

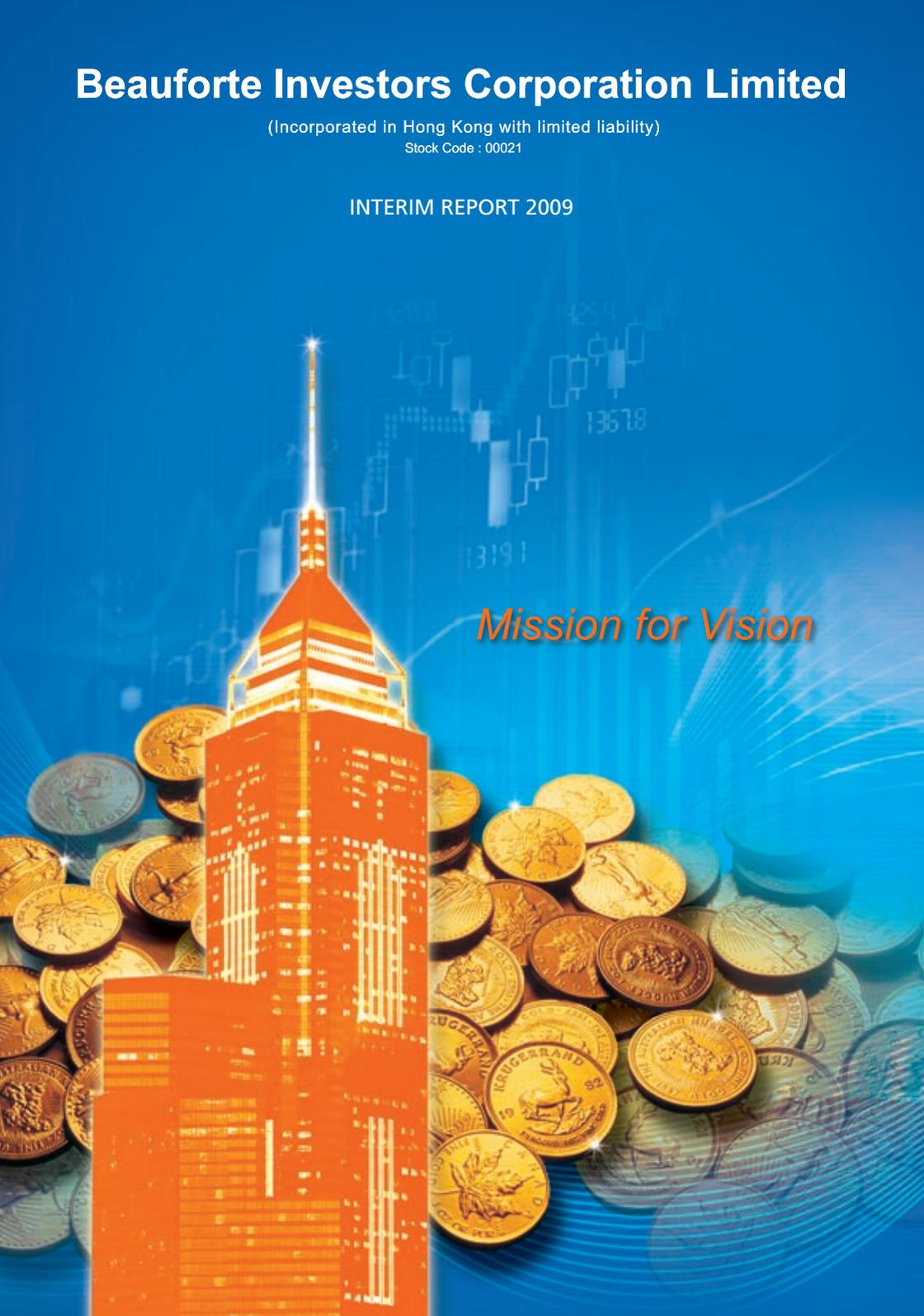
Beauforte Investors Corporation Limited

(Incorporated in Hong Kong with limited liability)

Stock Code : 00021

INTERIM REPORT 2009

Mission for Vision

The image is a composite graphic. On the left, a tall, glowing orange skyscraper with a pointed top and a bright light at its apex stands prominently. To its right and in the foreground, there is a large pile of gold and silver coins, including various denominations like the Canadian 100-cent coin and the 1982 Kangaroo gold coin. The background is a vibrant blue, overlaid with a faint, semi-transparent candlestick chart and several numerical data points such as 13191, 13678, and 14254. The overall aesthetic is one of financial strength and forward-looking vision.



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 2009 together with the comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Notes	Six months ended 30 June	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Turnover	3	3,714	7,425
Revenue		3,714	–
Net loss on disposal of held for trading investments		–	(61)
Other operating income		144	–
Administrative expenses		(5,847)	(5,761)
Finance cost		–	–
Loss before tax	5	(1,989)	(5,822)
Income tax charge	6	(527)	–
Loss for the period		(2,516)	(5,822)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		98	–
Total comprehensive expense for the period		(2,418)	(5,822)
Dividend	7	–	–
Loss per share			
– Basic	8	(0.7) cents	(1.7) cents
– Diluted		N/A	N/A



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Notes	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
Non-current assets			
Plant and equipment		1,611	458
Investment properties		78,071	–
Goodwill	9	12,755	–
Available-for-sale investments	10	–	–
Prepayment for acquisition of subsidiaries		–	38,000
		92,437	38,458
Current assets			
Other receivables		685	888
Deposit refundable	11	–	–
Deposits in an assets management company	12	–	–
Held for trading investments		794	734
Bank balances and cash		1,619	1,145
		3,098	2,767
Current liabilities			
Other payables, deposit received and accrued charges		15,788	4,244
Current tax liabilities		527	–
Amounts due to directors		89,336	57,469
		105,651	61,713
Net current liabilities		(102,553)	(58,946)
		(10,116)	(20,488)
Capital and reserves			
Share capital	13	140,553	140,553
Share premium and reserves		(163,459)	(161,041)
Total equity		(22,906)	(20,488)
Non-current liabilities			
Deferred tax liabilities		12,790	–
		(10,116)	(20,488)



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Share Capital	Share Premium	Translation Reserve	Accumulated Losses	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 January 2008 (audited)	140,553	37,978	-	(185,993)	(7,462)
Loss for the period and total comprehensive expense for the period	-	-	-	(5,822)	(5,822)
Balance at 30 June 2008 (unaudited)	140,553	37,978	-	(191,815)	(13,284)
Balance at 1 January 2009 (audited)	140,553	37,978	-	(199,019)	(20,488)
Loss for the period	-	-	-	(2,516)	(2,516)
Exchange difference arising on translation of foreign operations	-	-	98	-	98
Total comprehensive expense for the period	-	-	98	(2,516)	(2,418)
Balance at 30 June 2009 (unaudited)	140,553	37,978	98	(201,535)	(22,906)



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
Note	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Loss before tax	(1,989)	(5,822)
Adjustments for:		
Depreciation	235	118
Loss on disposal of plant and equipment	1	26
Fair value change on held for trading investments	(60)	50
Operating cash flows before movements in working capital	(1,813)	(5,628)
Decrease (Increase) in other receivables	203	(44)
Increase in held for trading investments	-	(4,517)
Increase (Decrease) in other payables, deposit received and accrued charges	216	(1,102)
NET CASH USED IN OPERATING ACTIVITIES	(1,394)	(11,291)
INVESTING ACTIVITIES		
Purchase of plant and equipment	(29)	(566)
Decrease (Increase) in prepayment for acquisition of subsidiaries	38,000	(5,000)
Acquisition of subsidiaries	(67,970)	-
Decrease in prepayment for acquisition of plant and equipment	-	326
Proceeds on disposal of plant and equipment	-	4
NET CASH USED IN INVESTING ACTIVITIES	(29,999)	(5,236)
NET CASH FROM FINANCING ACTIVITY		
Increase in amounts due to directors	31,867	19,380
NET INCREASE IN CASH AND CASH EQUIVALENTS	474	2,853
CASH AND CASH EQUIVALENTS AT 1 JANUARY	1,145	55
CASH AND CASH EQUIVALENTS AT 30 JUNE		
Bank balances and cash	1,619	2,908



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements has 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 the Hong Kong Accounting Standard (“HKAS”) No. 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited condensed consolidated financial statements for the six months ended 30 June 2009 has been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2008.

A number of new or revised Standards and Interpretations are effective for the financial year beginning on 1 January 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group’s financial statements for the year ended 31 December 2008.

The accounting policy for the investment properties acquired through the acquisition of subsidiaries during the period is as follow:

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in the profit or loss for the year in which they arise.



An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the assets (calculating as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

As at 30 June 2009, the Group had net current liabilities of approximately HK\$102,553,000 and capital deficiency of approximately HK\$22,906,000. Nevertheless, these financial statements have been prepared on a going concern basis as the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year taking into consideration the following arrangements which included, but are not limited to the following:

- (i) The Group had completed the acquisition of Gold Coast Tourism Development Limited (“Gold Coast”) on 31 December 2008. The remaining portion of the initial consideration in the amount of HK\$19,315,295.95 was paid to the Vendors on 12 February 2009 after the Company was provided by the vendors with the required tax settlement documents. The Group has leased out the resort held by the wholly-owned subsidiary of Gold Coast to an independent third party with a minimum monthly rental income of approximately RMB1,083,333 since April 2009 for an initial term of three years. The directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year taking into consideration the positive profits forecast to be generated from the Group’s businesses based on the financial budgets approved by the board of directors of the Company covering three years; and
- (ii) The Company has proposed to raise approximately HK\$168,664,000 before expenses, by issuing 421,660,800 offer shares at the subscription price of HK\$0.4 per offer share by way of an open offer on the basis of an assured allotment of six offer shares for every five existing shares of the Company (the “Open Offer”). The proposal was approved by independent shareholders at the extraordinary general meeting of the Company on 31 July 2009.

The directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group fail to continue as a going concern.



2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (HKFRSs)

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“news HKFRSs”) issued by HKICPA, which are effective for the Group’s financial year beginning on 1 January 2009.

HKFRSs (Amendments)	Improvements to HKFRSs May 2008
HKFRSs (Amendments)	Improvements to HKFRSs April 2009
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

The adoption of the new HKFRSs, except for HKAS 1 (Revised) as described below, had no material effect on the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

HKAS 1 (Revised) separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one single statement.



The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective at 30 June 2009.

HKFRSs (Amendments)	Improvements to HKFRSs May 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs April 2009 ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 39 (Amendment)	Eligible Hedged Items ³
HKFRS 1 (Revised)	First-time Adoption of HKFRSs ³
HKFRS 3 (Revised)	Business Combinations ³
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives ⁴
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ³
HK(IFRIC)-Int 18	Transfers of Assets from Customers ⁵

¹ Amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

² Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

³ Effective for annual periods beginning on or after 1 July 2009.

⁴ Effective for annual periods ending on or after 30 June 2009.

⁵ Effective for transfers of assets from customers received on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition dates is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.



3. TURNOVER

Turnover represents the amounts received and receivables from rental income for the period ended 30 June 2009.

It represents the proceeds from sale of held for trading investments for the period ended 30 June 2008.

4. SEGMENT INFORMATION

For management purposes, the Group organised into three operation divisions – property development and investment, treasury and investment and securities trading. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Property development and investment:

Investment in property to generate rental income.

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.

Securities trading:

Investment in listed securities to generate profit from short-term fluctuation in price.



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

Six months ended 30 June 2009

	Property development and investment <i>HK\$'000</i> (Unaudited)	Treasury and investment <i>HK\$'000</i> (Unaudited)	Securities trading <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
TURNOVER				
Rental income	3,714	-	-	3,714
Interest income from deposits	-	-	-	-
Proceeds from trading of securities	-	-	-	-
Total turnover	3,714	-	-	3,714
RESULTS				
Segment results	2,955	-	59	3,014
Unallocated expenses	-	-	-	(5,530)
Loss for the period				(2,516)



Six months ended 30 June 2008

	Property development and investment <i>HK\$'000</i> (Unaudited)	Treasury and investment <i>HK\$'000</i> (Unaudited)	Securities trading <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
TURNOVER				
Rental income	-	-	-	-
Interest income from deposits	-	-	-	-
Proceeds from trading of securities	-	-	7,425	7,425
Total turnover	-	-	7,425	7,425
RESULTS				
Segment results	-	-	(111)	(111)
Unallocated expenses	-	-	-	(5,711)
Loss for the period				(5,822)



5. LOSS BEFORE TAX

Six months ended 30 June
2009 2008
HK\$'000 HK\$'000
(Unaudited) (Unaudited)

Loss before tax has been arrived at after charging (crediting):

Cost of security trading	–	7,486
Depreciation	235	118
Loss on disposal of plant and machinery	1	26
Minimum lease rentals in respect of rented premises	487	841
Change in fair value of financial assets classified as held for the trading investments	(60)	50

6. INCOME TAX CHARGE

Six months ended 30 June
2009 2008
HK\$'000 HK\$'000
(Unaudited) (Unaudited)

Current tax – Hong Kong	527	–
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Hong Kong Profits Tax is calculated at 16.5% (2008: Nil) on the estimated assessable profits for the period.

No provision for taxation in other jurisdictions has been made as the Group did not have any assessable profits in the respective jurisdictions.

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).



8. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	2,516	5,822
	'000	'000
Weighted average number of ordinary shares	351,384	351,384

There were no dilutive potential ordinary shares in existence during both periods, accordingly, no diluted loss per share figures are presented.

9. GOODWILL

Gross	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At 1 January	-	-
Goodwill arising on the acquisition of Gold Coast (<i>note 16</i>)	12,959	-
Exchange difference	(204)	-
At 30 June	12,755	-
Accumulated impairment losses		
At 1 January and 30 June	-	-



10. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2009	31 December 2008
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Unlisted shares overseas		
Hennabun Capital Group Limited (formerly known as Hennabun Management International Limited) ("HCG") (note a)		
At cost	59,000	59,000
Impairment losses recognised	(59,000)	(59,000)
	-	-
Unlisted shares in PRC		
Heze Century Energy Coalchem Industrial Co. Ltd. ("Heze") (note b)		
At cost	12,000	12,000
Impairment losses recognised	(12,000)	(12,000)
	-	-
Zhejiang Risesun Paper Co. Ltd. ("Risesun") (note c)		
At cost	7,098	7,098
Impairment losses recognised	(7,098)	(7,098)
	-	-
Wuhu Dongtai Paper Mfg. Co. Ltd. ("Dongtai") (note c)		
At cost	70,970	70,970
Impairment losses recognised	(70,970)	(70,970)
	-	-
澤潤投資諮詢(上海)有限公司 ("Zerun") (note d)		
Reclassified from investment in a subsidiary	919	919
Impairment losses recognised	(919)	(919)
	-	-
	-	-



The above investments represent unlisted equity securities issued by private companies. They are stated at cost less impairment at each balance sheet date because the range of reasonable fair value estimate is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

Notes:

- (a) HCG was incorporated in British Virgin Islands with limited liability. It is engaged in securities trading, investment holding and provision of brokerage and financial services. At 30 June 2009, the Group owned 0.65% (2008: 0.65%) equity interests in HCG. A full impairment loss was recognised on this investment in 2005.
- (b) At the balance sheet date, the Group owned 11.2% (2008: 11.2%) equity interests in Heze. Heze was incorporated in the PRC with limited liability. A full impairment loss was recognised on this investment in 2006.
- (c) At the balance sheet date, the Group owned 25% equity interests each in Risesun and Dongtai which are limited company incorporated in the PRC. They were classified as associates before year 2006. Their operations have been suspended since 2004. A full provision was made for these investment in 2004. After the changes in management of the Company in June 2006, the present management has no representative in the management body nor participation in the daily operating and financing activities in Risesun and Dongtai. Accordingly, the investments in these companies were then classified as available-for-sale investments.
- (d) At the balance sheet date, the Group owned 100% in Zerun. After the changes in management of the Company in June 2006, the present management appointed legal advisors to locate the previous management and staff of Zerun. However, as informed by the legal advisors, they were unable to contact them. Consequently, the present management of the Company has neither representative in the management body nor the ability to govern the operating and financing policies in Zerun. Accordingly, the investment in Zerun was classified as available-for-sale investments. A full impairment loss is recognised on this investment.



11. DEPOSIT REFUNDABLE

On 12 April 2005, the Group entered into a share transfer agreement with a third party to acquire 80% equity interest in Daoqin Hospital Management Company Limited (上海道勤醫院投資管理有限公司) (“Daoqin Hospital”) at a consideration of HK\$30,200,000 (the “Acquisition”). Daoqin Hospital is a company established in the PRC with limited liability and was established for the purpose of provision of hospital management services. During the year ended 31 December 2005, the Group made partial payment of HK\$13,780,000.

The Acquisition has not been completed on 27 April 2006, the Group entered into another agreement to cancel the Acquisition and the Vendor was required to refund the payment to the Group within fifteen days from the date of agreement. The Group has not received the payment as at 30 June 2009 and up to the date of this interim report.

The Company has attempted to take legal action to recover the amount. However, as advised by the legal advisor, they were unable to contact the parties concerned. A full provision was made for the year ended 31 December 2006. At 30 June 2009, the Directors reviewed the situation. Having considered the likelihood of the recoverability was very remote, the Directors consider the recognised impairment loss is adequate but not excessive.

12. DEPOSITS IN AN ASSETS MANAGEMENT COMPANY

The amount of approximately HK\$32,586,000 represents the deposits placed in an assets management company (the “Manager”) which was a limited company incorporated in the PRC. The Manager was engaged in investment advisory, asset management and other related business. The deposit was contracted for the period from 1 July 2004 to 1 July 2005. The amount was overdue and no repayment schedule was made.

The Company was informed that the Manager was in the process of liquidation in the PRC. Based on this information, the directors considered the likelihood of the recoverability of the amount was very remote and a full provision was made for the year ended 31 December 2006.

An ex-director, Li Zhaohui has equity interests in the Manager. Mr. Li Zhaohui was appointed as a director of the Company on 19 October 2004 and was removed on 8 June 2006.

At 30 June 2009, the Directors reviewed the situation and considered the recognised impairment loss is adequate but not excessive.



13. SHARE CAPITAL

	Number of ordinary shares of HK\$0.4 each '000	Nominal value HK\$'000
Authorised:		
At 31 December 2008 and 30 June 2009	1,000,000	400,000
Issued and fully paid:		
At 31 December 2008 and 30 June 2009	351,384	140,553

There was no movement in the Company's share capital during the period ended 30 June 2009.

14. OPERATING LEASE COMMITMENTS

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating lease which fall due as follows:

	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
Within one year	731	812
In the second to fifth year inclusive	32	–
After five years	4,622	–
	5,385	812

Operating lease payments represent rentals payable by the Group for its office premises and land. Leases are negotiated for lease terms of two years to fifty years.



The Company as lessee

At the balance sheet date, the Company had commitments for future minimum lease payments under non-cancellable operating lease which fall due as follows:

	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
Within one year	325	812

Operating lease payments represent rentals payable by the Company for its office premises. Lease is negotiated for a term of two years and rentals are fixed for two years.

The Group as lessor

At the balance sheet date, the Group had commitment for future minimum lease payments receivable under non-cancellable operating leases are receivable as follows:

	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
Within one year	14,925	–
In the second to fifth year inclusive	26,119	–
	41,044	–

These properties have committed a tenant for lease term of six years with the first three years non-cancellable.



15. CAPITAL COMMITMENTS

The Group and the Company

	30 June	31 December
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Capital expenditure in respect of the acquisition of subsidiaries		
– Contracted for but not provided for in the financial statements	–	41,298

16. ACQUISITION OF SUBSIDIARIES

On 8 April 2008, Mega Top Capital Resources Limited, a wholly-owned subsidiary of the Company, entered into an agreement to acquire the entire issue share capital of Gold Coast Tourism Development Limited and the shareholder loan with a total consideration of RMB70,000,000. Details of this were set out in the circular of the Company dated 12 November 2008. The acquisition of Gold Coast was completed on 31 December 2008. As disclosed in the announcement dated 13 February 2009, on 11 February 2009, the Company was provided by the vendors with document evidencing that all previously outstanding taxes of the PRC subsidiary have been settled by the vendors. The Company therefore paid to the vendors the remaining portion of the initial consideration in the amount of HK\$19,305,295.95 on 12 February 2009. The completion documents held by the vendors' solicitors were delivered to the Company on 12 February 2009. The financial results of Gold Coast have been consolidated into the financial statements of the Group since 13 February 2009.



The net assets acquired in the transaction, and the goodwill arising are as follows:

	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Net assets acquired			
Property, plant and equipment	28,171	50,891	79,062
Amounts due to shareholders	(32,741)	-	(32,741)
Deferred tax liability	-	(12,723)	(12,723)
	<u>(4,570)</u>	<u>38,168</u>	<u>33,598</u>
Goodwill arising on acquisition			<u>12,959</u>
			46,557
Amounts due to shareholders acquired			<u>32,741</u>
			<u>79,298</u>
Satisfied by:			
Cash			67,970
Retained Consideration <i>(note)</i>			<u>11,328</u>
			<u>79,298</u>
Net cash outflow arising on acquisition:			
Cash consideration paid			<u>(67,970)</u>

Note: The remaining balance of RMB10,000,000 (equivalent to approximately HK\$11,328,000) which shall be payable to the Vendors within seven days after the PRC Subsidiary has obtained the State-owned Land Use Certificate (國有土地使用證) in respect of the Other Property with the assistance of the Vendors.



17. POST BALANCE SHEET EVENT

Subsequent to 30 June 2009, the Company's proposal in respect of (i) raising approximately HK\$168,664,000 by issuing 421,660,800 offer shares at the subscription price of HK\$0.4 per offer share by way of the Open Offer, (ii) application for whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligations on the part of Ms. Huang and her concert parties (the "Whitewash Waiver"), and (iii) the special deal under Rule 25 of the Takeovers Code in connection with the settlement of the indebtedness owed to Mr. Cheung Chung Leung Richard, an executive Director of the Company (the "Special Deal") were approved by independent shareholders at the extraordinary general meeting of the Company on 31 July 2009. The Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong has granted the Whitewash Waiver and its consent to the transaction contemplated under the Special Deal.



MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the period ended 30 June 2009, the Group recorded a turnover of approximately HK\$3,714,000, as compared with approximately HK\$7,425,000 of the previous period. During the period under review, turnover was mainly derived from its property development and investment business under a new tenancy agreement with a monthly rental income of approximately RMB1,083,333 since April 2009. For the same period last year, turnover was solely derived from its securities trading business. Loss attributable to the shareholders was HK\$2,516,000 for the period ended 30 June 2009, representing a decrease of 57% from a loss of \$5,822,000 in year 2008. The decrease in the loss for the period is mainly contributed by the rental income generated from its property development and investment business.

Administrative expenses remained stable at HK\$5,847,000 compared with HK\$5,761,000 for the same period in 2008. It mainly included legal and professional fees of HK\$2,438,000 in relation to several corporate finance activities undertaken by the Group during the period under review for the purpose of resumption of trading the Company's shares on the Stock Exchange of Hong Kong Limited.

BUSINESS REVIEW

Status on the Resumption Proposal

As disclosed in the announcement of the Company dated 22 January 2009, the Listing Committee of the Stock Exchange has allowed the Company to proceed with its resumption proposal (the "Resumption Proposal"), subject to prior compliance with the resumption conditions as disclosed in the announcement of the Company dated 22 January 2009 (the "Resumption Conditions") to the satisfaction of the Listing Division of the Stock Exchange on or before 15 September 2009. The Resumption Proposal contemplates the restructuring of the Group, mainly includes the acquisition of Gold Coast Tourism Development Limited ("Gold Coast") (the "Acquisition"), the open offer of the Company, the placing to be carried out by Ms. Huang to restore the public float, if required after the completion of the Open Offer, and the scheme of arrangement between the Company and its creditors (the "Scheme"), which will be replaced by a new scheme of arrangement between the Company and its creditors (the "New Scheme").



(a) *The Acquisition*

The Acquisition of Gold Coast was completed on 31 December 2008. The remaining portion of the initial consideration in the amount of HK\$19,305,295.95 was paid to the vendors on 12 February 2009 after the Company was provided with documents evidencing that all previously outstanding taxes of the PRC subsidiary of Gold Coast had been settled by the vendors. The financial results of Gold Coast have been consolidated into the financial statements of the Group since 13 February 2009. The Group has leased out the resort held by Gold Coast to an independent third party with a minimum monthly rental income of approximately RMB1,083,333 since April 2009 for an initial term of three years.

(b) *The New Scheme*

By an order of the Honourable Mr. Justice Barma of the High Court of Hong Kong dated 19 March 2009, the New Scheme was sanctioned by the High Court of Hong Kong. The New Scheme has been approved by the creditors of the Company and sanctioned by the High Court of Hong Kong. The New Scheme will replace the Scheme after a sealed copy of the order sanctioning the New Scheme is delivered to the Registrar of Companies in Hong Kong for registration. The Company expects to register the New Scheme shortly after the completion of the Open Offer.

(c) *The Open Offer*

The Company's proposal in respect of (i) raising approximately HK\$168,664,000 by issuing 421,660,800 offer shares at the subscription price of HK\$0.4 per offer share by way of the Open Offer, (ii) application for Whitewash Wavier pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligations on the part of Ms. Huang and her concert parties, and (iii) the Special Deal under Rule 25 of the Takeovers Code in connection with the settlement of the indebtedness owned to Mr. Cheung Chung Leung Richard, an executive Director of the Company were approved by independent shareholders at the extraordinary general meeting of the Company on 31 July 2009. The Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong has granted the Whitewash Wavier and its consent to the transaction contemplated under the Special Deal.



The Open Offer documents were dispatched to the shareholder of the Company on 31 July 2009.

Please refer to the announcements of the Company dated 22 January 2009, 27 May 2009 and 31 July 2009, the circular of the Company dated 14 July 2009 and the listing document of the Company dated 31 July 2009 for further details of the above matters.

Property Development and Investment Business

The Gold Coast Project

After the completion of Acquisition of Gold Coast, the Group has gradually adjusted its strategy to transforming the Company from a property investor into a property investor and/or property developer. Through the Gold Coast project, the Group has also engaged in the tourism property development business.

Gold Coast, through its wholly-owned PRC subsidiary, 海豐金麗灣度假村有限公司, owns a resort located in Baian Peninsula, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, the PRC. Following the Acquisition, the Group has renovated the existing 19 villa house and the ancillary facilities (the “Phase One Properties”), and has planned to further construct 66 single-storey villa house and ancillary facilities (the “Phase Two Properties”) and six-storey medium-rise hotel (the “Phase Three Properties”).

Pursuant to a tenancy agreement (the “Tenancy Agreement”) entered into between the Group and an independent third party, Hongkong Howard Group Investment Company Limited (the “Tenant”) on 10 October 2008, after completion of the Acquisition, the Tenant has leased the Phase One Properties for a fixed rental of RMB13 million per annum. The Phase Two Properties will be leased to the Tenant when they are completed for a fixed rental of RMB7 million per annum. The Phase Three Properties will be leased to the Tenant when they are completed for a fixed rental of RMB6 million per annum. The Tenancy Agreement is for a term of up to 6 years. Upon the expiry of the first three years, the Tenancy Agreement is renewable for a further fixed term of three years upon mutual agreement by the parties. A monthly rental income of approximately RMB1,083,333 for Phase One Properties has been received by the Group since April 2009.



The Jinan Property

The Jinan Property was written off in 2006. Legal action is still underway to apply for the recovery of the monies balance held by the PRC Court.

The Shanghai Property

The Shanghai Property was written off in 2007. Legal action is still underway to apply for the recovery of monies balance held by the PRC Court.

Securities Trading Business

During the period under review, the Group has no conducted securities trading activities due to the great uncertainties in the stock market as the global financial crisis continued to unfold.

Treasury and Investment Business

At 30 June 2009, the Directors conducted a review on the investments in (a) Hennabun Capital Group Limited, (b) Heze Century Energy Coalchem Industrial Co., Ltd., (c) Zhejiang Risesun Paper Co. Ltd, Wuhu Dongtai Paper Mfg. Co. Ltd. and (d) 澤潤投資諮詢(上海)有限公司 and believed that any retrieval or cash inflow from these investments are remote.

BUSINESS OUTLOOK

Trading in the Company's Shares has been suspended since 4 July 2006. As soon as practicable upon satisfaction of all the Resumption Conditions, trading in the shares will be resumed.



The Group was principally engaged in property investment, treasury and investment, securities trading. After the completion of acquisition of Gold Coast, the Group has gradually adjusted its strategy on property investment business and transformed the Company from a property investor into a property investor and/or developer. Apart from the transforming of the Company from a property investor into a property investor and/or developer, the Group intended to diversify into various other businesses, including property management, real estate agency, industrial manufacturing, trading, oil and gas related businesses, utility projects, telecommunications, IT and internet related projects, to complement its ongoing operations.

Upon successful re-capitalization, the Group will have adequate resources to continue with sustainable business operations. The professional expertise of the current board is capable to bring the Company back on profitable track once the trading in the Company's shares is resumed.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2009, bank balances and cash of the Group amounted to HK\$1,619,000 (31 December 2008: HK\$1,145,000). The Group's current assets amounted to HK\$3,098,000 comprised Other Receivables, Held for Trading Investments and Bank Balances and Cash. The Group's current liabilities was HK\$105,651,000 which mainly consisted of amounts due to the Company's substantial shareholders and executive directors, Ms. Huang and Mr. Richard Cheung. The amounts due to them were approximately HK\$85,401,000 and HK\$3,809,000 respectively. The Group's operations was principally financed by its shareholders. Apart from those shareholders loans, the Group has no borrowings from independent third parties during the period under review.

CAPITAL COMMITMENT

As at 30 June 2009, the Group had no capital commitment.



CHARGES ON ASSETS

As at 30 June 2009, the Group had not charged any of its assets.

EMPLOYEES

As at 30 June 2009, the Group employed 7 employees and the related staff cost amounted to HK\$1,250,000. Staff remuneration packages are reviewed annually. The Group does not maintain a share option scheme.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2009, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Name of Directors	Nature of interest/ Capacity	Number of shares held in long position	Approximate percentage of issued share
Ms. Huang Wenxi ("Ms. Huang")	Beneficial owner	206,973,800 (Note 1)	58.90% (Note 2)
	Interest of controlled corporation	308,766,000 (Note 2)	87.87% (Note 3)



Notes:

1. The 206,973,800 shares represent the aggregate of the 94,079,000 shares beneficially owned by Ms. Huang as at 30 June 2009 and 112,894,000 offer shares which she has undertaken to subscribe for under the underwriting agreement entered into between the Company and Brilliant China Group Limited dated 27 May 2009.
2. This is the maximum number of offer shares which Brilliant China Group Limited, a company wholly-owned by Ms. Huang, has agreed to underwrite in respect of the Open Offer.
3. The percentage shareholding in the Company is calculated on the basis of 351,384,000 shares in issue as at 30 June 2009.

Other than as disclosed above, neither the directors nor the chief executive, nor any of their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2009.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in the Shares

Name of Shareholders	Capacity	Number of shares/ adjusted shares	Approximate percentage of shareholding
Sun Bo	Interest of controlled corporation	98,000,000 <i>(Note 1)</i>	27.89% <i>(Note 3)</i>
Smartmax Holdings Limited	Beneficial owner	98,000,000 <i>(Note 1)</i>	27.89% <i>(Note 3)</i>
Brilliant China Group Limited	Beneficial owner	308,766,000 <i>(Note 2)</i>	87.87% <i>(Note 3)</i>



Notes:

- 1 As at 30 June 2009, Ms. Sun Bo held 90% of the issued share capital of Smartmax Holdings Limited and is therefore deemed to be interested in the 98,000,000 shares held by Smartmax Holdings Limited.
- 2 This is the maximum number of offer shares which Brilliant China Group Limited, as the underwriter of the Open Offer, has agreed to underwrite in the Open Offer.
- 3 The percentage shareholding in the Company is calculated on the basis of 351,384,000 shares in issue as at 30 June 2009.

Save as disclosed herein and disclosed above under the “Directors’ and Chief Executive’s Interests in Securities” section, the Company had not been notified of any person, other than a director or chief executive of the Company, having interests or short positions in the shares or underlying shares of the Company, which was recorded in the register required to be kept under section 336 of the SFO as at 30 June 2009.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the period under review.

CORPORATE GOVERNANCE

The Company has applied the principles and complied generally with the requirements of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rule”) of the Stock Exchange of Hong Kong Limited throughout the period for six months ended 30 June 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, they have confirmed that they have complied with the required standard set out in the Model Code throughout the period under review.



AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements as set out in Appendix 14 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three Independent Non-executive Directors of the Company. The Audit Committee has reviewed the Group's unaudited interim results for the period ended 30 June 2009.

By order of the board of directors
Beauforte Investors Corporation Limited
Cheung Chung Leung Richard
Executive Director

Hong Kong, 5 August 2009

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

Executive Directors	Ms. Huang Wenxi (<i>Chief Executive Officer</i>) Mr. Cheung Chung Leung Richard
Non-executive Directors	Mr. Huang Shih Tsai (<i>Chairman</i>) Ms. Chan I Siu, Fair
Independent non-executive Directors	Mr. Cheng Hong Kei Mr. Leung Kwan, Hermann Mr. Lum Pak Sum