

UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of Beauforte Investors Corporation Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group“), for the six months ended 30 June 2002 together with the comparative figures for the corresponding period in 2001 as follows:

Consolidated profit and loss account for the six months ended 30 June 2002 - unaudited

	<i>Note</i>	Six months ended 30 June	
		2002	2001
		<i>HK\$ million</i>	<i>HK\$ million</i>
Turnover	2	7.5	15.0
Other net income	3	0.9	10.5
Administrative and corporate expenses		<u>(1.2)</u>	<u>(1.4)</u>
Profit before taxation	2	7.2	24.1
Taxation	4(a)	<u>(0.3)</u>	<u>—</u>
Profit attributable to shareholders		<u>6.9</u>	<u>24.1</u>
Earnings per share	5	<u>HK\$0.24</u>	<u>HK\$ 0.82</u>

The notes on pages 5 to 9 form part of this interim financial report.

**Consolidated statement of changes in equity
for the six months ended 30 June 2002 - unaudited**

	Share capital	Share premium	Investment revaluation reserve	Revenue reserve	Total
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Balance at 1 January 2002	117.1	39.3	10.3	501.3	668.0
Revaluation deficit of non-trading securities	—	—	(45.1)	—	(45.1)
Transfer from the profit and loss account	—	—	—	6.9	6.9
	<u>—</u>	<u>—</u>	<u>—</u>	<u>6.9</u>	<u>6.9</u>
Balance at 30 June 2002	<u>117.1</u>	<u>39.3</u>	<u>(34.8)</u>	<u>508.2</u>	<u>629.8</u>
Balance at 1 January 2001	117.1	39.3	2.5	468.7	627.6
Revaluation surplus transferred to the profit and loss account on disposal of non-trading securities	—	—	(2.7)	—	(2.7)
Revaluation surplus of non-trading securities	—	—	5.1	—	5.1
Transfer from the profit and loss account	—	—	—	24.1	24.1
	<u>—</u>	<u>—</u>	<u>—</u>	<u>24.1</u>	<u>24.1</u>
Balance at 30 June 2001	<u>117.1</u>	<u>39.3</u>	<u>4.9</u>	<u>492.8</u>	<u>654.1</u>

The notes on pages 5 to 9 form part of this interim financial report.

**Consolidated balance sheet
as at 30 June 2002**

	<i>Note</i>	30 June 2002 HK\$ million (Unaudited)	31 December 2001 HK\$ million (Audited)
Assets			
<i>Non-current assets</i>			
Long term investments	7	312.3	263.0
Interest in jointly controlled entity	8	19.5	—
		<u>331.8</u>	<u>263.0</u>
<i>Current assets</i>			
Deposit	9	30.0	—
Debtors and prepayments	10	5.5	2.1
Deposits and cash		263.3	404.0
		<u>298.8</u>	<u>406.1</u>
<i>Current liabilities</i>			
Creditors and accrued charges	11	0.5	1.1
Tax payable		0.3	—
		<u>0.8</u>	<u>1.1</u>
Net current assets		<u>298.0</u>	<u>405.0</u>
Net assets		<u>629.8</u>	<u>668.0</u>
Equity			
<i>Capital and reserves</i>			
Share capital	12	117.1	117.1
Reserves	13	512.7	550.9
		<u>629.8</u>	<u>668.0</u>

The notes on pages 5 to 9 form part of this interim financial report.

**Condensed consolidated cash flow statement
for the six months ended 30 June 2002 - unaudited**

	Six months ended 30 June	
	2002	2001
	<i>HK\$ million</i>	<i>HK\$ million</i> <i>(restated)</i>
Net cash inflow from operating activities	3.2	13.5
Net cash outflow from investing activities	(143.9)	(57.5)
Decrease in cash and cash equivalents	(140.7)	(44.0)
Cash and cash equivalents at 1 January	404.0	520.5
Cash and cash equivalents at 30 June	263.3	476.5
Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	6.6	43.4
Deposits with banks maturing within three months of the balance sheet date	256.7	433.1
	263.3	476.5

The notes on pages 5 to 9 form part of this interim financial report.

1 Basis of preparation

The 2002 interim financial report is unaudited and 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 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants.

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 accounts for the financial year but is derived from those accounts. Statutory accounts for the year ended 31 December 2001 are available from the company’s registered office. The auditors have expressed an unqualified opinion on those accounts in their report dated 12 April 2002.

The same accounting policies adopted in the 2001 annual accounts have been applied to the interim financial report. An additional accounting policy for interests in jointly controlled entities was adopted during the period as follows:

Jointly controlled entities

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in a jointly controlled entity is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group’s share of the jointly controlled entity’s net assets, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the venturer, in which case it is stated at fair value with changes in fair value recognised in the same way as for other investments in securities. The consolidated profit and loss account reflects the Group’s share of the post-acquisition results of the jointly controlled entities for the period, including any amortisation of positive or negative goodwill charged or credited during the year.

Unrealised profits and losses resulting from transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group’s interest in the jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the consolidated profit and loss account.

In the Company’s balance sheet, an investment in a jointly controlled entity is stated at cost less impairment losses, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operate under severe long-term restrictions that significantly impair its ability to transfer funds to the venturer, in which case, it is stated at fair value with changes in fair value recognised in the same way as for other investments in securities.

1 **Basis of preparation** (Continued)

The Group has adopted the revised Statements of Standard Accounting Practice (“SSAPs”) which became effective on 1 January 2002 including SSAP 1 (revised) “Presentation of financial statements” and SSAP 15 (revised) “Cash flow statements”. The adoption of these revised SSAPs has no material effect on the Group’s financial results for the six months ended 30 June 2002.

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 2001 annual accounts.

2 **Turnover/segmental reporting**

The Group’s activities comprise the following two business segments:

(1) Treasury and investment

The placing of deposits and investment in securities to generate income from interest, dividends and capital appreciation.

Funds are also advanced as loans to other parties on a secured or unsecured basis where suitable opportunities are identified to earn enhanced returns.

(2) Property

Investment and trading in property assets to generate rental income and sales proceeds. Following the disposal of the Group’s properties in 2000, this segment has been inactive during the period.

The analysis of the principal activities and geographical location of the operations of the Group during the financial period are as follows:

Turnover by segment

	Six months ended 30 June	
	2002	2001
	<i>HK\$ million</i>	<i>HK\$ million</i>
Treasury and investment		
Interest income from		
- bank deposits	2.0	10.3
- other loans	2.2	2.3
- debt securities	2.1	0.2
Dividend income	1.2	2.2
	<u>7.5</u>	<u>15.0</u>
Property	—	—
	<u>—</u>	<u>—</u>
Group turnover	<u>7.5</u>	<u>15.0</u>

2 **Turnover/segmental reporting** (Continued)

Profit by business segment

	Treasury and investment	Property	Unallocated	Total
	Six months ended 30 June			
	2002	2002	2002	2002
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Segment results	8.4	—	—	8.4
Unallocated expenses	—	—	(1.2)	(1.2)
Profit before taxation	<u>8.4</u>	<u>—</u>	<u>(1.2)</u>	<u>7.2</u>
	Treasury and investment	Property	Unallocated	Total
	Six months ended 30 June			
	2001	2001	2001	2001
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Segment results	25.5	—	—	25.5
Unallocated expenses	—	—	(1.4)	(1.4)
Profit before taxation	<u>25.5</u>	<u>—</u>	<u>(1.4)</u>	<u>24.1</u>

Over 90% of the Group in terms of turnover, operating profit, assets and liabilities, were in Hong Kong and, accordingly, no separate geographical segment information is presented.

3 **Other net income**

	Six months ended 30 June	
	2002	2001
	HK\$ million	HK\$ million
Net realised gain on disposal of long-term investments, net of surplus transferred from investment revaluation reserve (2001: HK\$2.7 million)	—	10.5
Commission income	<u>0.9</u>	<u>—</u>
	<u>0.9</u>	<u>10.5</u>

4 **Taxation**

- The provision for Hong Kong Profits Tax is calculated at 16% of the estimated assessable profits for the period.
- No provision for deferred taxation has been made as the effect of all timing differences is immaterial.

5 Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders for the period of HK\$6.9 million (2001: HK\$24.1 million) and 29,282,000 (2001: 29,282,000) ordinary shares in issue during the period. There were no dilutive potential ordinary shares in existence during the period and the corresponding period last year.

6 Interim dividend

The board of directors does not recommend the payment of any interim dividend for the period. (2001: NIL)

7 Long term Investments

Long term investments represents non-trading equity securities listed in Hong Kong, and unlisted convertible notes, stated at fair value.

8 Interest in jointly controlled entity

	30 June 2002 HK\$ million	31 December 2001 HK\$ million
Share of net assets	<u><u>19.5</u></u>	<u><u>—</u></u>

Details of the jointly controlled entity at 30 June 2002 are as follows:

Name of company	Place of incorporation and operation	Registered capital	Attributable percentage of equity interest held	Principal activities
ChongQing Technological City Stock Co. Ltd	People's Republic of China	RMB100,000,000	40%	Property development and management

The jointly controlled entity was established for property development, management and related services in ChongQing, the People's Republic of China.

Under the terms of the joint venture agreement, the Group has committed to provide capital of RMB40 million to the jointly controlled entity, of which approximately RMB20 million had been contributed as at 30 June 2002, with the balance payable by no later than 25 March 2004.

The Group is entitled to a 40% profit sharing interest in the entity.

9 **Deposit**

On 23 April 2002, the Group entered into a conditional sales and purchase agreement with Continental Mariner Investment Company Limited, an unrelated third party, under the terms of which the Group would acquire approximately 29.5% of the entire issued share capital of Poly Investments Holdings Limited, a company listed in Hong Kong, for total cash consideration of HK\$255 million representing HK\$0.712 per share. A deposit of HK\$30 million was paid in respect of the proposed investment.

As the conditions precedent in the sales and purchase agreement were not fulfilled by the specified deadline, the agreement lapsed subsequent to the balance sheet date. Accordingly, the acquisition did not proceed and the deposit was subsequently repaid to the Group.

10 **Debtors and prepayments**

Debtors and prepayments comprise interest receivable and sundry prepayments.

11 **Creditors and accrued charges**

Creditors and accrued charges comprise accrued expenses and sundry payables.

12 **Share capital**

	30 June 2002	31 December 2001
	<i>HK\$ million</i>	<i>HK\$ million</i>
Issued and fully paid:		
29,282,000 ordinary shares of HK\$4 each	<u>117.1</u>	<u>117.1</u>

13 **Reserves**

	Share premium	Investment revaluation reserve	Revenue reserve	Total
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Balance at 1 January 2002	39.3	10.3	501.3	550.9
Revaluation deficit of non-trading securities	—	(45.1)	—	(45.1)
Transfer from the profit and loss account	—	—	6.9	6.9
Balance at 30 June 2002	<u>39.3</u>	<u>(34.8)</u>	<u>508.2</u>	<u>512.7</u>

14 **Post balance sheet event**

In addition to the events arising after the balance sheet date disclosed in note 9, on 6 August 2002, the Group entered into a sales and purchase agreement with an unrelated third party to acquire all the shares in a company incorporated in the British Virgin Islands which holds an investment property located in the People's Republic of China. The acquisition was completed on 6 August 2002 for total consideration of HK\$290 million.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's turnover for the first six months of the year 2002 decreased by approximately 50% to HK\$7.5 million, as compared to the corresponding period last year. This is mainly due to the decrease in interest income. There was no disposal of long-term investments during the first six months of the year 2002, as compared to a gain on disposal of long-term investments of HK\$10.5 million in the corresponding period last year. Overall, profit attributable to shareholders decreased by HK\$17.2 million to HK\$6.9 million. As at 30 June 2002, the Group had cash and bank balances of approximately HK\$263.3 million with no borrowings, and long-term investments of approximately HK\$312.3 million at fair value. During the period, the Group's net assets decreased from HK\$668 million as at 31 December 2001 to HK\$629.8 million as at 30 June 2002, which was attributable to the net effect of the retained profit for the period of HK\$6.9 million and the unrealised revaluation deficit on non-trading securities incurred for the period of HK\$45.1 million charged to the investment revaluation reserve.

On 23 April 2002, the Group entered into a conditional sales and purchase agreement with Continental Mariner Investment Company Limited, an unrelated third party, under the terms of which the Group would acquire approximately 29.5% of the entire issued share capital of Poly Investments Holdings Limited, a company listed in Hong Kong, for total cash consideration of HK\$255 million, representing HK\$0.712 per share. As the conditions precedent in the sales and purchase agreement were not fulfilled by the specified deadline, the agreement lapsed subsequent to the balance sheet date. Details have been disclosed in the Company's past announcements.

On 6 August 2002, the Group entered into a sales and purchase agreement with Grand Success Worldwide Limited, an unrelated third party, to acquire all the shares in Grand Noble Group Limited which holds an investment property located in the People's Republic of China. The acquisition was completed on 6 August 2002 for total consideration of HK\$290 million. Details have been disclosed in the Company's past announcement.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2002, none of the directors and chief executive or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") as recorded in the register required to be kept by the Company under section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transaction by Directors of Listed Companies.

None of the directors or chief executive (including their spouse and children under 18 years of age) had been granted, or exercised, any rights to subscribe for the equity or debt securities of the Company during the period.

At no time during the period was the Company, its subsidiaries or its holding company a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of share in, debenture of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

Given below are the names of all parties which were, directly or indirectly, interested in 10% or more of the nominal value of the share capital of the Company and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 30 June 2002 as recorded in the register kept by the Company under section 16(1) of the SDI Ordinance:

Names	No. of ordinary shares
(i) E-Tech Pacific Limited	10,210,000
(ii) Wonson International Holdings Limited	10,210,000

Note: For the avoidance of doubt, it should be noted that duplication occurs in respect of the above-stated shareholdings to the extent that the shareholdings stated against party (i) above are entirely duplicated or included in the shareholdings stated against party (ii) above; the above named parties were deemed to be interested in the relevant shareholdings under the SDI Ordinance as at 30 June 2002.

CODE OF THE BEST PRACTICE

The independent non-executive directors are not appointed for a specific term, but are subject to retirement by rotation at the Company's annual general meeting, as specified by the Company's articles of association. In the opinion of the directors, this meets the same objective as the Code of Best Practice set out in the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Save as aforesaid, none of the directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the interim report in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

REVIEW BY AUDIT COMMITTEE

The 2002 interim report has been reviewed by the audit committee which comprises two independent non-executive directors of the Company.

By order of the Board
Tsui Ching Hung
Director

Hong Kong, 25 September 2002.