

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 2003. The interim report for the six months ended 30 June 2003 has been reviewed by the audit committee and auditors of the Company.

The profit of the Group for the first half of 2003 was HKD12,558,916 compared to the profit of HKD1,094,135 for the same period in 2002. 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 22 of this report.

BUSINESS DEVELOPMENT

The spread of SARS in the second quarter this year had a severe impact on the economies of Hong Kong and China, tourism and service industries were heavily struck during the period. In June, the World Health Organization removed Hong Kong, Beijing and other cities in China from the list of SARS-affected areas. Hong Kong’s economy started to recover, but remains arduous and challenging. China has more a diversified economy with strong domestic demand driven forces. The negative effect of SARS on China’s economy is only temporary and far less than expected, China’s economy has picked up quickly and aims to achieve its targeted 9% growth rate this year.

In March 2003, the Group successfully disposed the investment in Everbright Timber Industry (Shenzhen) Company Limited (“Everbright Timber”). Everbright Timber is the biggest timber processing company in China. The Asian financial crisis in 1997 hit the listing plan of Everbright Timber, and subsequently the timber prices tumble due to severe imported competition and a contracted market.

Property development is a long term process, the sector was generally not affected by the outbreak of SARS. The Company invested in China Property Development (Holdings) Limited (“CPDH”) in February 2002 and successfully made shares allotment of CPDH to

a strategic investor in October 2002. In the first half year of 2003, CPDH concentrated on the development of the Pacific Town Project and made a milestone achievement in July. The Pacific Town Project received its planning approval on 2 July 2003. Planning approval is a major development stage for any property projects in China. It removes a major uncertainty during the development stage and enhances the project's marketability. After obtaining planning approval, the Pacific Town Project will make preparation for resettlement and clearance of the site area. Construction work will start immediately after the site clearance and sale of the Phase I project of around 400 apartment units is expected to begin after the Chinese New Year in 2004.

ING Beijing has also approved the investment in Sunny Plaza Project. Sunny Plaza Project is a high-end residential development project located in the northeastern corner of Beijing within the Chaoyang District. The project with gross floor area of approximately 150,000 sq. metres will include around 100,000 sq. metres for residential apartments and the remaining area for two serviced apartments.

ING Beijing will initially invest USD2.4 million and take up 20% respective interest of the Project. Sunny Plaza Project is close to Shun Jing Golf course. Located in the northeastern part of the city, next to the northern fourth ring road, the Sunny Plaza Project is in proximity to Asian Games Village and the Third Embassy Districts.

FUTURE PROSPECTS

Though experienced a slight setback during the period of SARS, Beijing's property market is recovering to its energetic tendency with both supply and demand outperformed that of last year.

In the past, people evaluate properties from the angles of price, location, floor plan design and appreciation potential. The situation has changed after the outbreak of SARS. Home buyers as well as developers are now focusing their attention to healthy living. High quality properties with healthy living environment are becoming popular.