

BEAUFORTE INVESTORS CORPORATION LIMITED

(incorporated in Hong Kong with limited liability)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2002

The Board of Directors of Beauforte Investors Corporation Limited (the "Company") submit herewith the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2002 as follows:—

Consolidated Profit and Loss Account for the year ended 31st December, 2002

	Note	2002 HK\$million	2001 HK\$million
Turnover	2	21.8	24.0
Other net income	3	0.9	10.9
Administrative and corporate expenses		(5.7)	(2.1)
Impairment losses on investments	4	(21.1)	—
(Loss)/profit before taxation	2 & 5	(4.1)	32.8
Taxation	6	(1.3)	(0.2)
(Loss)/profit attributable to shareholders		<u>(5.4)</u>	<u>32.6</u>
(Loss)/earnings per share	8	<u>HK\$(0.18)</u>	<u>HK\$1.11</u>

Notes:

1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Society of Accountants and accounting principles generally accepted in Hong Kong.

The measurement basis used in the preparation of the financial statements is historical cost modified by the revaluation of investment properties, and marking to market of certain investments in securities.

2 TURNOVER/SEGMENTAL REPORTING

Segmental information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

The Group's activities are comprised of 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 in property assets to generate rental income.

Turnover by segment

	2002 HK\$million	2001 HK\$million
Turnover by segment		
Treasury and investment		
Interest income from		
— bank deposits	2.5	15.1
— other loans	2.2	3.7
— debt securities	5.0	2.2
Dividend income	2.3	3.0
	<u>12.0</u>	<u>24.0</u>
Property		
Rental income	9.8	—
Group turnover	<u>21.8</u>	<u>24.0</u>

Business segments

	Treasury and investment		Property		Unallocated		Total	
	2002 HK\$ million	2001 HK\$ million	2002 HK\$ million	2001 HK\$ million	2002 HK\$ million	2001 HK\$ million	2002 HK\$ million	2001 HK\$ million
Segment result	(8.3)	34.5	8.3	—	—	—	—	34.5
Unallocated expenses	—	—	—	—	(4.1)	(1.7)	(4.1)	(1.7)
(Loss)/profit before taxation	(8.3)	34.5	8.3	—	(4.1)	(1.7)	(4.1)	32.8
Taxation	(0.3)	(0.2)	(1.0)	—	—	—	(1.3)	(0.2)
(Loss)/profit attributable to shareholders	<u>(8.6)</u>	<u>34.3</u>	<u>7.3</u>	<u>—</u>	<u>(4.1)</u>	<u>(1.7)</u>	<u>(5.4)</u>	<u>32.6</u>
Impairment losses on investments	21.1	—	—	—	—	—	—	—

Geographical segments

The Group conducts business in Hong Kong and elsewhere in the People's Republic of China ("PRC"). In presenting information on the basis of geographical segments, segment turnover is based on the geographical location of the underlying assets which generate the turnover.

	Hong Kong		Rest of PRC	
	2002 HK\$ million	2001 HK\$ million	2002 HK\$ million	2001 HK\$ million
Turnover	12.0	24.0	9.8	—

3 OTHER NET INCOME

	2002 HK\$million	2001 HK\$million
Net realised gain on disposal of securities, net of surplus transferred from investment revaluation reserve (2001: HK\$2.7 million)	—	10.3
Write-back of unclaimed dividends	—	0.4
Commission income	0.9	—
Other income	—	0.2
	<u>0.9</u>	<u>10.9</u>

4 IMPAIRMENT LOSSES ON INVESTMENTS

The Directors have reviewed the Group's investment portfolio at the balance sheet date and pursuant to this review considered that there was objective evidence of impairment of certain of the Group's equity

securities at that date. In accordance with the accounting policies adopted by the Group for investments, the entire cumulative deficit in the investment revaluation reserve relating to these securities, which totalled HK\$21.1 million (2001: HK\$Nil), has been transferred to the consolidated profit and loss account.

5 (LOSS)/PROFIT BEFORE TAXATION

	2002 HK\$million	2001 HK\$million
(a) (Loss)/profit before taxation is arrived at after charging:		
Salaries, wages and other benefits	0.1	—
Auditors' remuneration	0.7	0.6
and crediting:		
Rental income less outgoings of HK\$2.2 million (2001: HK\$Nil)	7.6	—

(b) Directors' emoluments

For the year under review, total emoluments (including any reimbursement of expenses) amounting to HK\$300,000 (2001: HK\$300,000), being wholly in the form of Directors' fees, were paid/payable to Independent Non-executive Directors of the Company.

6 TAXATION

	2002 HK\$million	2001 HK\$million
Provision for Hong Kong Profits Tax at 16% on the estimated assessable profits for the year	0.3	0.2
Taxation outside Hong Kong provided for at the applicable rates of taxation on the estimated assessable profits for the year arising in the relevant tax jurisdictions	1.0	—
	<u>1.3</u>	<u>0.2</u>

7 DIVIDENDS

The Board of Directors does not recommend the payment of any dividends for the year (2001: HK\$Nil).

8 (LOSS)/EARNINGS PER SHARE

The calculation of (loss)/earnings per share is based on the loss attributable to shareholders for the year of HK\$5.4 million (2001: profit of HK\$32.6 million) and 29,282,000 shares in issue throughout the year and the preceding year. There were no dilutive potential ordinary shares in existence during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover of the Group for the year 2002 decreased by HK\$2.2 million to HK\$21.8 million. On 6th 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 (the "Property") in the People's Republic of China. The acquisition was completed on 6th August 2002 for total consideration of HK\$290.0 million. Details of which have been disclosed in the Company's past announcements. As a result, funds available for earning interest income was reduced, and coupled with the general decline in interest rates, interest income for the year 2002 decreased accordingly. The Property, however, has generated rental income of HK\$9.8 million and contributed significantly to the Group's turnover. The acquisition of the Property has also re-established the Group's property interests. Overall, turnover for the Group decreased by approximately 9%. For the securities investments, the Group has made impairment losses of HK\$21.1 million. The general decline in the economic conditions and investment market has caused a corresponding decline in the fair values of the Group's securities investments. Any changes in the fair values are firstly recognized in the investment revaluation reserve (the "IRR") in accordance with the Group's accounting policy. In view of the deficit in the IRR, the Group has reviewed each individual securities investment for possible impairment and has determined to transfer HK\$21.1 million from the IRR to the consolidated profit and loss account. There was no disposal of securities investments during the year 2002, as compared to a gain on disposal of HK\$10.3 million in the year 2001. Overall, the loss attributable to shareholders in the year 2002 amounted to HK\$5.4 million as opposed to a profit of HK\$32.6 million in the year 2001.

As at 31st December 2002, the Group had cash and bank balances of HK\$14.5 million with no borrowings, and long-term investments of HK\$282.0 million at market value. During the year of 2002, the Group's net assets decreased from HK\$668.0 million to HK\$638.3 million, which was attributable to the net effect of the net loss for the year of HK\$5.4 million, together with a HK\$30.0 million surplus on revaluation of investment property and a HK\$54.3 million decline in the balance of the investment revaluation reserve. As at 31st December 2002, 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.

On 23rd 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 a total cash consideration of HK\$255.0 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 subsequently during the year of 2002. Details of this aborted transaction have been disclosed in the Company's past announcements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The independent non-executive directors were 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 Memorandum and 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, the Company has been in compliance with the Code of Best Practice as set out in the Listing Rules throughout the year 2002.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

All the information as required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Chiu Tao
Chairman
Hong Kong, 26th March, 2003