ 236,840,551
Current assets			
Current portion of convertible loan	10	$ 102,284,498	$ 54,011,776
Other receivables, prepayments and interest receivable		129,735	335,737
Fixed deposits with banks and other financial institutions		27,573,947	33,319,348
Cash at bank		360,812	381,797
		$ 130,348,992	$ 88,048,658
Current liabilities			
Bank overdrafts		$ —	$ 243,215
Other payables and accruals		2,273,143	1,810,523
Taxation		6,076,137	5,216,137
		$ 8,349,280	$ 7,269,875
Net current assets		$ 121,999,712	$ 80,778,783
Net assets		$ 331,513,124	$ 317,619,334
Capital and reserves			
Share capital	11	$ 53,884,000	$ 53,884,000
Reserves	12	277,629,124	263,735,334
		$ 331,513,124	$ 317,619,334
Net asset value per share	13	$ 0.615	$ 0.589

The notes on pages 10 to 18 form part of this interim financial report.

Condensed consolidated cash flow statement
for the six months ended 30 June 2001 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June 2001
Net cash outflow from operating activities	**$ (6,253,682)**
Net cash inflow from returns on investments and servicing of finance	**756,508**
Net cash outflow from investing activities	**(25,997)**
Decrease in cash and cash equivalents	**$ (5,523,171)**
Cash and cash equivalents at 1 January 2001	**33,457,930**
Cash and cash equivalents at 30 June 2001	**$ 27,934,759**

Analysis of the balances of cash and cash equivalents

Cash at bank and in hand	**$ 360,812**
Deposits with banks and other financial institutions maturing within three months of the balance sheet date	**27,573,947**
	$ 27,934,759

The notes on pages 10 to 18 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

1 Basis of preparation

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports", issued by the Hong Kong Society of Accountants ("HKSA"). KPMG's independent review report to the Board of Directors is included on page 20.

The interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, including compliance with Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the HKSA except that comparative figures for the cash flow statement have not been prepared as the Company has taken advantage of the transitional provisions set out in the Main Board Listing Rules.

The financial information relating to the financial year ended 31 December 2000 included in the interim financial report does not constitute the Company's statutory accounts for that financial year but is derived from those accounts. Statutory accounts for the year ended 31 December 2000 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those accounts in their report dated 19 April 2001.

The same accounting policies adopted in the 2000 annual accounts have been applied to the interim financial report.

2 Turnover

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

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 earned on fixed deposits, debt securities and convertible loan and is analysed as follows:

	Six months ended 30 June	
	2001	2000
Interest income from deposits with banks and other financial institutions	**$ 729,926**	$ 835,983
Interest income from listed securities	**—**	314,805
Interest income from convertible loan	**5,402,202**	5,520,385
	$ 6,132,128	$ 6,671,173

3 Segment reporting

Business segments

Segment information is presented in respect of the Group's business segments. No geographical segment information is presented as the Group's revenue and results were substantially derived from Mainland China.

	Revenue Group and share of jointly controlled entities' turnover Six months ended 30 June		Segment results Contribution to profit/(loss) from ordinary activities before taxation Six months ended 30 June	
	2001	2000	**2001**	2000
Manufacture of industrial products	**$ 47,406,582**	$ 67,023,214	**$ (1,056,633)**	$ (1,681,851)
Non-trading investments	**—**	—	**(1,811,516)**	(2,388,006)
Interest income				
— convertible loan	**5,402,202**	5,520,385	**4,357,557**	4,130,327
— bank deposits	**729,926**	835,983	**553,711**	601,503
Listed securities	**—**	314,805	**—**	394,650
	$ 53,538,710	$ 73,694,387	**$ 2,043,119**	$ 1,056,623
Unallocated expenses			**(2,622,840)**	(2,828,172)
			$ (579,721)	$ (1,771,549)

4 Operating loss

	Six months ended 30 June	
	2001	2000
(a) Other net income:		
Net realised and unrealised gains on listed trading securities carried at fair value	**$ —**	$ 79,845
Net exchange gain	**1,656**	425,829
	$ 1,656	$ 505,674
(b) Operating expenses:		
Administrative fee	**$ 342,164**	$ 343,114
Amortisation of legal and establishment fees	**—**	207,124
Auditors' remuneration	**370,000**	258,000
Consultancy fee	**196,082**	260,917
Custodian fee	**120,000**	120,000
Legal and secretarial fees	**399,382**	394,104
Management fee	**3,921,641**	5,218,341
Project fee	**351,192**	408,664
Other operating expenses	**1,196,868**	1,670,742
	$ 6,897,329	$ 8,881,006

5 Taxation

(a) Taxation in the consolidated profit and loss account represents:

	Six months ended 30 June 2001	2000
Provision for Hong Kong profits tax for the period	**$ 860,000**	$ —
Share of jointly controlled entities' taxation	**22,059**	—
	$ 882,059	$ —

The provision for Hong Kong profits tax is calculated at 16% of the estimated assessable profits for the period ended 30 June 2001.

(b) No provision for deferred tax has been made as the net effect of all timing differences is immaterial.

6 Interim dividend

The Board of Directors does not recommend payment of an interim dividend for the period ended 30 June 2001 (2000: Nil).

7 Basic loss per share

The calculation of basic loss per share is based on loss attributable to shareholders of $1,461,780 (2000: loss of $1,771,549) and on the 538,840,000 (2000: 500,000,000) ordinary shares in issue during the period.

There were no potential ordinary shares in existence during 2000 and 2001.

8 Interest in jointly controlled entities

	At 30 June 2001	At 31 December 2000
Share of net assets other than goodwill	$ 25,196,346	$ 24,947,633
Amounts due from jointly controlled entities	20,133,499	20,133,499
	$ 45,329,845	$ 45,081,132

Amounts due from jointly controlled entities are interest free and have no fixed terms of repayment.

9 Non-trading investments

	At 30 June 2001	At 31 December 2000
Investment in an unlisted joint venture	$ 30,747,825	$ 30,747,825
Investment in unlisted companies	86,241,820	86,215,823
Listed investment (note)	47,193,922	31,925,300
	$ 164,183,567	$ 148,888,948

Note:

The Group holds 102,819,000 ordinary shares of Skyworth Digital Holdings Limited ("Skyworth Digital"), a company listed on The Stock Exchange of Hong Kong Limited ("HKSE"), representing approximately 5.016% of Skyworth Digital's issued share capital. As at 30 June 2001, the investment was stated at a discount to its market value quoted on the HKSE, which in the opinion of the directors, represents the fair market value after taking into account the size of the shareholding. A revaluation surplus of $15,268,622 has been transferred to investment revaluation reserve during the period ended 30 June 2001.

10 Convertible loan

	At 30 June 2001	At 31 December 2000
Convertible loan	**$ 92,399,277**	$ 92,399,277
Interest receivable	**9,885,221**	4,482,970
	$ 102,284,498	$ 96,882,247

The convertible loan is repayable as follows:

	At 30 June 2001	At 31 December 2000
Within one year	**$ 102,284,498**	$ 54,011,776
After one year but within two years	**—**	42,870,471
	$ 102,284,498	$ 96,882,247

The convertible loan represents a loan of US$12 million (approximately $93 million) advanced to Companion-China Limited ("CC"), a subsidiary of Companion Building Material International Holdings Limited ("CBM"), a company listed on the HKSE in 1997, less repayment to date. The convertible loan is guaranteed by CBM.

The loan bears interest at 9.8 per cent per annum, compounded annually, and is repayable on the sixth anniversary of the date on which the loan was advanced to CC ("effective date"), subject to certain rights of the Group to demand part repayment after the third anniversary of the effective date. Out of the principal amount of US$12 million, US$74,671 (equivalent to $578,699) was repaid during 2000.

The Group issued a repayment notice to CC in January 2001 to demand full settlement. According to the notice, the first instalment in the amount of US$6,924,853 was due for repayment on 1 May 2001 and the remaining portion of the loan and accrued interest is due for repayment on 1 May 2002. CC failed to repay the first instalment due on 1 May 2001.

The Group has been in negotiations with CC and CBM with regard to the repayment of the convertible loan and accrued interest. As at the date of approval of the interim financial report, the Group has accepted an offer made by CBM in relation to the allotment of new shares in CBM representing 20% of the existing issued share capital of CBM as part repayment of the loan principal and accrued interest due from CC. The Group will continue to negotiate with CC and CBM in respect of the repayment of the remaining balance of the loan principal and accrued interest. A number of repayment proposals have been presented to the Group for consideration. The directors are of the opinion that based on the progress of negotiations made to date, a satisfactory repayment agreement can be reached with CC and CBM and no provision against this convertible loan and accrued interest is considered necessary.

11 Share capital

	No. of shares	Amount
Authorised:		
Ordinary shares of $0.10 each	800,000,000	$ 80,000,000
Issued and fully paid:		
At 1 January 2001 and 30 June 2001	538,840,000	$ 53,884,000

Pursuant to an ordinary resolution passed at an Extraordinary General Meeting held on 16 August 2001,

(a) The authorised share capital of the Company was increased from $80,000,000 to $120,000,000 by the creation of an additional 400,000,000 shares of $0.10 each;

(b) 107,768,000 warrants in the proportion of one warrant for every five existing shares held on 16 August 2001 were issued by the Company. The warrants may be converted into shares of $0.10 each at the initial subscription price of $0.2244 per share (subject to adjustment) at any time from 16 August 2001 to 15 August 2003, both dates inclusive; and

(c) The Company has set up a share option scheme under which the Board of Directors of the Company may grant options to employees of the Company and its subsidiaries, including directors, to subscribe for shares in the Company. The subscription price will be the higher of:

(i) the closing price of the shares of the Company as stated in the HKSE's daily quotation sheet on the date of grant (being a business day), and

(ii) the average closing price of the shares of the Company as stated in the HKSE's daily quotations sheets for the five business days immediately preceding the date of grant.

12 Reserves

	Share premium	Exchange Reserves	Investment revaluation reserve	Accumulated losses	Total
At 1 January 2001	$ 498,013,818	$ 3,049,510	$ (60,539,332)	$ (176,788,662)	$ 263,735,334
Loss for the period	—	—	—	(1,461,780)	(1,461,780)
Exchange differences on translation of accounts of PRC jointly controlled entities	—	86,948	—	—	86,948
Surplus on revaluation of non-trading investments	—	—	15,268,622	—	15,268,622
At 30 June 2001	$ 498,013,818	$ 3,136,458	$ (45,270,710)	$ (178,250,442)	$ 277,629,124

13 Net asset value per share

The net asset value per share is computed based on the consolidated net assets of $331,513,124 (31 December 2000: $317,619,334) and 538,840,000 shares (31 December 2000: 538,840,000 shares) in issue as at 30 June 2001.

14 Approval of interim financial report

The interim financial report was approved by the Board on 7 September 2001.

DIRECTORS' INTEREST IN SHARES

None of Directors of the Company or their respective associates had any interest in the share capital of the Company or any of its associated corporations as at 30th June 2001, and there was no right granted to or exercised by any Directors of the Company, or any of their spouses or children under eighteen years of age, during the period to subscribe for equity or debt securities of the Company.

SUBSTANTIAL SHAREHOLDERS

Shown below are the names of all parties which were, directly or indirectly, interested in 10 per cent. or more of the issued share capital of the Company and the corresponding entries of the number of shares in which they were, and/or were deemed to be, interested as at 30 June 2001 as recorded in the register of substantial shareholders maintained by the Company pursuant to section 16(1) of the Securities (Disclosure of Interests) Ordinance:—

Names	No. of Ordinary Shares
ING Groep N.V.	85,140,000
B.V. Algemene Beleggingsmaatschappij Kievietsdaal	85,140,000

Note: For the avoidance of double counting, it should be noted that in accordance with sections 8(2), (3), and (4) of the SDI Ordinance:

— ING Groep N.V. is deemed to be interested in the same parcel of shares of 85,140,000 held by B.V. Algemene Beleggingsmaatschappij Kievietsdaal by virtue of its interest in that company.

AUDIT COMMITTEE

The Audit Committee comprises three Non-executive Directors, two of them being independent. This Committee acts in an advisory capacity and makes recommendations to the Board. It met on 5th September 2001 to review the Group's 2001 interim 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 period from 1 January 2001 to 30 June 2001.

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 Ltd. throughout the period from 1 January 2001 to 30 June 2001 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 97 of the Company's Articles of Association.

By Order of the Board
Liu Xiao Guang
Chairman

Hong Kong, 7th September 2001

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF ING BEIJING INVESTMENT COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

Introduction

We have been instructed by the company to review the interim financial report set out on pages 6 to 18.

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 the relevant provisions thereof and Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants. The interim financial report is the responsibility of, and has been approved by, the directors.

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 Society of Accountants. A review consists principally of making enquiries of group 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 2001.

KPMG
Certified Public Accountants
Hong Kong, 7th September 2001