

BEAUFORTE INVESTORS CORPORATION LIMITED

(incorporated in Hong Kong with limited liability)

DISCLOSEABLE TRANSACTION

Summary

The board of directors of Beauforte announces that a conditional sale and purchase agreement has been entered into between CMIC, Golden Mass and Beauforte in respect of the sale by CMIC to Golden Mass of 358,157,745 Shares, representing approximately 29.5 per cent. of the entire issued share capital of Poly Investments, for a total cash consideration of HK\$255,000,000 representing HK\$0.712 per Share.

Completion of the Agreement is conditional on, inter alia, (i) the Executive confirming that Golden Mass and/or persons acting in concert with it will not be required to make a general offer pursuant to the Takeovers Code in respect of all the Shares (other than the Sale Shares) as a result of Completion and (ii) CMIC and persons acting in concert with it having disposed of all their interests in the Shares (other than the Sale Shares) to independent third parties. An application will be made by Golden Mass to the Executive for such confirmation.

Pursuant to the Agreement and upon Completion, all existing directors of Poly Investments will resign from their offices in Poly Investments and it is expected that Golden Mass will nominate sufficient number of new directors to the board of Poly Investments upon Completion.

The transaction constitutes a discloseable transaction for Beauforte. A circular containing, among other things, details of the transaction and the Agreement will be dispatched to shareholders of Beauforte as soon as practicable in accordance with the provisions of the Listing Rules.

At the request of Beauforte, trading in the shares of Beauforte on the Stock Exchange was suspended at 9:32 a.m. on 24 April 2002 pending release of this announcement. Beauforte has applied for the resumption of trading in the shares of Beauforte with effect from 9:30 a.m. on 26 April 2002.

Shareholders and investors of Beauforte are reminded that Completion is conditional on the satisfaction or waiver (other than condition (iii) and (iv) set out below which cannot be waived) by Golden Mass of the conditions of the Agreement on or before 28 May 2002 (other than condition (iv) which can be fulfilled on or prior to Completion) and it may or may not materialise. Shareholders and investors of Beauforte are advised to exercise caution when dealing in the shares of Beauforte.

THE AGREEMENT

Date: 23 April 2002
Parties:
Vendor: CMIC
Purchaser: Golden Mass, a wholly-owned subsidiary of Beauforte
Guarantor: Beauforte

CMIC is independent of and not connected or acting in concert with Golden Mass and/or Beauforte, the directors, the chief executives and the substantial shareholders of the Beauforte Group or any of their respective associates or their respective concert parties (as defined in the Listing Rules).

CONSIDERATION

Pursuant to the Agreement, Golden Mass has agreed to purchase from CMIC the Sale Shares, representing approximately 29.5 per cent. of the entire issued share capital of Poly Investments, for a total cash consideration of HK\$255,000,000 (or approximately HK\$0.712 per Sale Share) which will be funded by internal resources of Beauforte Group. A deposit of HK\$30,000,000 was paid by Golden Mass to CMIC solicitor's as stakeholders upon the signing of the Agreement and the balance of the consideration in the sum of HK\$225,000,000 will be paid upon Completion. In arriving at the consideration, Golden Mass has conducted arm's length negotiations with CMIC and has considered various factors, including but not limited to the underlying assets of Poly Investments.

The purchase price per Sale Share represents a premium of approximately 84.9 per cent. to the closing price of HK\$0.385 per Share as quoted on the Stock Exchange on 19 April 2002 (being the last day of trading in the Shares on the Stock Exchange prior to the release of this announcement). The purchase price also represents a premium of approximately 105.2% to the average closing price of HK\$0.347 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 19 April 2002.

CONDITIONS OF THE AGREEMENT

Completion is conditional on the satisfaction or waiver (other than condition (iii) and (iv) below which cannot be waived) by Golden Mass of the following conditions at or before 5:00 p.m. on 28 May 2002 (other than in relation to Condition (iv) which can be fulfilled on or prior to Completion):

- (i) the Shares remaining listed and traded on the Stock Exchange at all times from the date of the Agreement to the Completion Date, save for any temporary suspension not exceeding 5 consecutive trading days (except for the suspension for the purpose for clearing any announcement regarding the Agreement) or such longer period as Golden Mass may accept in writing, and no indication being received on or before the Completion Date from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange will or may be withdrawn or objected to as a result of Completion or in connection with the terms of the Agreement;
- (ii) Golden Mass undertaking a due diligence investigation as detailed in Clauses 6 of the Agreement in respect of the Poly Investments Group and Golden Mass being reasonably satisfied with the result of such due diligence investigation in respect of (i) the group structure; (ii) the accounts; (iii) the financial position; and (iv) the title of the properties of the Poly Investments;
- (iii) the Executive confirming that the Golden Mass and/or persons acting in concert with it will not be required to make a general offer pursuant to the Takeovers Code in respect of all the Shares (other than the Sale Shares) as a result of Completion; and
- (iv) CMIC and persons acting in concert with it having disposed of all their interests in the Shares (other than the Sale Shares) to independent third parties as referred to in the section headed "Undertaking" below.

In relation to (iii) above, an application will be made by Golden Mass to the Executive for such confirmation.

CHANGE IN BOARD OF DIRECTORS OF POLY INVESTMENTS

The board of directors of Poly Investments is currently made up of 10 directors of whom 5 are independent non-executive directors.

Upon Completion, all existing directors of Poly Investments, namely, Wang Jun, the Chairman of Poly Investments and He Ping, the Vice Chairman of Poly Investments shall resign as the Chairman and the Vice Chairman of Poly Investments respectively and Xie Da Tong, Li Shi Liang, Li Tong Zhou, Seto Gin Chung, John, Fung Wing Cheung, Tony, Zhuang Shouchang, Ip Chun Chung, Robert and Lam Tak Shing shall resign as directors of Poly Investments. Golden Mass will nominate sufficient number of new directors to the board of Poly Investments upon Completion. An announcement will be made by Poly Investments upon such change in directorships.

Each of the directors of the subsidiaries of Poly Investments appointed by CMIC shall resign as a director of the relevant subsidiary(ies) with effect from the Completion and each of the directors of the associated company(ies) of Poly Investments nominated by CMIC shall resign as a director of the relevant associated company(ies) with effect from the Completion. Golden Mass will nominate sufficient numbers of new directors to the respective boards of the subsidiaries and associated companies of Poly Investments upon Completion.

UNDERTAKING

As at the date of the Agreement, CMIC and persons acting in concert with it beneficially own approximately 46.53 per cent. of the issued share capital of Poly Investments.

Pursuant to the Agreement, CMIC undertakes to Golden Mass to procure the completion of the sale to independent third parties on or prior to the Completion Date, of all the Shares (other than the Sale Shares) which represent approximately 17 per cent. of the issued share capital of Poly Investments and/or any interests therein (whether direct or indirect) beneficially owned by CMIC or persons acting in concert with it. It is expected that none of CMIC or persons acting in concert with it will hold any shares immediately after Completion.

GUARANTEE

Beauforte has agreed to guarantee the performance by Golden Mass of its obligations under the Agreement.

INFORMATION ON POLY INVESTMENTS

Based on the information provided by Poly Investments, Poly Investments is principally engaged in manufacture and trading of chemical fibres, properties investment, securities investment and financial services. The audited consolidated net asset value of the Poly Investments Group was approximately HK\$561.9 million as at 31 December 2001 and based on the audited consolidated financial results of Poly Investments, the net profit/(loss) before and after taxation for the year ended 31 March 2000, the nine months ended 31 December 2000 and the year ended 31 December 2001 was approximately HK\$15.1 million and HK\$(39.7 million) and HK\$(49.2 million) and HK\$11.8 million, HK\$(19.4 million) and HK\$(26.1) million respectively.

INTENTION OF BEAUFORTE ON POLY INVESTMENTS AFTER COMPLETION

Golden Mass and Beauforte do not intend to make any material changes to the principal activities of Poly Investments. Golden Mass and Beauforte have no intention of injecting any of their existing assets or businesses into Poly Investments and any implementation of any future injection of assets will comply with the Listing Rules.

INFORMATION ON BEAUFORTE AND REASONS FOR THE TRANSACTION

INFORMATION ON BEAUFORTE

The Beauforte Group is an investment holding company, principally engaged in properties investment and treasury investment.

Based on the annual report of Beauforte, the profit after taxation for each of the two years ended 31 December 2001 was approximately HK\$9 million and HK\$32.6 million respectively.

The acquisition of the Sale Shares under Agreement constitutes a discloseable transaction for Beauforte under the Listing Rules and a circular containing, among other things, details of the transaction and the Agreement will be sent to the shareholders of Beauforte within 21 days after the date of this announcement.

REASONS FOR THE TRANSACTION

Upon Completion, Poly Investments will become an associated company of the Beauforte Group.

The consideration per Share payable by Golden Mass represents a 53.8 per cent. premium over the net asset value of Poly Investments as at 31 December 2001 and represents a premium of approximately 84.9 per cent. to the closing price of HK\$0.385 per Share as quoted on the Stock Exchange on 19 April 2002 (being the last day of trading in the Shares on the Stock Exchange prior to the release of this announcement). Having considered the low trading volume of the Shares on the Stock Exchange and the risks and uncertainties involved in the purchase of Shares in the open market, the Directors consider that purchasing the Sale Shares from CMIC is most appropriate. However, under the Agreement, CMIC is obliged to dispose of its remaining interests in Poly Investments on or before Completion, which will result in Golden Mass becoming the single largest shareholder of Poly Investments. The Directors have also taken into account of the substantial stake in Poly Investments to be acquired by Golden Mass, its position as the single largest shareholder of Poly Investments after Completion and the underlying assets of Poly Investments Group, the Directors consider that the premium payable by Golden Mass is fair and reasonable. Poly Investments has established industrial and commercial interests in Hangzhou, Shanghai and Suzhou, all situated in fast growing regions in the PRC, and is of strategic significance to business investors. The Directors believe that these interests will provide the Beauforte Group with more exposure to other investment opportunities in these regions. The Directors have taken into consideration of such factor in arriving at the consideration payable to Poly Investments and are of the view that the transaction is beneficial to the shareholders of Beauforte as a whole.

The acquisition of the Sale Shares will be funded by Beauforte Group's internal resources.

GENERAL

Shareholders and investors of Beauforte are reminded that Completion is subject to the conditions as stated above and it may or may not materialise. Meanwhile, shareholders and investors of Beauforte are advised to exercise caution when dealing in the shares of Beauforte.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of Beauforte, trading in shares of Beauforte on the Stock Exchange has been suspended at 9:32 a.m. on 24 April 2002 pending release of this announcement. Beauforte has applied to the Stock Exchange for resumption of trading in the shares of Beauforte with effect from 9:30 a.m. on 26 April 2002.

DEFINITIONS USED IN THIS ANNOUNCEMENT

"Agreement"	the sale and purchase agreement dated 23 April 2002 between CMIC, Golden Mass and Beauforte in relation to the sale and purchase of the Sale Shares
"Beauforte"	Beauforte Investors Corporation Limited, the shares of which are listed on the Stock Exchange
"Beauforte Group"	Beauforte and its subsidiaries
"Golden Mass"	Golden Mass Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Beauforte
"CMIC"	Continental Mariner Investment Company Limited, the shares of which are listed on the Stock Exchange
"Completion"	completion of the Agreement
"Completion Date"	means on or before 5:00 p.m. on 24th May, 2002 or the third Business Day after all the Conditions (other than condition 4(A)(iv) of the Agreement which is to be fulfilled on or before the Completion Date) have been fulfilled and/or waived, whichever is the later, which shall not be later than 31st May, 2002, or such other date as may be agreed in writing between the parties to the Agreement
"Directors"	the directors of Beauforte
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Poly Investments"	Poly Investments Holdings Limited, the shares of which are listed on the Stock Exchange
"Poly Investments Group"	Poly Investments and its subsidiaries
"PRC"	People's Republic of China
"Sale Shares"	358,157,745 Shares
"SFC"	the Securities and Futures Commission
"Share(s)"	shares of HK\$0.50 each in the issued share capital of Poly Investments
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	Hong Kong Code on Takeovers and Mergers
"HK\$"	the lawful currency of Hong Kong

Hong Kong, 25 April 2002

The directors of Beauforte jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

By Order of the Board
Beauforte Investors Corporation Limited
Chiu Tao