

ING BEIJING INVESTMENT COMPANY LIMITED

ING 北京投資有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1062)

RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2003

RESULTS

The Board of Directors of ING Beijing Investment Company Limited (“ING Beijing” or the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st December 2003 as follows:–

	<i>Note</i>	2003 HKD	2002 HKD
Turnover: Group and share of jointly controlled entities' turnover	2	49,293,541	93,910,913
Less: Share of jointly controlled entities' turnover		(46,860,690)	(86,586,919)
Group turnover	1	2,432,851	7,323,994
Other net loss	3	(2,882)	(15,536)
Gain on disposal of interest in jointly controlled entity		2,064,532	–
Write-back of amount due from jointly controlled entity		1,528,897	–
Gain on disposal of non-trading listed investments		6,013,708	2,714,000
Gain on deemed disposal of subsidiaries		–	5,506,894
Consideration for cancellation of investment agreements		–	16,301,103
Write-back of/(provision for) impairment losses on non-trading investments	4	16,240,360	(35,857,021)
Loss on disposal of convertible loan and non-trading unlisted investments		–	(328,645)
Operating expenses		(7,846,444)	(15,579,297)
Profit/(loss) from operations		20,431,022	(19,934,508)
Share of losses of associates		(13,810,728)	(963,800)
Share of profits of jointly controlled entities		1,754,967	1,029,042
Profit/(loss) from ordinary activities before taxation	2	8,375,261	(19,869,266)
Income tax	5	(193,962)	(121,150)
Profit/(loss) attributable to shareholders		8,181,299	(19,990,416)
Earnings/(loss) per share			
Basic	6	1.52 cents	(3.71 cents)

Notes:

- 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 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.

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. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2003 <i>HKD</i>	2002 <i>HKD</i>
Interest income from deposits with banks and other financial institutions	291,901	898,474
Dividend income from listed investments	2,140,950	6,425,520
	<u>2,432,851</u>	<u>7,323,994</u>

2. Segmental 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 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 for sale.

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

	Segment revenue		Segment results	
	Group and share of jointly controlled entities' turnover		Contribution to profit/(loss) from ordinary activities before taxation	
	2003 <i>HKD</i>	2002 <i>HKD</i>	2003 <i>HKD</i>	2002 <i>HKD</i>
Manufacture of industrial products	46,860,690	86,586,919	4,204,259	16,037,926
Manufacture of consumer products	2,140,950	6,425,520	23,699,981	8,281,297
Communications	–	–	(403,009)	(37,035,235)
Real estate	–	–	(14,235,609)	(705,687)
Unallocated	291,901	898,474	(4,890,361)	(6,447,567)
	<u>49,293,541</u>	<u>93,910,913</u>	<u>8,375,261</u>	<u>(19,869,266)</u>

3. Other net loss

	2003 <i>HKD</i>	2002 <i>HKD</i>
Net exchange loss	(2,882)	(115,536)
Others	–	100,000
	<u>(2,882)</u>	<u>(15,536)</u>

4. Write-back of/(provision for) impairment losses on non-trading investments

	2003 <i>HKD</i>	2002 <i>HKD</i>
Skyworth Digital Holdings Limited	16,240,360	–
Beijing Asia Pacific First Star Communications Technology Co. Ltd.	–	(12,299,130)
ChinaGo Limited	–	(23,557,891)
	<u>16,240,360</u>	<u>(35,857,021)</u>

5. Income Tax

Income tax in the consolidated income statement represents the Group's share of jointly controlled entities' taxation.

No provision for Hong Kong profits tax has been made for the year ended 31st December 2003 as the Group has no assessable profits for the year.

6. Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to shareholders of HKD8,181,299 (2002: loss of HKD19,990,416) on the weighted average number of 539,512,583 (2002: 539,512,000) ordinary shares in issue during the year.

7. Change in accounting policy

In prior years, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which were expected with reasonable probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt. With effect from 1st January 2003, in order to comply with Statement of Standard Accounting Practice 12 (revised) issued by the Hong Kong Society of Accountants, the Group adopted a new policy for deferred tax as set out in the Group's 2003 financial statements.

The adoption of the revised SSAP 12 had no significant effect on the Group's results and net assets for the current and prior years.

MOVEMENT IN RESERVES

	Share premium HKD	Exchange reserves HKD	Investment revaluation reserve HKD	Accumulated losses HKD	Total HKD
At 1st 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 from income statement	–	–	(16,240,360)	–	(16,240,360)
At 31st December 2003	<u>498,097,664</u>	<u>2,990,183</u>	<u>23,959,950</u>	<u>(397,272,468)</u>	<u>127,775,329</u>
	Share premium HKD	Exchange reserves HKD	Investment revaluation reserve HKD	Accumulated losses HKD	Total HKD
At 1st January 2002	498,097,415	3,236,285	–	(383,945,798)	117,387,902
Loss for the year	–	–	–	(19,990,416)	(19,990,416)
Exchange differences on translation of financial statements of PRC jointly controlled entities	–	(136,096)	–	–	(136,096)
Share of exchange reserve of associates	–	(1,895)	–	–	(1,895)
Net deficit on revaluation of non-trading investments	–	–	(20,442,181)	–	(20,442,181)
Transfer to income statement	–	–	35,857,021	–	35,857,021
At 31st December 2002	<u>498,097,415</u>	<u>3,098,294</u>	<u>15,414,840</u>	<u>(403,936,214)</u>	<u>112,674,335</u>

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31st December 2003 (2002: nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of members will be closed from 21st May 2004 to 27th May 2004, both days inclusive during which no transfer of shares will be effected.

REVIEW OF THE YEAR

For the year ended 31st December 2003, the audited net profit for ING Beijing investment Company Limited (“ING Beijing” or the “Company”) and its subsidiaries (the “Group”) totaled HKD8,181,299. The consolidated net asset value per share of the Company was HKD0.337 as at 31st December 2003. The Group’s audited net loss for the year up to 31st December 2002, and net asset value per share as at 31st December 2002 were HKD19,990,416 and HKD0.309 respectively.

HIGHLIGHTS OF THE YEAR

According to the preliminary figures release by National Bureau of Statistics of China, China’s Gross Domestic Product (GDP) exceeded USD1,400 billion (RMB11,670 billion) in year 2003 representing a growth of 9.1% from 2002. The GDP per capita reached USD1,090, exceeded USD1,000 the first time.

Based on information from Beijing Statistical Bureau, Beijing’s GDP amounted to RMB361 billion in year 2003, marking a 10.5% growth despite the negative effect of SARS. Beijing’s economy has maintained a two-digit growth for the past five years.

Total investment in the Beijing real estate industry rose up to RMB120 billion, representing a 21.5% increase compared with the year 2002. For the year 2003, commodity housing of 19 million square meters were sold, up by 11%. Sales revenue amounted to RMB90 billion, recording a 10.4% increase over the year 2002. All these statistics reinforced the Group’s decision 2 years ago to refocus its investment in the real estate sector.

Real Estate Transactions

ING Beijing invested in China Property Development (Holdings) Limited (“CPDH”) in February 2002. Through subsequent share placement to a strategic investor to co-develop the project, the Company now holds 30% in CPDH. CPDH holds an 80% interest in a Beijing residential development project, the Pacific Town Project. The project is a 240,000 square meters high-end residential development project located in the northeast corner of Beijing just off the Fourth Ring Road. The project is situated in an up market district popular with foreigners and the diplomatic community. Average sale price of the property units is expected to be around RMB9,000 per square meter for fully fitted apartments and RMB15,000 per square meter for villas. The Pacific Town Project received its planning approval in July 2003, and is now preparing for its first sale launch in July 2004.

The Group invested HKD35 million in the Taiyanggong Zone F Project in October 2003. Formalisation of the investment is subject to approval by local authorities in Beijing. 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. After the pre-sales launch in August 2003, more than 80% of the units in its 110,000 square meters phase I project has 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.

New Government Policy

In the past, over 90% of land transactions in Beijing were carried out through private negotiation, which resulted in many problems, including land speculation and under valuation of state owned assets.

In an effort to regulate the land transfer system, the Beijing Municipal Government issued a policy in June 2002 to require all land transfers to follow open procedures through auction, competitive tendering, or public notice. The new system is likely to reduce land supply to the market in the medium term and produce upward pressure on property prices in the immediate market. All these are favorable to ING Beijing’s property development projects in Beijing.

Other Investments

In March 2003, the Group successfully disposed its investment in Everbright Timber Industry (Shenzhen) Company Limited (“Everbright Timber”). Everbright Timber was one of the biggest timber processing company in China. The Asian financial crisis in 1997 has caused timber prices to tumble and changed the entire structure of the timber industry in China. Since then Everbright Timber was suffering from severe competition from cheap imported timber products. The Company had fully provided for its investment in Everbright Timber, and the disposal of the investment has enabled the Company to generate a gain of HKD3.5 million, including dividend recovered of HKD1.5 million.

Redomicile Scheme

The Board approved the Redomicile Scheme of ING Beijing Investment Company Limited 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 document was submitted to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 9th October 2003 and 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”. Revised documents and the updated scheme document had been submitted to the Stock Exchange.

REVIEW OF MAJOR INVESTMENTS

CHINA PROPERTY DEVELOPMENT (HOLDINGS) LIMITED (“CPDH”) – PACIFIC TOWN PROJECT

The Pacific Town Project covers a site area of 129,800 square meters. The project plans to build 240,000 square meters residential space with mixed high-rise apartments and villas. The plan will create different classes of property products to target different customer sectors.

The Pacific Town Project has paid the full amount of its land premium for the phase I project and has up to the end of the year to pay off the land premium for the remaining site. The recently announced regulations regarding the transfer of land in Beijing which require all land transactions to be effected through either auction, tendering or public notice, does not affect the ownership of the Pacific Town Project.

The Project obtained its Planning Approval on 2 July 2003. Construction works will start in May 2004 immediately after site clearance. The sale of the Phase 1 project is expected to commence in July 2004. Average selling price per square meter of the apartments and villas are expected to be not less than RMB9,500 and RMB18,000 respectively.

TAIYANGGONG ZONE F PROJECT (“TYG ZONE F”)

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 amount to 3 million square meters, among which 1.58 million square meters will be constructed as a green belt along the 4th Ring Road and 776,500 square meters will be for residential housing development. The district will be divided into seven zones, from zone A to zone G.

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 3rd and 4th 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 pre-sale launched in August 2003 received excellent result. More than 80% of the units has been sold out within the first four months. The phase I apartments were priced at an average price of RMB6,500 per square meter for a bare unit without fittings.

The project company is actively preparing to start work for the phase II project. Construction Land Permit for phase II has been granted and pre-sale of phase II is expected to start in August 2004.

BEIJING FAR EAST INSTRUMENT CO., LTD. (“FAR EAST”)

In 2003, the sale revenue of Far East increased by 11% and reached RMB107 million. The profit for the year was RMB4 million. In 2003, the production of measuring equipment increased by 47% to RMB91 million. Far East has also been selected by Rosemount Inc. (“Rosemount”) as the global supplier of assembly components. Rosemount is a leading instrument manufacturer in the United States and is a subsidiary of the Emerson Group.

Far East has successfully developed intelligent building control system using its industrial control technology. The new system helped Far East to win the Lotus Plaza project which involves the supply and design of building control system for a 100,000 square meters grade-A office building. During the year, Far East joined hand with an environmental protection engineering company in Shi Jia Zhuang to venture into the environmental protection business. Far East paid RMB4.5 million for a 45% shareholding in the engineering company. Since established in May, the joint venture has obtained several provincial water treatment projects near Shi Jia Zhuang.

FUTURE PROSPECTS

With the stable growth of China’s economy, favorable government policies, entry to the World Trade Organization and the hosting of the 2008 Olympic Games, China’s property sector is set to benefit and develop under a healthy environment. ING Beijing, with years of experience and knowledge in the Beijing market, will be well positioned to capture the opportunities in the buoyant Beijing property sector. The Directors are pleased with the Company’s new positioning and are confident with the prospects of the industry and the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed above, the information in relation to the matters set out in Paragraph 32 of Appendix 16 to the Listing Rules has not changed materially from the information disclosed in the most recent published annual report of the Company for the year ended 31st December 2002.

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 April 2004 to review the Group’s 2003 final 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 financial year.

CODE OF BEST PRACTICE

The Company has complied with Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange. Throughout the financial year 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.

DIRECTORS

The directors of the Company as at the date hereof are Mr. Liu Xiao Guang, Mr. Cheng Bing Ren, Mr. Yu Sek Kee, Mr. Lawrence H. Wood, Mr. Poon Kai Leung, Mr. Tong Ng Siu Yee, Mr. Liu Xue Min and Mr. Kwong Chun Wai, Michael.

By Order of the Board
Liu Xiao Guang
Chairman

Hong Kong, 23rd April 2004

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be subsequently published on the Exchange's website in due course.

Please also refer to the published version of this announcement in The Standard.