

# BEAUFORTE INVESTORS CORPORATION LIMITED

寶福集團有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 21)

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

### INTERIM RESULTS

The Board of Directors (the "Board") of Beauforte Investors Corporation Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group"), for the six months ended 30 June 2006 together with the comparative figures for the corresponding period in 2005 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2006

	NOTES	Six months ended 30 June	
		2006 (Unaudited) HK\$ million	2005 (Unaudited) HK\$ million
Turnover	2	126.0	4.8
Cost of listed securities		(126.4)	0.0
Gross profit/(loss)		(0.4)	4.8
Other operating income		0.0	0.5
Taxes and levies on leasing properties		(0.0)	(0.2)
Administrative expenses		(3.9)	(2.8)
Finance cost		(0.1)	(0.0)
Impairment loss recognized on loss of investment property		(237.0)	(0.0)
Provision for loss on investment property		(12.1)	(0.0)
Impairment loss on other receivable		(8.0)	(0.0)
Impairment loss of available-for-sale financial assets		(0.0)	(26.3)
Loss before taxation	3	(261.5)	(24.0)
Taxation	4	0.0	(0.1)
Net loss for the period		(261.5)	(24.1)
Loss per share (in dollar)	6	(0.744)	(0.082)

### CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2006

	30 June 2006 (Unaudited) HK\$ million	31 December 2005 (Audited) HK\$ million
Non-current assets		
Plant and equipment	0.7	0.9
Investment properties	0.0	272.0
Available-for-sale financial assets	12.0	12.0
	12.7	284.9
Current assets		
Listed securities	0.0	12.2
Other receivables and deposits	2.4	10.4
Deposit in an asset management company	32.6	32.6
Deposit paid for acquisition of a subsidiary	13.8	13.8
Cash and cash equivalents	3.5	6.0
	52.3	75.0
Current liabilities		
Other payables and accrued charges	(1.7)	(2.0)
Derivative financial instrument	(0.0)	(0.1)
Provision for loss on a guarantee agreement	(0.0)	(22.9)
Cash and cash equivalents	(0.0)	(10.1)
	(1.7)	(35.1)
Net current assets	50.6	39.9
Non-current liability		
Deferred tax liability	(0.0)	(0.0)
Net assets	63.3	324.8
Capital and reserves		
Share capital	140.5	140.5
Share premium	38.0	38.0
Retained earnings	146.3	225.0
Loss for the period/year	(261.5)	(78.7)
Shareholders' funds	63.3	324.8

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2006

#### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the requirements of the Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Main Board), including compliance with the Hong Kong Accounting Standard ("HKAS") No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2005, except for the adoption of the following amendments mandatory for accounting periods beginning on or after 1 January 2006:

- HKAS 39 & HKFRS 4 Amendment "Financial Guarantee Contracts"

The amendment amended the scope of HKAS 39 to include financial guarantee contracts issued. These contracts are recognized initially at fair value and generally re-measured at the higher of the amount determined in accordance with HKAS 37 and the amount initially recognized less cumulative amortization.

The adoption of the amendments had no material impact on the unaudited condensed consolidated interim financial statements as prepared and presented.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2005.

The unaudited condensed consolidated interim financial statements have been reviewed by the audit committee of the Company.

#### 2. PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Group are investment holding, security investment and property investments.

For management purposes, the Group is currently organised into three operation divisions – (i) treasury and investment (ii) property and (iii) securities trading. These divisions are the basis on which the Group reports its primary segment information.

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

	Six months ended 30 June 2005			
	Treasury and Investment HK\$ million	Property HK\$ million	Securities trading HK\$ million	Total HK\$ million
TURNOVER				
Interest income	3.5	0	0	3.5
Rental income	0	1.3	0	1.3
Total turnover	3.5	1.3	0	4.8
RESULTS				
Segment results	(22.8)	1.1	0	(21.7)
Other operating income				0.5
Unallocated expenses				(2.8)
Loss before taxation				(24.0)

	Six months ended 30 June 2006			
	Treasury and Investment HK\$ million	Property HK\$ million	Securities trading HK\$ million	Total HK\$ million
TURNOVER				
Trading of security and index	0	0	126.0	126.0
Total turnover	—	—	126.0	126.0
RESULTS				
Segment results	0	0	(0.4)	(0.4)
Unallocated expenses	0	0	0	(3.9)
Finance cost	0	0	(0.1)	(0.1)
Bad debt written off	0	0	0	(8.0)
Impairment losses recognized in respect of losses on investment property	0	(237.0)	0	(237.0)
Provision for loss on investment property	0	(12.1)	0	(12.1)
Loss before taxation				(261.5)

#### 3. LOSS BEFORE TAXATION

	Six months ended 30 June 2006 (Unaudited) HK\$ million	2005 (Unaudited) HK\$ million
Loss before taxation has been arrived at after charging/(crediting):		
Depreciation of plant and equipment	0.2	0.2
Rental income less outgoing	(0)	(1.1)
Interest income	(0)	(3.5)
Impairment loss recognised on loss of investment property	237.0	0
Provision for loss on investment property	12.1	0
Impairment loss on other receivable	8.0	0

#### 4. TAXATION

	Six months ended 30 June 2006 (Unaudited) HK\$ million	2005 (Unaudited) HK\$ million
The charge comprises:		
Hong Kong Profits Tax	0	—
PRC Foreign Enterprise Income Tax	0	(0.1)
	0	(0.1)

Provision for Hong Kong Profits Tax has not been made for both periods as the Group's income neither arises in, nor is derived from Hong Kong.

PRC Foreign Enterprise Income Tax is calculated at the rates prevailing in the respective jurisdictions.

#### 5. INTERIM DIVIDEND

No dividends were paid during the period. The directors do not recommend the payment of an interim dividend for the period. (2005: NIL).

#### 6. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the period of HK\$261.5 million (2005: HK\$24.1 million) and the weighted average number of 351,384,000 (2005: 295,084,906) ordinary shares in issue.

There were no dilutive potential ordinary shares in existence during the period and the corresponding period in last year, and accordingly, no diluted loss per share figures are presented.

### MANAGEMENT DISCUSSION & ANALYSIS

The current Board of Directors were appointed in June 2006. Since their joining of the Company, they have started reviewing the business operations and status of the investments of the Group.

### BUSINESS AND FINANCIAL REVIEW

#### Property Leasing Business

##### The Jinan Property

The main asset of the Group, an investment property, situated at Jinan city of the People's Republic of China ("the PRC") was awarded to a PRC company by a PRC court order on 11 July 2006, in order to satisfy an alleged debt which represented approximately 73% of the audited consolidated assets of the Group as at 31 December 2005. Accordingly, no rental income was generated in the period under review. The Company made a provision of HK\$237 million to write off the value to reflect the issue.

The Company is taking legal actions to seek for any possible remedy.

##### The Shanghai Property

The directors found out that in addition to the claim made by the court as stated in note 7 to the financial statements, a further claim with unknown amount was attached to the property through a PRC court in Shandong. The Company is taking procedures to clarify the claims through the lawyers. As a prudent measure, a further provision of HK\$12.1 million is made to write off the remaining value of the Shanghai property during the period.

Due to the above reasons, there was no property income generated for the period concerned.

#### Paper Business

Both of the operations of the Group's associated companies, were still suspended due to lack of working capital.

#### Securities Trading Business

The Group had undertaken trading of listed shares and related products in Hong Kong, and had incurred a loss of approximately HK\$0.4 million.

#### Treasury and Investment Business

The directors will collaborate with professional advisors and take positive steps to assess and recover the investments of HK\$12 million made in the Heze Century Energy Coalchem Industrial Co. Ltd., and the deposit of HK\$32.6 million placed with an asset management company in the PRC.

Furthermore, the Group had appointed lawyers to take action to recover the HK\$13.8 million payment which was made to acquire the Daoqin Hospital Management Company Ltd., the acquisition agreement for which had been cancelled on 27 April 2006.

#### EMPLOYEES

As at 30 June 2006, the Group employed 3 employees and the related staff cost amounted to HK\$0.5 million. Staff remuneration package are reviewed annually. The Group does not maintain a share option scheme.

#### BUSINESS OUTLOOK

The Group is principally engaged in property investment, treasury and investment businesses, securities trading, paper manufacturing and energy related business.

The Group intends to diversify into various other businesses to complement its current operations. It will continue to identify suitable investment opportunities for possible acquisitions, including those in property development, property management, real estate agency, industrial manufacturing, trading, oil and gas related businesses, utility projects, telecommunications, IT and internet related projects.

The management will actively look into various fund raising options to facilitate the Group business expansion plan.

#### CORPORATE GOVERNANCE

During the period ended 30 June 2006, the Company has complied with the code provisions set out on Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for Code provision A.2.1.

The role of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Cheung Chung Leung, Richard has currently taken the roles of chairman. The chief executive officer of the Group has not yet been appointed, as the Group's operations, except for the securities trading activities, were temporarily ceased. The Group will consider to appoint a chief executive officer in due course to match its future requirements.

Provision A.4.1 stipulates that non-executive directors should be appointed for specific term and subject to re-election. Three of the six non-executive directors of the Company are not appointed for specific term and this constituted a deviation. However, all Directors are subject to retirement by rotation and re-election at the annual general meeting at least once for every three years. In the opinion of the Directors, this meets the same objectives and is no less exacting than those in the Code.

The Company is in the process of compiling the detailed Corporate Governance Report which will be dispatched to shareholders under separate cover.

The Company has also adopted the Model Code for Securities Transactions by the Directors for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. The Company has made specific enquiries with all directors. All directors have confirmed that they have complied with the required standard set out in the Model Code.

#### PURCHASE, SALES 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 AND COMPANY'S AUDITOR

The 2006 interim report has been reviewed by the audit committee which comprises the four independent non-executive directors and two non-executive directors of the Company. The audit committee wishes to emphasise, given that i) all its members were appointed to the board immediately prior to the end of the period and; ii) the Company's auditors have declined to express a view on the financial statements herein, that the latter should be treated with extreme caution. In order to provide shareholders with a more informed view, the Board is taking urgent action to obtain the data referred to in Notes 1 to 8 of the Independent Review Report to the Board of Directors on pages 18 to 20.

The unaudited condensed consolidated interim financial information of this interim report has been reviewed by Shingwing (HK) CPA Limited, our Company's auditor in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants.

By order of the board of directors  
Beauforte Investors Corporation Limited  
Cheung Chung Leung, Richard  
Chairman

Hong Kong, 29 September 2006

As at the date of this report, the directors of the Company are as follow:

Executive directors	Mr. Cheung Chung Leung, Richard Ms. Sun Bo Mr. Christian Emil Toggengburger Mr. Beat Rene Saxer
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Non-executive directors	Mr. Hans-Peter Hess Ms. Young Mai-San
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Independent non-executive directors	Mr. Cheng Hong Kei, Andrew Mr. Tang Ka Siu, Johnny Mr. Leung Kwan, Hermann Mr. William Montgomerie Courtauld
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