

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 2003 together with the comparative figures for the corresponding period in 2002 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2003 - Unaudited

	<i>Notes</i>	Six months ended 30 June	
		2003	2002
		<i>HK\$ million</i>	<i>HK\$ million</i>
Turnover	3	19.2	7.5
Other operating income		0.5	0.9
Net realised loss on disposal of non-trading equity securities		(1.9)	—
Administrative expenses		(3.6)	(1.2)
Profit from operations		14.2	7.2
Share of results of an associate		(1.2)	—
Amortisation of goodwill in respect of an associate		(0.5)	—
Profit before taxation		12.5	7.2
Taxation	4	(1.6)	(0.3)
Net profit for the period		10.9	6.9
Earnings per share - basic	6	HK\$0.37	HK\$0.24

**CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2003**

	<i>Notes</i>	30 June 2003 <i>HK\$ million</i> (Unaudited)	31 December 2002 <i>HK\$ million</i> (Audited)
Non-current assets			
Investment properties	7	352.9	320.0
Investments in securities	8	194.9	282.0
Interest in an associate	9	88.0	—
Interest in a jointly controlled entity	10	—	19.5
		<hr/> 635.8	<hr/> 621.5
Current assets			
Other receivables		5.5	3.6
Bank balances and cash		35.1	14.5
		<hr/> 40.6	<hr/> 18.1
Current liabilities			
Other payables and accrued charges		4.5	1.1
Taxation payable		0.4	0.2
		<hr/> 4.9	<hr/> 1.3
Net current assets		<hr/> 35.7	<hr/> 16.8
Net assets		<hr/> 671.5	<hr/> 638.3
Capital and reserves			
Share capital		117.1	117.1
Reserves		554.4	521.2
Shareholder's funds		<hr/> 671.5	<hr/> 638.3

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2003 - Unaudited**

	Share capital	Share premium	Investment property revaluation reserve	Investment revaluation reserve	Accumulated profits	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
At 1 January 2002	117.1	39.3	—	10.3	501.3	668.0
Deficit on revaluation of non-trading equity securities not recognised in the condensed consolidated income statement	—	—	—	(45.1)	—	(45.1)
Net profit for the period	—	—	—	—	6.9	6.9
At 30 June 2002	117.1	39.3	—	(34.8)	508.2	629.8
Surplus on revaluation of investment properties	—	—	30.0	—	—	30.0
Deficit on revaluation of non-trading equity securities	—	—	—	(30.3)	—	(30.3)
Total net gains (losses) not recognised in the condensed consolidated income statement	—	—	30.0	(30.3)	—	(0.3)
Deficit on revaluation transferred to the condensed consolidated income statement on impairment of non-trading equity securities	—	—	—	21.1	—	21.1
Net loss for the period	—	—	—	—	(12.3)	(12.3)
At 31 December 2002	117.1	39.3	30.0	(44.0)	495.9	638.3
Surplus on revaluation of non-trading equity securities not recognised in the condensed consolidated income statement	—	—	—	0.7	—	0.7
Released on disposal of non-trading equity securities	—	—	—	21.6	—	21.6
Net profit for the period	—	—	—	—	10.9	10.9
At 30 June 2003	117.1	39.3	30.0	(21.7)	506.8	671.5

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2003 - Unaudited**

	Six months ended 30 June	
	2003	2002
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net cash from operating activities	15.7	3.2
Net cash from (used in) investing activities	4.9	(143.9)
Net increase (decrease) in cash and cash equivalents	20.6	(140.7)
Cash and cash equivalents at the beginning of the period	14.5	404.0
Cash and cash equivalents at the end of the period	35.1	263.3
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	35.1	263.3

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

1 BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants (“HKSA”).

2 PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention as modified for revaluation of certain properties and investments in securities.

In the current period, the Group has adopted, for the first time, SSAP 12 (Revised) “Income taxes” issued by the HKSA. SSAP 12 (Revised) has introduced a new basis of accounting for income taxes (including both current tax and deferred tax) and additional disclosure requirements which have been adopted in the condensed financial statements. The adoption of this standard has had no significant effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Other than as described above, the accounting policies adopted are consistent with those followed in the preparation of the Group’s annual audited financial statements for the year ended 31 December 2002.

3 SEGMENT INFORMATION

Business segments

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

(1) Treasury and investment

The placing of deposits and investments 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 in property assets to generate rental income.

3 **SEGMENT INFORMATION** (Continued)

Business segments (Continued)

An analysis of the Group's turnover and results by business segments is as follows:

Turnover by business segment

	Six months ended 30 June	
	2003	2002
	HK\$ million	HK\$ million
Treasury and investment		
Interest income on		
- bank deposits	—	2.0
- other loans	1.0	2.2
- unlisted convertible notes	2.2	2.1
Dividend income	1.3	1.2
	<hr/>	<hr/>
	4.5	7.5
Property		
Rental income	14.7	—
	<hr/>	<hr/>
	19.2	7.5
	<hr/> <hr/>	<hr/> <hr/>

3 **SEGMENT INFORMATION** (Continued)

Business segments (Continued)

Profit by business segment

	Six months ended 30 June 2003			
	Treasury and investment HK\$ million	Property HK\$ million	Others HK\$ million	Total HK\$ million
Segment result	2.1	12.9	—	15.0
Unallocated expenses				(0.8)
Profit from operations				14.2
Share of results of an associate	—	—	(1.2)	(1.2)
Amortisation of goodwill in respect of an associate	—	—	(0.5)	(0.5)
Profit before taxation				12.5

	Six months ended 30 June 2002			
	Treasury and investment HK\$ million	Property HK\$ million	Others HK\$ million	Total HK\$ million
Segment result	8.4	—	—	8.4
Unallocated expenses				(1.2)
Profit before taxation				7.2

4 TAXATION

	Six months ended 30 June	
	2003	2002
	<i>HK\$ million</i>	<i>HK\$ million</i>
The charge comprises:		
Hong Kong Profits Tax	0.2	0.3
Taxation in other jurisdictions	1.4	—
	<u>1.6</u>	<u>0.3</u>

Hong Kong Profits Tax is calculated at 17.5% (2002: 16%) of the estimated assessable profit for the period. The Profits Tax rate has been increased with effect from the 2003 period of assessment.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

5 INTERIM DIVIDEND

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 June 2003 (2002: nil).

6 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit for the period of HK\$10.9 million (2002: HK\$6.9 million) and 29,282,000 (2002: 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 and accordingly, no diluted earnings per share figures are presented.

7 ADDITIONS TO INVESTMENT PROPERTIES

During the period, the Group acquired an investment property at a cost of approximately HK\$32.9 million (2002: Nil).

8 INVESTMENTS IN SECURITIES

Investments in securities represent non-trading equity securities listed in Hong Kong, and unlisted convertible notes, stated at fair values.

9 **INTEREST IN AN ASSOCIATE**

	30 June 2003	31 December 2002
	<i>HK\$ million</i>	<i>HK\$ million</i>
Share of net assets	68.5	—
Unamortised goodwill arising on acquisition of an associate	19.5	—
	<u>88.0</u>	<u>—</u>

Particulars of the Group's associate as at 30 June 2003 are as follows:

Name of associate	Place of incorporation and operation	Registered capital	Attributable percentage of equity interest		Principal activities
			30.6.2003	31.12.2002	
Zhejiang Risesun Paper Co., Ltd.	The People's Republic of China ("PRC")	US\$ 3.615 million	25%	—	Manufacture and sales of paper-related products

With reference to the revised capital agreement, the Group has committed to provide capital of US\$903,750 to the associate, of which US\$391,625 has been contributed as at 30 June 2003 with the remaining balance payable by no later than 22 February 2004.

10 **INTEREST IN A JOINTLY CONTROLLED ENTITY**

	30 June 2003	31 December 2002
	<i>HK\$ million</i>	<i>HK\$ million</i>
Share of net assets	—	19.5
	<u>—</u>	<u>19.5</u>

The jointly controlled entity was established for property development, management and related services in Chongqing, the PRC.

During the period, the jointly controlled entity was disposed of to an unrelated third party for cash consideration of approximately HK\$20 million.

11 POST BALANCE SHEET EVENT

Subsequent to 30 June 2003 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 situated in the PRC. The acquisition was completed in July 2003 for total consideration of HK\$28.5 million.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's turnover for the first six months of the year 2003 (the "Period") increased by HK\$11.7 million to HK\$19.2 million. During the Period, rental income from the Group's investment property in the People's Republic of China accounted for HK\$14.7 million of the Group's turnover. There was no property rental income during the corresponding period in the year 2002. Net realized loss on disposal of non-trading equity securities amounted to HK\$1.9 million. Overall, net profit for the Period increased by approximately 58% to HK\$10.9 million.

As at 30 June 2003, the Group had cash and bank balances of HK\$35.1 million with no borrowings, and investments in securities of HK\$194.9 million at fair values. During the Period, the Group's net assets increased from HK\$638.3 million to HK\$671.5 million, which was attributable to the net effect of the net profit for the Period of HK\$10.9 million together with the net increase of HK\$22.3 million in the balance of the investment revaluation reserve. During the Period, the Group had acquired equity interest in an associate, particulars of which was detailed in the notes to the condensed financial statements. The Group employed three staff. Staff remuneration packages are normally reviewed annually. The Group operates a Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The Group does not have any share option scheme. Total staff costs amounted to less than HK\$0.1 million.

DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2003, none of the directors and chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required (a) to be recorded in the register required to be kept under section 352 of the SFO; or (b) to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

The Group does not have any share option scheme.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2003, the interests or short positions of the persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

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.

All the interests stated above represented long positions in the shares of the Company as at 30 June 2003, there were no short positions recorded in the register required to be kept under section 336 of the SFO.

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 2003 interim report has been reviewed by the audit committee which comprises two independent non-executive directors of the Company.

By order of the Board

Chiu Kong

Chairman

Hong Kong, 25 September 2003.