INTERIM REPORT 2002

中期報告二零零二年

ING BEIJING INVESTMENT COMPANY LIMITED | ING北京投資有限公司

REVIEW OF THE PERIOD

The board of directors (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 2002. The interim report for the six months ended 30 June 2002 has been reviewed by the audit committee and auditors of the Company.

The profit of the Company for the first half of 2002 was HKD1,094,135 compared to the loss of HKD1,461,780 for the same period in 2001. 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 7 to 22 of this report.

BUSINESS DEVELOPMENT

One of the major targets in China's 10th five-year plan is to improve people's living standards. Residential housing development can be expected to contribute more to economic growth over the next five years. Home sales continued to strengthen, with turnover up 49% year on year. The greater availability of bank mortgages, housing subsidies and rising proceeds from a growing secondary market are making homes more affordable for the average Chinese family.

The hosting of the 2008 Olympic Games in Beijing has created new opportunities in the property sector. For the past six months, the Company has been focusing in identification of investment opportunity in Beijing residential development projects.

In April 2002, the Company invested USD10 million in a wholly-owned investment holding company, China Property Development (Holdings) Limited ("CPDH"), to fund commitments in two real estate projects. Investment agreements for the two projects, Taiyonggong F Zone and West Mountain Badachu projects, have been entered into by the Group in March 2002 and are now awaiting approval by relevant authorities.

The Group is to invest within 3 months from the issuance of the business licence RMB42.68 million for a 30% interest in the registered capital of the West Mountain Badachu project, a high-end residential development project located in western suburb of Beijing. The Company has an option to invest a further RMB34.68 million by way of shareholders' loan within 12 months from the issuance of the business licence, and to increase proportionately the profit sharing entitlement of the Company from 16.55% up to 30%. The Group is also to invest within 3 months from the issuance of the business licence RMB40 million for a 30% interest in the registered capital of Taiyanggong F Zone Community project, a high-end residential development project located in the northeastern part of Beijing. The Company has an option to invest a further RMB97 million by way of shareholders' loan within 12 months from the issuance of the business licence, and to increase proportionately the profit sharing entitlement of the Company from 8.75% up to 30%.

Taiyanggong F Zone Project

Taiyonggong F Zone is a high-end residential community close to Shun Jing Golf course, the only 9-hole golf course (will further upgrade to 18 holes) within the fourth ring road in Beijing. Located in the northeastern part of the city, next to the northern fourth ring road, the community is in proximity to Asian Games Village business district and the Third Embassy District. It is also easy accessible to the highway to Beijing International airport in 15-minutes ride.

Taiyonggong F Zone covers a site area of 107,500 sq. metres. The total gross floor area to be developed is planned to reach 308,120 sq. metres, including 276,900 sq. metres for residential and 31,220 sq. metres for related services and car park facilities.

West Mountain Badachu Project

Beijing Guan Jing New Town Community is one of the largest sites dedicated for residential community development in Beijing with gross floor area over 1.5 million sq. metres. Located in proximity of Beijing's West Mountain District. The Community spreads from the planned fifth ring road (which is planned to complete by the end of year 2002) to the foot of West Mountain.

Located next to the West Fifth Ring Road, the Community is well connected by Beijing's road infrastructure and with easy access to Beijing Financial Street District and Zhongguangcun High-tech Business District, and West Mountain scenery spots.

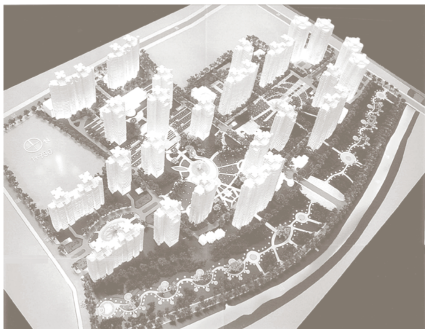
First phase of the project will focus in high-end residential development covering two sites with total land area of 168,600 sq. meters, and gross floor area of 440,900 sq. meters.

The Group intends to use CPDH as its vehicle to bring in strategic co-investors to invest in a portfolio of property development projects focusing on the high-end residential sector in Beijing.

In the annual general meeting of the Company held on 23 May, 2002, the shareholders of the Company approved CPDH to issue additional shares at a price of not less than USD10,000 per share to investors to raise up to USD50 million to finance further investments in a portfolio of property development projects.

In August 2002, through CPDH, the Company has completed an agreement to invest RMB 37.5 million for a 30% interest in the registered capital of the Pacific Town project.

The Pacific Town project is a high-end residential development project with gross floor area of approximately 350,000 square meters. Situated at the heart of the Lido area, which provides international schools, shopping and recreation facilities, coupled with excellent transport links and large greenery landscape, the property is suitable for expatriate families and wealthy local Chinese buyers. The Pacific Town project stands at the bank of River Ba, one of the few scenic rivers in Beijing. The Company plans to bring in strategic co-investors to finance the development project.



The Pacific Town project has obtained approval of its initial site plan and approval of the feasibility study report on development of Pacific Town Phase I and Phase II on the planned site. Further preparation for construction of the property is in progress. Ground clearance and relocation is planned to start at the end of September 2002.

In March 2002, ING Beijing entered into a conditional agreement, whereby it agreed to sell 9% out of its 35% equity interest in Beijing Far East Instrument Co., Ltd. ("Far East") to a strategic partner for a consideration of RMB14 million. The consideration is payable over a period of 5 years in 5 yearly instalments. The strategic partner has also acquired a further 16% equity interest from the holding company of Far East. The transaction is expected to widen Far East's business scope and allows Far East to move into the business of system integration and supply of electrical systems to the property sector through the wide distribution channels of the strategic partner.

SHARE ISSUE OF THE COMPANY

On 28 January 2002, the Company entered into an agreement with Choice Orient Investments Limited in relation to the issue and allotment of 107,768,000 new shares in the Company at the cash price of HKD0.22 per share. As referred to in the Company's announcement in July 2002, at the request of the subscriber, the Company has agreed to postpone completion to October 2002.

FUTURE PROSPECTS

ING Beijing has been working closely with the management of investee companies in structuring their businesses and formation of strategy for product and market development. With China officially having become a member of the World Trade Organization in 2002, this created new expectation in the country's economic development. The new environment in China is expected to bring new opportunities for our investee companies.

It is the Group's strategy to make further investment in the Beijing property sector with a focus on high-end residential projects. The Group is also in discussion with potential investors to co-invest in future opportunities. By bringing in strategic investors, both local and foreign, to co-invest in property projects, the Group hopes to achieve a relatively diversified property portfolio. We are confident of the future prospects of the Group and of generating satisfactory return from its investments.

REVIEW OF THE EXISTING PORTFOLIO

The fair value of the portfolio as at 30 June 2002 is as follows:

Investee Companies	Date of Investment	Valuation as at 30 Jun 2002
Skyworth	June 1999	HKD34 million
Far East	July 1994	HKD48 million
ChinaGo	April 2000	HKD24 million
APFS	May 1995	HKD12 million

Skyworth Digital Holdings Limited ("Skyworth")

For the year ended 31 March 2002, sales revenue increased 26% over last year. Net profit after tax was HKD62 million for the year as compared with a loss of HKD61 million in the previous financial year. A final dividend of HKD0.03 per share was declared. The company's cash level was around HKD1.2 billion (or HKD0.56 per share) at the end of March 2002.

The earnings enhancement was attributable to the turnaround production arrangement of obsolete inventory into saleable products. The management of Skyworth is confident of the current business momentum as domestic sales have been growing steadily. Sales of its latest high margin progressive scanning series of television sets, has risen from 15,000 units last year to 280,000 units this year. The management of Skyworth remains confident over the second half of 2002, as peak season for sales of television sets traditionally will start from the fourth quarter.

Share price of Skyworth has rebounded since May 2002. It has surged from HKD0.5 level to around HKD0.8 with the peak of HKD0.99 in July. With strong turnover support, it is expected that the stock will resume confidence from institutional investors.

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

Profit in the first half of 2002 was RMB4.1 million, representing a significant increase from a profit of RMB500,000 in the first half of 2001. The increase was due to the successful operation of the joint venture with Rosemount, a leading instrument manufacturer from the United States. The joint venture generated a profit of RMB7.9 million in the first half of 2002 creating a significant contribution to Far East.

In March 2002, ING Beijing entered into a conditional agreement, whereby it agreed to sell 9% of its 35% equity interest in Far East to a strategic partner, for a consideration of RMB14 million. The consideration is payable over a period of 5 years in 5 yearly instalments. The strategic partner has also acquired a further 16% equity interest from the holding company of Far East.

The transaction is expected to widen Far East's business scope and allows Far East to move into the business of system integration and supply of electrical systems to the property sector through the wide distribution channels of the strategic partner.

ChinaGo Limited ("ChinaGo")

The result for the first half of 2002 has improved. The loss for the first half of 2002 has narrowed to USD726,000, decreased by over 45% compared with the same period in 2001. It is expected that revenue will gradually increase, expenditure will remain stable and loss will be further reduced in the second half of 2002.

The composition of revenue from different divisions in 2002 is approximately: 10% from email services, 35% from publishing, 40% from software solutions and 15% from others.

With the gradually increasing revenue from divisions of email, magazine publishing and software development, ChinaGo is projected to generate positive cash flow within the next 12 months.

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

Following the restructuring of its shareholding, APFS is now in a position to widen the scope of business from one limited to radio paging services. With the nationwide platform, APFS is actively developing other telecommunication value-added services and looking for new strategic partners to explore opportunities in the telecommunication industry resulted from China's entry into the World Trade Organization.

In view of difficulties surrounding the radio paging business as a result of competition from mobile phone operators, ING Beijing has made a provision against 80% of the original cost of investment in APFS. The Board of Directors remains hopeful that the nationwide network of APFS will be utilized for new services in the telecommunication sector.

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2002 — unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Note	**2002**	2001
Turnover: Group and share of jointly controlled entities' turnover	*4*	**$ 49,158,674**	$ 53,538,710
***Less:* Share of jointly controlled entities' turnover**		**(43,540,058)**	(47,406,582)
Group turnover	*3*	**$ 5,618,616**	$ 6,132,128
Other net (loss)/income	*5(a)*	**(106,077)**	1,656
Operating expenses	*5(b)*	**(8,171,055)**	(6,897,329)
Operating loss	*5*	**$ (2,658,516)**	$ (763,545)
Profit on disposal of non-trading listed investments	*10(c)*	**2,714,000**	—
Loss on disposal of convertible loan and non-trading unlisted investments	*10(b) & 11*	**(328,645)**	—
Share of profit of jointly controlled entities		**1,412,970**	183,824
Profit/(loss) from ordinary activities before taxation		**$ 1,139,809**	$ (579,721)
Taxation	*6(a)*	**(45,674)**	(882,059)
Profit/(loss) attributable to shareholders	*14*	**$ 1,094,135**	$ (1,461,780)
Earnings/(loss) per share			
Basic	*8*	**0.203 cent**	(0.271) cent
Diluted		**0.202 cent**	—

The notes on pages 11 to 22 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2002 — unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2002	2001
Total equity as at 1 January	**$171,339,102**	$317,619,334
Surplus on revaluation of non-trading investments	**$ 14,130,270**	$ 15,268,622
Exchange differences on translation of the financial statements of PRC jointly controlled entities	**(129,457)**	86,948
Net gains not recognised in the consolidated income statement	**$ 14,000,813**	$ 15,355,570
Profit/(loss) for the period	**$ 1,094,135**	$ (1,461,780)
Total equity as at 30 June	**$186,434,050**	$331,513,124

The notes on pages 11 to 22 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

at 30 June 2002 — unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 June 2002	At 31 December 2001
Non-current assets			
Interest in jointly controlled entities	9	**$ 28,246,107**	$ 27,008,268
Non-trading investments	10	**69,684,031**	83,653,761
Investment deposit	12	**9,385,000**	—
		$107,315,138	$110,662,029
Current assets			
Convertible loan	11	**$ —**	$ 47,500,000
Other receivables, prepayments and interest receivable		**211,434**	93,997
Fixed deposits with banks and other financial institutions		**85,852,046**	19,479,626
Cash at bank and in hand		**1,046,830**	902,238
		$ 87,110,310	$ 67,975,861
Current liabilities			
Payables and accruals		**$ 2,991,398**	$ 2,298,788
Taxation		**5,000,000**	5,000,000
		$ 7,991,398	$ 7,298,788
Net current assets		**$ 79,118,912**	$ 60,677,073
Net assets		**$186,434,050**	$171,339,102
Capital and reserves			
Share capital	13	**$ 53,951,200**	$ 53,951,200
Reserves	14	**132,482,850**	117,387,902
		$186,434,050	$171,339,102
Net asset value per share	15	**$ 0.346**	$ 0.318

The notes on pages 11 to 22 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2002 — unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2002	2001
Net cash used in operating activities	**$ (7,738,938)**	$ (5,497,174)
Net cash from/(used in) investing activities	**74,255,950**	(25,997)
Net increase/(decrease) in cash and cash equivalents	**$ 66,517,012**	$ (5,523,171)
Cash and cash equivalents at 1 January	**20,381,864**	33,457,930
Cash and cash equivalents at 30 June	**$ 86,898,876**	$ 27,934,759
Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	**$ 1,046,830**	$ 360,812
Deposits with banks and other financial institutions maturing within three months of the balance sheet date	**85,852,046**	27,573,947
	$ 86,898,876	$ 27,934,759

The notes on pages 11 to 22 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

1 Significant accounting policies

(a) 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 26.

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 ("SSAP") 25 "Interim financial reporting" issued by the HKSA.

The financial information relating to the financial year ended 31 December 2001 included in the interim financial report does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2001 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 23 April 2002.

The same accounting policies adopted in the 2001 annual financial statements have been applied to the interim financial report except for the adoption of new accounting standards in Hong Kong as disclosed under note 1(b).

(b) Adoption of revised accounting standards in Hong Kong

The following revised SSAPs issued by the HKSA, which became effective for accounting period beginning on or after 1 January 2002, were adopted for preparation of the Group's interim financial report for the six months ended 30 June 2002:

— SSAP 1 (revised), Presentation of financial statements.

— SSAP 15 (revised), Cash flow statements.

(i) Adoption of SSAP 1 (revised), Presentation of financial statements

In order to comply with the revised requirements of SSAP 1 (revised), the Group adopts the new statement "Consolidated statement of changes in equity" which replaces the "Consolidated statement of recognised gains and losses" included in previous financial statements. The new statement reconciles the movement of key components of the shareholders' funds, including share capital, reserves and accumulated losses, from the beginning to end of a period.

(ii) Adoption of SSAP 15 (revised), Cash flow statements

The format of the Consolidated cash flow statements has been revised to follow the new requirements of SSAP 15 (revised).

2 Disposal of convertible loan and investments

During the period, the Group completed the disposal of the following convertible loan and investments.

(a) In March 2002, the Group disposed of the convertible loan advanced to Companion-China Limited for a consideration of $47,500,000. Further details are set out in note 11.

(b) In March 2002, the Group disposed of its 5.33% equity interest in Skynet Limited for a consideration of $500,000. Further details are set out in note 10(b).

(c) Between March and May 2002, the Group disposed of 60,000,000 ordinary shares of Skyworth Digital Holdings Limited for a total consideration of $30,500,000. Further details are set out in note 10(c).

3 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 and dividend income from listed investments and is analysed as follows:

	Six months ended 30 June			
		2002		2001
Interest income from deposits with banks and other financial institutions	**$**	**477,666**	$	729,926
Dividend income from listed investments		**5,140,950**		—
Interest income from convertible loan		**—**		5,402,202
	$	**5,618,616**	$	6,132,128

4 Segment reporting

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

The Group's jointly controlled entities and 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 and ceramic tiles.

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.

	Revenue Group and Group's 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	
	2002	2001	**2002**	2001
Manufacture of industrial products	**$ 43,540,058**	$ 47,406,582	**$ 201,222**	$ (1,056,633)
Manufacture of consumer products	**5,140,950**	5,402,202	**6,980,514**	3,875,561
Communications	**—**	—	**(1,101,595)**	(1,329,520)
Real estate	**—**	—	**(2,331,172)**	—
Unallocated	**477,666**	729,926	**(2,609,160)**	(2,069,129)
	$ 49,158,674	$ 53,538,710	**$ 1,139,809**	$ (579,721)

5 Operating loss

		Six months ended 30 June		
		2002		2001
(a) Other net (loss)/income:				
Net exchange (loss)/gain	**$**	**(106,077)**	$	1,656
(b) Operating expenses:				
Administrative fee	**$**	**342,164**	$	342,164
Auditors' remuneration		**284,000**		370,000
Consultancy fee		**66,662**		196,082
Custodian fee		**120,000**		120,000
Legal and secretarial fees		**1,862,128**		399,382
Management fee		**2,608,600**		3,921,641
Project fee		**250,534**		351,192
Other operating expenses		**2,636,967**		1,196,868
	$	**8,171,055**	$	6,897,329

6 Taxation

(a) Taxation in the consolidated income statement represents:

		Six months ended 30 June		
		2002		2001
Provision for Hong Kong profits tax for the period	**$**	**—**	$	860,000
Share of jointly controlled entities' taxation		**45,674**		22,059
	$	**45,674**	$	882,059

No provision for Hong Kong profits tax has been made for the period ended 30 June 2002 as the Group sustained a loss for taxation purposes. The provision for Hong Kong profits tax was 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.

7 Interim dividend

The board of directors does not recommend payment of an interim dividend for the period ended 30 June 2002 (2001: $Nil).

8 Earnings/(loss) per share

(a) Basic

The calculation of basic earnings/(loss) per share is based on profit attributable to shareholders of $1,094,135 (2001: loss of $1,461,780) and on 539,512,000 (2001: 538,840,000) ordinary shares in issue during the period.

(b) ***Diluted***

The calculation of diluted earnings per share for the period ended 30 June 2002 is based on the profit attributable to shareholders of $1,094,135 and on 542,238,399 ordinary shares after adjusting for the effects of all potential dilutive ordinary shares.

Diluted earnings per share is not shown for the period ended 30 June 2001 as there were no potential ordinary shares during that period.

(c) ***Reconciliations***

	Six months ended 30 June 2002 Number of shares
Number of ordinary shares used in calculating basic earnings per share	539,512,000
Deemed issue of ordinary shares for no consideration	2,726,399
Number of ordinary shares used in calculating diluted earnings per share	542,238,399

9 Interest in jointly controlled entities

	At 30 June 2002	At 31 December 2001
Share of net assets	**$ 26,516,225**	$ 26,072,341
Amounts due from jointly controlled entities, net of provision	**1,729,882**	935,927
	$ 28,246,107	$ 27,008,268

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

In March 2002, the Group entered into a conditional agreement with Beijing Capital Group Limited pursuant to which, the Group agreed to sell an equity interest of 9% in Beijing Far East Instrument Company Limited, a jointly controlled entity in which the Group currently holds 35% equity interest, for a consideration of approximately RMB14 million (equivalent to $13 million). The consideration is payable over a period of 5 years in 5 yearly instalments. In the event that the consideration is not fully settled at the end of the five year period, the equity interest in relation to the unpaid portion of the consideration will be transferred back to the Group. The disposal has not been accounted for in the current period as the conditions have not been satisfied.

10 Non-trading investments

	Note	**At 30 June 2002**	At 31 December 2001
Investment in unlisted joint venture	*(a)*	**$ 12,299,130**	$ 12,299,130
Investments in unlisted companies	*(b)*	**23,557,891**	24,057,891
Listed investments	*(c)*	**33,827,010**	47,296,740
		$ 69,684,031	$ 83,653,761

Notes:

(a) The balance represents cost of investment for 18% equity interest in Beijing Asia Pacific First Star Communications Technology Co. Ltd. less impairment losses.

(b) The balance at 31 December 2001 comprised the cost of investment in ChinaGo Limited and Skynet Limited less impairment losses. During the period, the Group disposed of its entire equity interest of 5.33% in Skynet Limited for a consideration of $500,000. As the fair value of this investment had been written down to $500,000 as at 31 December 2001, the loss on disposal of $143,955 recorded in the current period represents legal costs incurred. As at 30 June 2002, the balance represents the cost of investment in ChinaGo Limited in which the Group holds an equity interest of 10.44%.

(c) At 31 December 2001, the Group held 102,819,000 ordinary shares of Skyworth Digital Holdings Limited ("Skyworth Digital"), a company listed on The Stock Exchange of Hong Kong Limited ("HKSE"). During the period, the Group disposed of 60,000,000 ordinary shares of Skyworth Digital for a total consideration of $30,500,000, resulting in a profit on disposal of $2,714,000. As at 30 June 2002, the remaining 42,819,000 shares were stated at their market value of $0.79 per share as quoted on the HKSE. A revaluation surplus of $14,130,270 has been transferred to investment revaluation reserve during the period ended 30 June 2002.

11 Convertible loan

The convertible loan as at 31 December 2001 advanced to Companion-China Limited was disposed of during the current period for a consideration of $47,500,000. As the carrying value of the loan had been written down to $47,500,000 at 31 December 2001, the loss on disposal of $184,690 recorded in the current period represents legal costs incurred.

12 Investment deposit

The amount represents a deposit of RMB10,000,000 (equivalent to $9,385,000) made in relation to an investment in a property development project in Beijing, the PRC. Further details are set out in note 16(b).

13 Share capital

	No. of shares	Amount
Authorised:		
Ordinary shares of $0.10 each	1,200,000,000	$ 120,000,000
Issued and fully paid:		
At 1 January 2002 and 30 June 2002	539,512,000	$ 53,951,200

(a) No warrants were exercised during the period. 106,422,000 warrants were outstanding at 30 June 2002. At 30 June 2002, the market value of the warrants was $0.03 each.

(b) 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 number of options granted and outstanding at 30 June 2002 is as follows:

Date options granted	**Period during which options exercisable**	**Number of options granted and outstanding at 30 June 2002**
27 November 2001	28 May 2002 to 27 November 2004	21,555,600
11 December 2001	28 May 2002 to 27 November 2004	2,694,450
12 December 2001	28 May 2002 to 27 November 2004	2,694,450

No options were exercised during the period.

14 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 year	—	—	—	(207,157,136)	(207,157,136)
Exchange differences on translation of financial statements of PRC jointly controlled entities	—	186,775	—	—	186,775
Shares issued from exercise of warrants, net of expenses	83,597	—	—	—	83,597
Net deficit on revaluation of non-trading investments	—	—	(65,261,184)	—	(65,261,184)
Transfer to income statement	—	—	125,800,516	—	125,800,516
At 31 December 2001	$ 498,097,415	$ 3,236,285	$ —	$ (383,945,798)	$ 117,387,902
At 1 January 2002	$ 498,097,415	$ 3,236,285	$ —	$ (383,945,798)	$ 117,387,902
Profit for the period	—	—	—	1,094,135	1,094,135
Exchange differences on translation of financial statements of PRC jointly controlled entities	—	(129,457)	—	—	(129,457)
Surplus on revaluation of non-trading Investments	—	—	14,130,270	—	14,130,270
At 30 June 2002	$ 498,097,415	$ 3,106,828	$ 14,130,270	$ (382,851,663)	$ 132,482,850

15 Net asset value per share

The net asset value per share is computed based on the consolidated net assets of $186,434,050 (31 December 2001: $171,339,102) and 539,512,000 shares (31 December 2001: 539,512,000 shares) in issue as at 30 June 2002.

16 Post balance sheet events and proposed investments

(a) Pursuant to a subscription agreement dated 28 January 2002 and supplementary agreements dated 9 April 2002 and 9 July 2002, the Company agreed to place 107,768,000 new shares to an independent third party at a price of $0.22 per share. The new shares shall rank pari passu in all respects with the existing issued shares of the Company. Completion of the allotment has been re-scheduled to take place in October 2002.

(b) On 27 August 2002, the Group completed the acquisition of 30% equity interest in World Lexus Pacific Limited ("WLPL") from certain independent third parties and shareholders' loans owed by WLPL to the vendors in the aggregate amount of RMB20 million, for a total consideration of RMB37.5 million (equivalent to $35.3 million). WLPL's principal activity is investment in a co-operative joint venture which is engaged in the development of residential properties in Beijing, the PRC.

As at 30 June 2002, a deposit of RMB10 million (equivalent to $9,385,000) had been paid.

(c) In March 2002, the Group entered into two separate joint venture agreements with certain parties in the PRC to establish two joint ventures which will be engaged in the development of residential properties and a golf community respectively in Beijing, the PRC. The Group's total initial cost of investment in these two joint ventures is RMB82.7 million (equivalent to $78 million) to be settled in three months after the issue of the business licences of the joint ventures. The Group's attributable interest in each of the two joint ventures is 30%. The Group has an option to further invest RMB97 million and RMB34.7 million (equivalent to $91.7 million and $32.8 million respectively) by way of shareholders' loans in the golf community and residential property projects respectively.

DIRECTORS' INTEREST IN SHARES

As at the date of this report, the interests of the directors and their associates in the share capital of the Company and its associated corporations as recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong) ("SDI Ordinance") or as notified to the Company were as follows:

Interest in options to acquire ordinary shares of the Company:

A share option scheme was approved by the Company in an extraordinary general meeting held on 16 August 2001 under which the Board of Directors may, at its discretion, grant to any executive director or senior employee of the Company, or any director or senior employee of any subsidiaries from time to time of the Company, to subscribe for the Company's shares. Details of the movements of the Company's options during the six months ended 30 June 2002 are as follows:

Name	Date of grant	Exercise price per share	Exercise period	Number of shares to be issued upon exercise of options at 01.01.02	Option granted during the period (01.01.02-30.06.02)	Number of shares to be issued upon exercise of options at 30.06.02
Director						
Mr. Liu Xiao Guang	27.11.01	HK$0.298	28.05.02-27.11.04	5,388,900	—	5,388,900
Mr. Cheng Bing Ren	27.11.01	HK$0.298	28.05.02-27.11.04	2,694,450	—	2,694,450
Mr. John Ashton Dare	12.12.01	HK$0.300	28.05.02-27.11.04	2,694,450	—	2,694,450
Mr. Gao Ji Lu	27.11.01	HK$0.298	28.05.02-27.11.04	2,694,450	—	2,694,450
Mr. Lawrence H Wood	27.11.01	HK$0.298	28.05.02-27.11.04	5,388,900	—	5,388,900

Name	Date of grant	Exercise price per share	Exercise period	Number of shares to be issued upon exercise of options at 01.01.02	Option granted during the period (01.01.02-30.06.02)	Number of shares to be issued upon exercise of options at 30.06.02
Director						
Mr. Yu Sek Kee	11.12.01	HK$0.300	28.05.02-27.11.04	2,694,450	—	2,694,450
Other Participant	27.11.01	HK$0.298	28.05.02-27.11.04	5,388,900	—	5,388,900

Save as disclosed above, as at the date of this report, none of the directors nor the chief executive nor their respective associates had any beneficial or non-beneficial interests in shares or debt securities of the Company or its associated corporations as defined in the SDI Ordinance. Furthermore, apart from the options referred to above, none of the directors nor the chief executive nor their respective associates were granted any rights or options to subscribe for shares or debt securities of the Company or of its associated corporations.

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 2002 as recorded in the register of substantial shareholders maintained by the Company pursuant to section 16(1) of the SDI Ordinance:

Names	No. of Ordinary Shares of the Company
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 of Directors. It met on 9 September 2002 to review the Group's 2002 interim results before it was tabled for the Board of Directors' 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 1st January 2002 to 30th June 2002.

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 period from 1st January 2002 to 30th June 2002 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 of Directors
Lawrence H. Wood
Director

Hong Kong, 17th September 2002

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 7 to 22.

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 2002.

KPMG
Certified Public Accountants
Hong Kong,17th September 2002