ING Beijing

Investment Company Limited

Interim Report 2004

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 30th June 2004. The interim report for the six months ended 30th June 2004 has been reviewed by the audit committee and auditors of the Company.

The profit of the Group for the first half of 2004 was HKD7,006,369 compared to the profit of HKD12,558,916 for the same period in 2003. 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 8 to 26 of this report.

BUSINESS DEVELOPMENT

Hong Kong's economy is enjoying a strong recovery in the beginning of 2004. The growth was mainly driven by consumption, contributed by the increase of mainland tourists to Hong Kong, which has boosted retail sales, hotel and restaurant receipts in the territory. The recent turnaround in investment has also been helped by the improving stock and property prices.

In China, the major challenge in 2004 is to address its over-heated investment while sustaining the momentum of the economy and to maintain stability. China's gross domestic product rose by 9.7% in the fist half of 2004. For the same period, retail sales increased by 12.8% to RMB2,525 billion. Inflation has emerged with the Consumer Price Index having increased by 3.6% in the first half of 2004. China's value-added industrial output rose by 11.9% to RMB2,982 billion.

Some problems in China's economy still exist. They include the excessive large scale of fixed assets investment, the shortages of coal, electricity, petroleum and means of transportation and the sharp increase in the prices of raw materials.

Statistics indicated that austerity measures have started to work. Investment in construction and factory equipment, contributing greatly to the country's overheating economy, slowed its pace in the second quarter of 2004. The increase of investment in property was declining in tandem with the slower growth of bank lending and tightened land supply, while construction of new projects was initially reined in.

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. CPDH invested in the development of the Pacific Town Project, which had made prominent and great achievement. Within a twenty-month time, the Pacific Town Project had completed the necessary applications and efficiently obtained relevant government approvals. In the first half year of 2004, it had completed the resettlement work of the Phase I, obtained the Construction Work Permit and Pre-sale Permit for its Phase I development. The Pacific Town Project opened for soft sale in July 2004, and has registered over 100 bookings within a month. With the overwhelming response from the customers, the Project launched pre-sale on 28 August 2004 and increased the average sale price by more than 10%. The Project affirmed Richmond Park as the project title for marketing purpose.

ING Beijing has invested HKD35 million in Taiyanggong Zone F Project in November 2003. Taiyanggong Zone F Project is also known as Sun Star City, it is a 413,000 square meters residential development project targeting the middle sector. It is located between northeast Third and Fourth Ring Road in Beijing, It is only 2 km from the Yansa Business District, 5 km from the Central Business District, and 15 minutes drive to the Beijing International Airport. At the hub of the two business centers above, Taiyanggong Zone F Project benefits from a convenient and multi-dimensional hub of transportation system. After the pre-sale launch in August 2003, more than 90% of the units in its 110,000 square meters Phase I project have been sold. Phase I is expected to complete and ready for occupation by the end of 2004. The construction work for Phase II has been started in March 2004 and is expected to complete by August 2005. Pre-sale of Phase II has started in June 2004. Out of the 684 units launched for pre-sale, 180 units were sold within the first month.

REDOMICILE SCHEME

The Board approved the redomicile scheme of the Company in August 2003 through incorporation of a new holding company in the Cayman Islands with the name of "First International Investment Company Limited". The first scheme was submitted to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9th October 2003 and an announcement was put out on newspapers immediately afterwards.

In February 2004, the Board resolved to change the name of the new holding company to "New Capital International Investment Limited". The 11th proof of the scheme document has been submitted to the Stock Exchange for approval in September 2004. Once the approval is obtained from the Stock Exchange, the Company can arrange for shareholders meeting and proceed with the completion of the redomicile scheme.

FUTURE PROSPECTS

Since 2002, the Beijing municipal government has issued a series of directives intended to curtail an overly rapid growth of investment in real estate development by limiting credit availability and tightening the supply of land. These measures will tend to eliminate the smaller, financially weaker developers from the market while leaving the larger developers with a better and more transparent environment to operate. It will also stimulate developers to put more emphasis on market research and producing better quality products. The Company's investment in the Pacific Town Project is in a favorable position to enjoy the new conditions.

Spurred by the infrastructure investment in preparation for the 2008 Olympic Games and by China's accession to the WTO, Beijing's economy is experiencing rapid growth. As new investment projects and multinational companies continue to flow into the Beijing market, more expatriates are being relocated to Beijing for both short and long-term assignments. Local Chinese were also active in purchasing units for owner occupation purpose. This indicates a stable demand for high-end residential units in the short to mid-term.

It is the Group's strategy to make further investment in the Beijing property sector with a focus on high quality development projects. With years of experience and knowledge in the Beijing market, the Directors of the Company are confident with the prospects of the Group.

SHARE ISSUE OF THE COMPANY

On 19 April 2004, the Company entered into an agreement with Sense Control International Limited in relation to the issue and allotment of 107,600,000 new shares in the Company at the cash price of HKD0.14 per share. As referred to in the Company's announcement on 20 July 2004, at the request of the subscriber, the Company has agreed to postpone the completion to October 2004.

REVIEW OF EXISTING PORTFOLIO

China Property Development (Holdings) Limited ("CPDH") – the Pacific Town Project

The Pacific Town Project has completed its Phase I resettlement work in the first half year of 2004, and has commenced the construction work of Building A1 and Phase I underground car park in early June 2004. The excavation, earth retaining and dewatering work was completed in mid July 2004 despite heavy rainfall in Beijing during the period. The foundation of Building A1 will be completed in September 2004 and the entire engineering work of Phase I is expected to be completed by the end of 2005.

The management company of the Pacific Town Project has affirmed Richmond Park as the project title for marketing purposes. During the soft sale period, over 100 clients expressed interests and made deposits for subscription.

The Phase 1 of the Pacific Town Project comprises 80,000 square metres of 410 high-end residential apartment units. All apartment units will be fully fitted to a luxury standard, over 90% of the apartments are south facing and with river view. Official pre-sale was launched on 28th August 2004, over 5% of the units were sold within the first day. The average price of the apartments was RMB9,300 per square metre during the soft sale period. The price was increased more than 10% when the property officially opened for pre-sale. The Project received overwhelming response from the public and gained popularity among the local media.

With the construction work of Phase I in progress, the management of the Project has started preparation for the Phase II project of another 80,000 square metres of residential apartments. The resettlement work on the phase II land is scheduled to start in early September 2004.

Sun Star City (Taiyanggong Zone F Project) (the "TYG Zone F Project")

In year 2002, the government of Chaoyang District announced its plan to invest RMB7 billion to develop the Taiyanggong new district. The district is planned as a high quality residential community with comprehensive facilities to be completed in 2005. The total land area amounts to 3 million square meters, among which 1.58 million square meters will be for residential housing development. The district will be divided into seven zones, from zone A to zone G. Taiyanggong Park Phase I have been built with a total area of 100,000 square meters. In proximity to the park is an 18-hole golf course. River Ba runs across the district, adding to the natural landscape of the urban location.

The TYG Zone F Project, also known as Sun Star City, is a 413,000 square meters residential development project targeting the middle sector. It locates between northeast Third and Fourth Ring Road in Beijing. It is only 2 km from Yansa Business District, 5 km from the Central business District, and 10 km from Beijing International Airport.

The Project is targeting the middle market with property units from 80 square meters to 150 square metres in size. The pre-sale launched in August 2003 received excellent result with over 90% of the apartments sold within the first 6 months. The phase I apartments were priced at an average price of RMB6,500 per square meter for core apartments without fittings. The project company is actively preparing to start work for the phase II project. Pre-sale of Phase II has started in June 2004. Out of the 684 units launched for pre-sale, 180 units were sold within the first month.

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

Turnover of Far East in the first half year of 2004 has increased by 19% as compared to the same period in last year. However, Beijing Rosemount Far East Instrument Co. Ltd. ("Beijing Rosemount"), Far East's joint venture with Rosemount Inc. suffered a loss in the first half of 2004, its sales price decreased by 5% whereas the cost of production increased by 7%. The sales of the imported items also produced a gross loss of RMB2.34 million. The operation of Beijing Rosemount had an impact on the results of Far East.

Due to the change of products produced by Far East, the Product 1751 and FSSS have become obsolete inventories. As a result, a provision of inventories over 2 years has been made which largely reduces the net assets of Far East. The Investment Manager will discuss with the management of Far East, to work out the future business plan of Far East, and to make improvement on future inventory control.

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2004 – unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June			
			2004		2003
Turnover: Group and share of jointly controlled entities' turnover	*4*	**$**	**21,151,840**	$	29,045,594
Less: Share of jointly controlled entities' turnover			**(20,684,741)**		(28,636,655)
Group turnover	3	**$**	**467,099**	$	408,939
Other net loss	*5(a)*		**(407)**		(989)
Gain on disposal of non-trading listed investments	*2*		**16,938,629**		–
Gain on disposal of interest in jointly controlled entity	*2*		**–**		2,064,532
Write-back of amount due from jointly controlled entity	*2*		**–**		1,528,897
Write-back of impairment loss on non-trading investments	*2*		**–**		13,273,890
Operating expenses	*5(b)*		**(4,912,891)**		(4,704,149)
Profit from operations	*5*	**$**	**12,492,430**	$	12,571,120
Share of losses of associates			**(3,159,414)**		(1,092,863)
Share of (loss)/profit of jointly controlled entity			**(2,326,647)**		1,136,020
Profit from ordinary activities before taxation	*4*	**$**	**7,006,369**	$	12,614,277
Income tax	*6(a)*		**–**		(55,361)
Profit attributable to shareholders	*14*	**$**	**7,006,369**	$	12,558,916
Earnings per share	*7*				
Basic			**1.299 cents**		2.328 cents

The notes on pages 12 to 26 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

at 30 June 2004 – unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 June 2004 (Unaudited)	At 31 December 2003 (Audited)
Non-current assets			
Interest in associates	*8*	**$ 60,458,030**	$ 63,617,196
Interest in jointly controlled entities	*9*	**25,058,996**	29,234,376
Non-trading investments	*10*	**20,500,000**	44,497,050
Investment deposit	*11*	**35,000,000**	35,000,000
		$ 141,017,026	$ 172,348,622
Current assets			
Prepayments and other receivables		**$ 450,649**	$ 1,525,093
Cash and cash equivalents	*12*	**38,299,371**	14,470,509
		$ 38,750,020	$ 15,995,602
Current liabilities			
Accounts payable and accruals		**$ 2,944,739**	$ 1,617,495
Current taxation	*6(a)*	**417,558**	5,000,000
		$ 3,362,297	$ 6,617,495
Net current assets		**$ 35,387,723**	$ 9,378,107
Net assets		**$ 176,404,749**	$ 181,726,729
Capital and reserves			
Share capital	*13*	**$ 53,951,400**	$ 53,951,400
Reserves	*14*	**122,453,349**	127,775,329
		$ 176,404,749	$ 181,726,729
Net asset value per share	*15*	**$ 0.327**	$ 0.337

The notes on pages 12 to 26 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2004 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2004	2003
Shareholders' equity as at 1 January	**$ 181,726,729**	$ 166,625,535
Surplus/(deficit) on revaluation of non-trading investments	**$ 1,000,000**	$ (2,140,950)
Exchange differences on translation of financial statements of jointly controlled entities in the People's Republic of China ("PRC")	**131,601**	–
Share of exchange reserves of associates	**–**	(780)
Net gains/(losses) not recognised in the consolidated income statement	**$ 1,131,601**	$ (2,141,730)
Net profit for the period	**$ 7,006,369**	$ 12,558,916
Revaluation surplus credited to the consolidated income statement on disposal of non-trading investments	**$ (13,459,950)**	$ –
Reversal of revaluation deficit on non-trading investments previously charged to the consolidated income statement as impairment loss	**$ –**	$ (13,273,890)
Shareholders' equity as at 30 June	**$ 176,404,749**	$ 163,768,831

The notes on pages 12 to 26 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2004 – unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2004	2003
Cash used in operations		**$ (531,122)**	$ (2,347,815)
Hong Kong profits tax paid		**(4,582,442)**	–
Net cash used in operating activities		**$ (5,113,564)**	$ (2,347,815)
Net cash from investing activities		**28,942,426**	2,278,627
Net increase/(decrease) in cash and cash equivalents		**$ 23,828,862**	$ (69,188)
Cash and cash equivalents at 1 January		**14,470,509**	31,629,055
Cash and cash equivalents at 30 June	*12*	**$ 38,299,371**	$ 31,559,867

The notes on pages 12 to 26 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

1 Significant accounting policies

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 Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Board of Directors is set out on pages 31 and 32. In addition, this interim financial report has been reviewed by the Company's Audit Committee.

This interim financial report has been prepared in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKSE"), including compliance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2003 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 2003 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 2004.

The same accounting policies adopted in the 2003 annual financial statements have been applied to the interim financial report.

The notes on the interim financial report include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the issue of the 2003 annual financial statements.

2 Gains on investments

	Note	Six months ended 30 June 2004	2003
Gain on disposal of 12,819,000 shares of Skyworth Digital Holdings Limited	*10(c)*	**$ 16,938,629**	$ –
Gain on disposal of 22.87% interest in Everbright Timber Industry (Shenzhen) Company Limited		**–**	2,064,532
Write-back of amount due from jointly controlled entity		**–**	1,528,897
Write-back of impairment loss on Skyworth Digital Holdings Limited		**–**	13,273,890

3 Turnover

The principal activity of the Company and of its subsidiaries is the holding of equity investments primarily in companies or entities with significant business interests or involvement in the PRC. In particular, the Group focuses on investing in Sino-foreign joint ventures in the PRC and companies with substantial operations or investments in the PRC.

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	
	2004	2003
Interest income from deposits with banks and other financial institutions	**$ 10,719**	$ 194,844
Dividend income from listed investments	**456,380**	214,095
	$ 467,099	$ 408,939

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 associates, jointly controlled entities and other investee companies. No geographical segment information is presented as the revenue of the Group, its associates and jointly controlled entities and the Group's results were substantially derived from the PRC.

The Group's associates, jointly controlled entities and other 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.
Communications:	Provision of paging, internet content, software and solution, paid e-mail services and offline magazine publishing.
Real estate:	Development of residential and commercial properties for sale.

Segment revenue includes the Group's share of jointly controlled entities' turnover. Segment results include only those relating to the Group.

	Revenue Group and Group's share of jointly controlled entities' turnover Six months ended 30 June		**Segment results Contribution to profit from ordinary activities before taxation Six months ended 30 June**	
	2004	2003	**2004**	2003
Manufacture of industrial products	**$20,684,741**	$ 28,636,655	**$ (2,794,355)**	$ 4,049,549
Manufacture of consumer products	**456,380**	214,095	**17,089,473**	13,178,984
Communications	**–**	–	**–**	(65,773)
Real estate	**–**	–	**(4,286,113)**	(1,949,609)
Unallocated	**10,719**	194,844	**(3,002,636)**	(2,598,874)
	$21,151,840	$ 29,045,594	**$ 7,006,369**	$ 12,614,277

5 Profit from operations

Profit from operations is arrived at after charging/(crediting):

		Six months ended 30 June	
		2004	2003
(a)	Other net loss:		
	Net exchange loss	**$ (407)**	$ (989)
(b)	Operating expenses:		
	Administrative fee *(Note)*	**$ 343,114**	$ 342,164
	Auditors' remuneration	**350,000**	345,000
	Consultancy fee	**–**	100,961
	Custodian fee	**30,000**	120,000
	Legal and secretarial fees	**435,809**	365,685
	Management fee *(Note)*	**2,024,522**	1,938,376
	Project fee	**–**	221,013
	Other operating expenses	**1,729,446**	1,270,950
		$ 4,912,891	$ 4,704,149

Note: Administrative fee is paid to ING Management (Hong Kong) Limited, a wholly owned subsidiary of ING Groep N.V., pursuant to the agreements as disclosed in the 2003 directors' report. ING Groep N.V. is a substantial shareholder of the Company.

Management fee is paid to Baring Capital (China) Management Limited ("BCCM") pursuant to the terms of the agreements as disclosed in the 2003 directors' report. BCCM is also a wholly owned subsidiary of ING Groep N.V.

6 Income tax

(a) No provision for Hong Kong Profits Tax has been made for the period ended 30 June 2004 as the Group has no assessable profits for the period. Income tax in the consolidated income statement for the period ended 30 June 2003 represents share of jointly controlled entities' taxation for the prior period. Taxation in the consolidated balance sheet represents provision for Hong Kong Profits Tax relating to the prior periods.

(b) The Group has not recognised deferred tax assets in respect of the Group's share of tax losses of $6,782,499 (31 December 2003: $4,548,684) sustained by its associates. The tax losses will expire during 2007 to 2009.

7 Earnings per share

(a) Basic

The calculation of basic earnings per share is based on profit attributable to shareholders of $7,006,369 (30 June 2003: $12,558,916) and on 539,514,000 (30 June 2003: 539,512,000) ordinary shares in issue during the period.

(b) Diluted

Diluted earnings per share is not shown for the periods ended 30 June 2004 and 2003 as the potential ordinary shares are anti-dilutive.

8 Interest in associates

	At 30 June 2004	At 31 December 2003
Share of net assets	**$ 60,465,810**	$ 63,625,224
Amount due to associate	**(7,780)**	(8,028)
	$ 60,458,030	$ 63,617,196

Amount due to associate is unsecured, interest free and has no fixed terms of repayment.

(i) On 30 June 2004, the Group's associate, China Property Development (Holdings) Limited ("CPDH"), completed a reorganisation pursuant to which, the Group's holding of 1,100 ordinary shares of US$0.01 each were redesignated as 460 non-voting ordinary shares of US$0.01 each and 640 ordinary shares of US$0.01 each. Upon completion of the reorganisation, the Group's profit sharing ratio and proportion of voting rights held remain at 52.38% and 30% respectively.

(ii) Sound Advantage Limited and Choice Capital Limited are wholly owned subsidiaries of CPDH. They hold equity interests of 30% and 50% in World Lexus Pacific Limited ("World Lexus") respectively. World Lexus' sole asset is a wholly owned PRC subsidiary, Beijing Pacific Palace Real Estate Development Co Ltd ("Beijing Pacific Palace"), which is engaged in a property development project at the Lido area of Jiangtai Town, Chaoyang District, Beijing, the PRC ("Pacific Town project").

The Pacific Town project is a medium density residential project with a mixed development of high rise apartments and villas. The development of the project will be carried out in several phases. During the period, Beijing Pacific Palace has obtained the pre-sale permit from the relevant government authorities for Phase I of the Pacific Town project. Pre-sale of the properties of Phase I commenced in late August 2004.

(iii) Subsequent to the period end, CPDH entered into an agreement to acquire the remaining 20% equity interest in World Lexus from the minority shareholders for a consideration of RMB40 million (equivalent to $37.7 million). The consideration is payable in 2 equal instalments within 90 days and 180 days of the issue of the pre-sale permit of the Pacific Town project. Pursuant to the agreement, CPDH is also required to reimburse the preliminary costs amounting to RMB45 million (equivalent to $42.4 million) of the Pacific Town project incurred by the minority shareholders prior to CPDH's acquisition of the 80% equity interest in World Lexus in 2002. The reimbursement will be settled in 2 instalments. The first instalment is payable on completion and the remaining instalment is payable within 90 days of completion subject to certain conditions. The acquisition has not been completed as of the date of the interim report was approved by the Company's directors.

(iv) During the period, CPDH paid total fees of US$494,781 (equivalent to $3.9 million) (period ended 30 June 2003: US$Nil) to certain related parties of the Company who act as fund manager and project manager pursuant to the private placement memorandum of CPDH dated 13 September 2003. These related parties are either companies wholly owned by ING Groep N.V. or companies in which a director of the Company is a member of the senior management.

9 Interest in jointly controlled entities

	At 30 June 2004	At 31 December 2003
Share of net assets	**$ 23,324,580**	$ 26,484,133
Amounts due from jointly controlled entities	**1,734,416**	2,750,243
	$ 25,058,996	$ 29,234,376

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 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 a 35% equity interest, for a consideration of approximately RMB14 million (equivalent to $13 million), subject to the fulfilment of certain conditions. The consideration is payable over a period of 5 years. Up to 30 June 2004, the disposal has not been accounted for as the conditions have not been satisfied.

10 Non-trading investments

	Note	At 30 June 2004	At 31 December 2003
Investment in unlisted joint venture	*(a)*	**$ –**	$ –
Investments in unlisted companies	*(b)*	**–**	–
Listed investments	*(c)*	**20,500,000**	44,497,050
		$ 20,500,000	$ 44,497,050

Notes:

(a) The Group invested $61,495,650 for an 18% equity interest in Beijing Asia Pacific First Star Communications Technology Co. Ltd. The cost of investment is fully provided for.

(b) The Group invested $23,557,891 for a 10.44% equity interest in ChinaGo Limited. The cost of investment is fully provided for.

(c) At 31 December 2003, the Group held 22,819,000 ordinary shares of Skyworth Digital Holdings Limited, a company listed on the HKSE. During the period, the Group disposed of 12,819,000 shares for a total consideration of $28,580,450, resulting in a gain on disposal, net of expenses, of $16,938,629. As at 30 June 2004, the remaining 10,000,000 shares were stated at their market value at $2.05 per share as quoted on the HKSE. A revaluation surplus of $1,000,000 has been transferred to investment revaluation reserve during the period ended 30 June 2004.

11 Investment deposit

The amount represents the purchase consideration paid to acquire a 15% equity interest in a joint venture entity in the PRC. The PRC joint venture is engaged in the development of residential properties at the Taiyanggong Zone F in Beijing, the PRC. The acquisition has not been completed as at 30 June 2004.

12 Cash and cash equivalents

	At 30 June 2004	At 31 December 2003
Deposits with banks and other financial institutions	**$ 37,815,902**	$ 13,890,347
Cash at bank and in hand	**483,469**	580,162
	$ 38,299,371	$ 14,470,509

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 2004 and 30 June 2004	**539,514,000**	$ 53,951,400

(a) The Company has 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 2004 is as follows:

Date options granted	**Period during which options exercisable**	**Number of options granted and outstanding at 31 December 2003 and 30 June 2004**
27 November 2001	28 May 2002 to 27 November 2004	18,861,150
11 December 2001	28 May 2002 to 27 November 2004	2,694,450

There were no options granted or exercised during the period.

(b) Pursuant to a subscription agreement dated 14 April 2004, the Company agreed to place 107,600,000 new shares to an independent third party at a price of $0.14 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 rescheduled to take place in October 2004.

14 Reserves

	Share premium	Exchange reserves	Investment revaluation reserve	Accumulated losses	Total
At 1 January 2003	$ 498,097,415	$ 3,098,294	$ 15,414,840	$ (403,936,214)	$ 112,674,335
Profit for the year	–	–	–	8,181,299	8,181,299
Exchange differences on translation of financial statements of PRC jointly controlled entities	–	(106,693)	–	–	(106,693)
Share of exchange and other reserves of associates	–	(1,418)	–	(1,517,553)	(1,518,971)
Surplus on revaluation of non-trading investments	–	–	24,785,470	–	24,785,470
Shares issued from exercise of warrants	249	–	–	–	249
Transfer to income statement	–	–	(16,240,360)	–	(16,240,360)
At 31 December 2003	$ 498,097,664	$ 2,990,183	$ 23,959,950	$ (397,272,468)	$ 127,775,329
At 1 January 2004	$ 498,097,664	$ 2,990,183	$ 23,959,950	$ (397,272,468)	$ 127,775,329
Profit for the period	–	–	–	7,006,369	7,006,369
Exchange differences on translation of financial statements of PRC jointly controlled entities	–	131,601	–	–	131,601
Surplus on revaluation of non-trading investments	–	–	1,000,000	–	1,000,000
Transfer to income statement	–	–	(13,459,950)	–	(13,459,950)
At 30 June 2004	$ 498,097,664	$ 3,121,784	$ 11,500,000	$ (390,266,099)	$ 122,453,349

15 Net asset value per share

The net asset value per share is computed based on the consolidated net assets of $176,404,749 (31 December 2003: $181,726,729) and 539,514,000 shares in issue as at 30 June 2004 and 31 December 2003.

16 Capital commitments

At 30 June 2004, the Group's share of an associate's capital commitments outstanding not provided for in the interim financial report was as follows:

	At 30 June 2004	At 31 December 2003
Authorised and contracted for	**$ 50,069,000**	$ 42,572,000
Authorised but not contracted for	**93,542,000**	127,661,000
	$ 143,611,000	$ 170,233,000

The above commitments represent estimated costs to be incurred in respect of the Phase I of the Pacific Town project as described in note 8.

17 Reorganisation

The scheme of arrangement pursuant to section 166 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as mentioned in note 20 to the Group's 2003 annual financial statements has not been implemented as of the date of this interim financial report.

18 Investment proposal

The proposal to invest in the development of commercial properties at Taiyanggong Zone E in Beijing, the PRC as disclosed in note 21 to the Group's 2003 annual financial statements is in progress. No formal agreement has been reached as at the date of this interim financial report.

19 Subsequent event

In August 2004, the Group's associate, CPDH, entered into an agreement to acquire the remaining 20% equity interest in World Lexus, details of which are set out in note 8.

20 Related party transactions

During the period, the Group and its associates paid management fees and other expenses to certain related companies, the details of which are set out in note 5(b) and note 8 to this interim financial report.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES. UNDERLYING SHARES AND DEBENTURES

As at 30th June 2004, the interests or short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept therein, or which were required, pursuant to Model Code for Securities Transactions by Directors of Listed Company, to be notified to the Company and the Stock Exchange, were as follows:

Rights to acquire ordinary shares of the Company:

A share option scheme was approved by the Company in an extraordinary general meeting held on 16th August 2001 under which the board of directors of the Company 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 directors' interests in options during the period are as follows:

Name	Date of grant	Exercise price per share	Exercise period	Number of shares to be issued upon exercise of options at 01.01.04	Option granted during the period (01.01.04 – 30.06.04)	Number of shares to be issued upon of options at 30.06.04
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. Lawrence H. Wood	27.11.01	HK$0.298	28.05.02 – 27.11.04	5,388,900	–	5,388,900
Mr. Yu Sek Kee	27.11.01	HK$0.300	28.05.02 – 27.11.04	2,694,450	–	2,694,450

Save as disclosed herein, as at 30th June 2004, none of the Directors of the Company or their respective associates had any interests or short positions in any shares, underlying shares or debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they are taken or deemed to have under such provision of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept therein, or which were required, pursuant to Model Code for Securities Transactions by Directors of Listed Company, to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to the Directors, as at 30th June 2004, the persons/companies who have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholder	**No. of Ordinary Shares**
ING Groep N.V.	85,140,000
N.V. Haagsche Herverzekering Maatschapping van 1836	85,140,000

Note:

For the avoidance of double counting, it should be noted that in accordance with the provisions of the SFO, ING Groep N.V. is deemed to be interested in the same parcel of shares of 85,140,000 held by N.V. Haagsche Herverzekering Maatschapping van 1836 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 14th September 2004 to review the Group's 2004 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 1st January 2004 to 30th June 2004.

CODE OF BEST PRACTICE

The Company has complied with Appendix 14 of the Listing Rules throughout the period from 1st January 2004 to 30th June 2004 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, 17th September 2004

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 8 to 26.

Respective responsibilities of directors and auditors

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 Institute of Certified Public Accountants. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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 Institute of Certified Public 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 2004.

KPMG
Certified Public Accountants
Hong Kong, 17 September 2004