

# ING BEIJING INVESTMENT COMPANY LIMITED

## 2000 Interim Results

### REVIEW OF THE PERIOD

The loss attributable to shareholders of ING Beijing for the first half of 2000 was HKD1,771,549. The corresponding result for the same period in 1999 was a loss of HKD3,486,115. The loss in 2000 was mainly contributed from operational costs.

To cope with changing market conditions, ING Beijing has revised its investment direction to focus in mature companies with potential to go public within a period of six to twelve months. It has also transformed its portfolio to focus on the technology sector. At present, over 50% of our investments are technology related. An investor luncheon presentation was held in June 2000 to launch the new profile of ING Beijing to the market. The presentation achieved an overwhelming success with over 200 attendants. Mr. Dick Kwan of the company's Investment Manager indicated during the presentation that four investee companies within the company's portfolio have potential to go public before the end of this year. Despite the poor market sentiment, we have two successful listings, Skyworth Digital on the main board and HKCyber on GEM during this year. The IPOs of these companies confirmed our strategy of discovering and investing in quality companies at mature stage, which generate returns to us on successful listings.

Two new investments were added to our portfolio during the period. In July, ING Beijing invested USD8 million in Skynet, an established Internet content provider in Hong Kong. It currently operates three popular sites covering online stock trading (HKStock.com.hk), online games (Gameplayers.com.hk) and real-time news and entertainment (HKCyber.com). Straight after our investment, HKCyber.com was successfully listed on the GEM board in late July.

The Company together with a group of local and European institutional investors, invested USD13 million in ChinaGo.com in April 2000, with ING Beijing taking up USD3 million of the deal. ChinaGo is a leading provider of free email services in China. It has a subscriber base of 1.7 million and is actively expanding its web solution, software development and e-commerce businesses.

ING Beijing's investee company, Everbright Timber, showed remarkable recovery. The company produced a profit of RMB1.89 million for the first half of 2000. ING Beijing had already made a 83% provision on the company's net assets in the consolidated result of 1999.

Skyworth was listed on 7th April this year. Its share price rose 37% on the first day of its listing. The company announced its financial results for the year 1999/2000 in June this year. The published results were better than expected. Despite their depressed share price in the current market, Skyworth's management remains optimistic toward the second half of the year.

### FUTURE PROSPECT

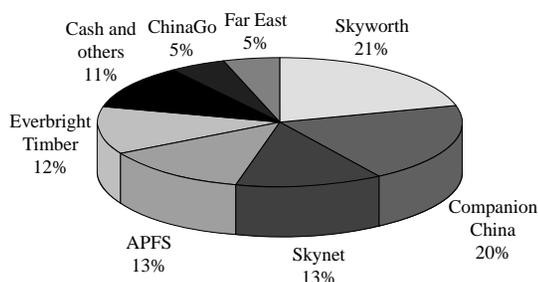
The China and Hong Kong governments are rendering greater support to the development of high-tech industries as part of a campaign to make the sector a main engine for economic growth in the century. In the forthcoming year, ING Beijing will continue to focus on value-added hi-tech industries such as broadband solution and wireless communications, and particularly those companies which would carry out IPO within six to twelve months.

With China's accession to the WTO now an imminent reality, the long term economic development is becoming very clear. Therefore, we remain confident in the long term prospects for China's economy.

### EXISTING PORTFOLIO

Other assets include investment in convertible bond of Lai Fung Overseas Finance. The investment was made in March 1997 at a cost of HK\$3,563,087 and is due in November 2000. As at 30th June 2000, market value (including accrued interest) was approximately HK\$1,590,613.

The portfolio composition is based on management accounts as at 31st July 2000,



### RESULTS

The Board of Directors of the Company announces the unaudited results of the Company and its subsidiaries (the "Group") for the period from 1st January 2000 to 30th June 2000 as follows:—

	Six months ended 30th June 2000 HKD	Six months ended 30th June 1999 HKD
Turnover: Group and share of jointly controlled entities	73,694,387	84,165,343
Less: Share of jointly controlled entities' turnover	(67,023,214)	(75,166,931)
Group turnover (Note 1)	6,671,173	8,998,412
Other net income	505,674	1,537,484
Operating expenses	(8,881,006)	(8,809,665)
Operating (loss)/profit	(1,704,159)	1,726,231
Share of losses of jointly controlled entities	(67,390)	(5,141,602)
Loss from ordinary activities before taxation	(1,771,549)	(3,415,371)
Taxation	—	(70,744)
Loss from ordinary activities after taxation	(1,771,549)	(3,486,115)
Number of shares	500,000,000	500,000,000
Loss per share (Note 2)	(0.35) cents	(0.70) cents

#### Notes:

- Group turnover represents interest income earned on fixed deposits with banks, debt securities and convertible loan.
- The calculation of loss per share is based on loss for the period of HKD1,771,549 (1999: loss of HKD3,486,115) and on the 500,000,000 shares (1999: 500,000,000 shares) in issue during the period.

### INTERIM DIVIDEND

The Board of Directors does not recommend payment of interim dividend for the period ended 30th June 2000 (1999: nil).

### 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 12th September 2000 to review the Group's 2000 interim results before it was tabled for the Board's approval.

### YEAR 2000 ISSUE

The Year 2000 problem, which is the result of computer programs being written using two digits rather than four to define the applicable year, means that computer operation will be affected when the two digits year value becomes 00 in year 2000. The computer systems are year 2000 compliant if they properly recognise data sensitive information when the year changes to 2000. Systems that do not properly recognise such information could generate erroneous data or cause a system to fail.

The Company has conducted assessment on the major computer system involved in the Company's daily operations and has been confirmed by professional computer institutions that such system does not have Year 2000 problem.

### 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 2000 to 30th June 2000.

### 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 1st January 2000 to 30th June 2000 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, 19th September 2000