

BEAUFORTE INVESTORS CORPORATION LIMITED

(寶福集團有限公司)

(incorporated in Hong Kong with limited liability)

Stock Code: 21

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND PROPOSED SUBDIVISION OF SHARES

PROPOSED AMENDMENTS TO THE ARTICLES

As announced by the Stock Exchange in its press release dated 30 January 2004, the Stock Exchange has revised the Listing Rules based on the results of the Consultation Conclusions on Proposed Amendments to the Listing Rules relating to Corporate Governance Issues issued in January 2003. Such revisions of the Listing Rules took effect on 31 March 2004 and include revisions to Appendix 3 to the Listing Rules which sets out the requirements that the bye-laws or, as the case may be, the articles of association of listed issuers or listing applicants shall comply with.

To ensure compliance with the revised Appendix 3 to the Listing Rules, the Company proposes to amend the Articles at the AGM.

PROPOSED SHARE SUBDIVISION

The Board intends to put forward the proposal to the Shareholders to approve the adjustment of the nominal value of all the issued and unissued Shares of HK\$4.00 each by subdividing each of the issued and unissued Shares into 10 Subdivided Shares of HK\$0.40 each.

The Share Subdivision is conditional upon fulfillment of the conditions more particularly referred to in the paragraph headed "Conditions of the Share Subdivision" below.

Upon the Share Subdivision having become effective, each board lot of shares of the Company for trading on the Stock Exchange will be changed from 1,000 Shares to 5,000 Subdivided Shares.

PROPOSED AMENDMENTS TO THE ARTICLES

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To ensure compliance with the revised Appendix 3 to the Listing Rules, the Company proposes to amend the Articles at the AGM.

A full text of the proposed amendments to the Articles will be set out in the notice of the AGM and the circular to be despatched to the Shareholders referred to in the paragraph headed "General" of this announcement.

PROPOSED SHARE SUBDIVISION

Introduction

The Board proposes that each of the existing issued and unissued Shares of HK\$4.00 each be subdivided into 10 Subdivided Share of HK\$0.40 each. Upon the Share Subdivision having become effective, the monetary value of each board lot of the Subdivided Shares (based on the proposed new board lot size of 5,000 Subdivided Shares as described in the paragraph headed "Change of board lot size" below) will be less than the value of the existing board lot of 1,000 Shares. The Directors therefore believe that this will improve the liquidity in trading of the shares of the Company. The Directors also believe that the Share Subdivision will enable the Company to attract more investors and widen its investor base. Hence, the Directors are of the opinion that the Share Subdivision is in the interests of the Company and the Shareholders as a whole.

Conditions of Share Subdivision

The Share Subdivision is conditional upon:

- the passing of an ordinary resolution by the shareholders of the Company at the forthcoming AGM; and
- the Listing Committee of the Stock Exchange granting a listing of and permission to deal in the Subdivided Shares.

The Share Subdivision will become effective on the trading day immediately after the conditions mentioned above are fulfilled. An application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in such Subdivided Shares.

As at the date of this announcement, the authorised share capital of the Company is HK\$400,000,000 divided into 100,000,000 Shares, of which 29,282,000 Shares are in issue. Immediately upon the Share Subdivision having become effective and on the basis that 29,282,000 Shares are in issue, 292,820,000 Subdivided Shares will be created pursuant to the Share Subdivision. The Subdivided Shares will rank pari passu in all respect among themselves and the rights attaching to the Subdivided Shares will not be affected by the Share Subdivision.

Change of board lot size

Currently, the Shares are traded in board lots of 1,000 Shares and upon fulfillment of the conditions of the Share Subdivision, the Subdivided Shares will be traded in board lots of 5,000 Subdivided Shares on the day on which the Share Subdivision becomes effective. The Share Subdivision and the increase in size of the board lot after the Share Subdivision has become effective will not result in any odd lots other than those which already exist.

Timetable and trading arrangement

The expected timetable for the Share Subdivision and the trading arrangement will be set out in a further announcement and the circular to be despatched to the Shareholders referred to in the paragraph headed "General" of this announcement.

GENERAL

The Group is principally engaged in investment in securities and property investment in the PRC.

A circular containing, among other matters, details of the proposed Share Subdivision (including the trading arrangements in respect of the Subdivided Shares), the proposed amendments to the Articles and a notice convening the AGM will be despatched to the Shareholders as soon as practicable.

As at the date of this announcement, the Board comprises Mr. LIANG Xudong, Robert, Mr. CHEN Baodong and Mr. SUN Shufeng, Sonny as executive Directors and Mr. CHEUNG Hok Fung, Alexander and Ms. LEUNG Fung Yee, Alice as independent non-executive Directors.

TERMS USED IN THIS ANNOUNCEMENT

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

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| "AGM" | the forthcoming annual general meeting of the Company to be convened |
| "Articles" | the existing articles of association of the Company (as amended) adopted on 21 September 1990 |
| "Board" | the board of directors of the Company |
| "Company" | Beauforte Investors Corporation Limited (寶福集團有限公司), a company incorporated in Hong Kong with limited liability and whose Shares are listed on the Main Board of the Stock Exchange |
| "Directors" | the directors of the Company |
| "Group" | collectively, the Company and its subsidiaries |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange |
| "PRC" | the People's Republic of China |
| "Share(s)" | the share(s) of HK\$4.00 each in the share capital of the Company |
| "Share Subdivision" | the proposed subdivision of each of the existing issued and unissued Shares into 10 Subdivided Shares |
| "Shareholders" | shareholders of the Company |
| "Subdivided Share(s)" | the new share(s) of HK\$0.40 each in the share capital of the Company upon the Share Subdivision becoming effective |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "HK\$" | Hong Kong Dollars, the lawful currency of Hong Kong |

By Order of the Board
LIANG Xudong, Robert
Chairman

Hong Kong, 25 May 2004