



北京發展（香港）有限公司
BEIJING DEVELOPMENT (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 154)

**ANNOUNCEMENT OF SUMMARISED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

The board of directors (the “Board”) of Beijing Development (Hong Kong) Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2007, together with the comparative figures for the corresponding period in the previous year.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

| | | Six months ended | |
|--|--------------|-------------------------|--------------------|
| | | 30 June | |
| | | 2007 | 2006 |
| | | (Unaudited) | (Unaudited) |
| | <i>Notes</i> | HK\$'000 | HK\$'000 |
| | | | (Restated) |
| CONTINUING OPERATIONS: | | | |
| REVENUE | 3 | 97,084 | 44,460 |
| Cost of sales | | (80,604) | (27,656) |
| Gross profit | | 16,480 | 16,804 |
| Gain on deemed disposal of partial interest in a subsidiary | 4 | 69,083 | – |
| Gain on disposal of partial interest in an associate | 5 | 119,532 | – |
| Bank interest income | | 2,896 | 608 |
| Other income and gains, net | 3 | 1,528 | 7,820 |
| Selling and distribution costs | | (8,081) | (7,656) |
| Administrative expenses | | (49,983) | (40,868) |
| Other expenses | | (25,199) | – |
| Finance costs | 6 | (1,338) | (3,395) |
| Share of profits and losses of: | | | |
| Associates | | (662) | (270) |
| Jointly-controlled entities | | (11,836) | (922) |

| | | Six months ended | |
|---|--------------|-------------------------|-----------------|
| | | 30 June | |
| | | 2007 | 2006 |
| | | (Unaudited) | (Unaudited) |
| | <i>Notes</i> | HK\$'000 | <i>HK\$'000</i> |
| | | | (Restated) |
| PROFIT/(LOSS) BEFORE TAX | 7 | 112,420 | (27,879) |
| TAX | 8 | <u>(325)</u> | <u>(225)</u> |
| PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS | | 112,095 | (28,104) |
| DISCONTINUED OPERATION: | | | |
| Profit for the period from the discontinued operation | 9 | <u>16,251</u> | <u>4,874</u> |
| PROFIT/(LOSS) FOR THE PERIOD | | <u>128,346</u> | <u>(23,230)</u> |
| Attributable to: | | | |
| Equity holders of the Company: | | | |
| Continuing operations | | 121,838 | (19,872) |
| Discontinued operation | | <u>9,556</u> | <u>1,833</u> |
| | | 131,394 | (18,039) |
| Minority interests | | <u>(3,048)</u> | <u>(5,191)</u> |
| | | <u>128,346</u> | <u>(23,230)</u> |
| EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | 10 | | |
| Basic (HK cents) | | | |
| – For profit/(loss) for the period | | 20.90 | (3.65) |
| – For profit/(loss) from continuing operations | | 19.38 | (4.02) |
| Diluted (HK cents) | | | |
| – For profit for the period | | 20.76 | N/A |
| – For profit from continuing operations | | <u>19.25</u> | <u>N/A</u> |

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

| | | 30 June 2007 (Unaudited) <i>HK\$'000</i> | 31 December 2006 (Audited) <i>HK\$'000</i> |
|---|--------------|---|---|
| | <i>Notes</i> | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 9,624 | 68,858 |
| Investment properties | | 35,640 | 48,390 |
| Goodwill | | 105,497 | 140,964 |
| Other intangible assets | | 9,233 | 11,789 |
| Interests in associates | | 118,309 | 6,824 |
| Interests in jointly-controlled entities | | 55,579 | 67,520 |
| Available-for-sale investments | | – | 1,160 |
| Trade receivables | 11 | 6,285 | 7,756 |
| Other receivables | | – | 797 |
| Deferred tax assets | | 403 | 484 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 340,570 | 354,542 |
| | | <hr/> | <hr/> |
| CURRENT ASSETS | | | |
| Properties held for sale | | 44,108 | – |
| Inventories | | 24,924 | 65,687 |
| Amounts due from customers for contract works | | 26,873 | 12,717 |
| Trade and bills receivables | 11 | 89,221 | 161,369 |
| Other receivables, prepayments and deposits | | 135,671 | 128,621 |
| Pledged deposits | | 17,488 | 21,331 |
| Cash and bank balances | | 624,464 | 281,052 |
| | | <hr/> | <hr/> |
| Total current assets | | 962,749 | 670,777 |
| | | <hr/> | <hr/> |

| | | 30 June | 31 December |
|--|--------------|--------------------|-----------------|
| | | 2007 | 2006 |
| | | (Unaudited) | (Audited) |
| | <i>Notes</i> | HK\$'000 | HK\$'000 |
| CURRENT LIABILITIES | | | |
| Trade and bills payables | 12 | 87,233 | 96,191 |
| Amounts due to customers for contract works | | 27,621 | 15,998 |
| Tax payable | | 150 | 6,058 |
| Other payables and accruals | | 126,480 | 158,681 |
| Interest-bearing bank borrowings | | 53,960 | 76,928 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 295,444 | 353,856 |
| | | <hr/> | <hr/> |
| NET CURRENT ASSETS | | 667,305 | 316,921 |
| | | <hr/> | <hr/> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,007,875 | 671,463 |
| | | <hr/> | <hr/> |
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing bank borrowings | | – | 6,423 |
| | | <hr/> | <hr/> |
| Net assets | | 1,007,875 | 665,040 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| EQUITY | | | |
| Equity attributable to equity holders of the Company: | | | |
| Issued capital | 13 | 680,981 | 591,981 |
| Reserves | | 264,466 | (26,646) |
| | | <hr/> | <hr/> |
| | | 945,447 | 565,335 |
| | | <hr/> | <hr/> |
| Minority interests | | 62,428 | 99,705 |
| | | <hr/> | <hr/> |
| Total equity | | 1,007,875 | 665,040 |
| | | <hr/> <hr/> | <hr/> <hr/> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

Attributable to equity holders of the Company

| | Issued share capital (Unaudited) HK\$'000 | Share premium account (Unaudited) HK\$'000 | Share option reserve (Unaudited) HK\$'000 | Asset revaluation reserve (Unaudited) HK\$'000 | PRC reserve funds (Unaudited) HK\$'000 | Exchange fluctuation reserve (Unaudited) HK\$'000 | Retained profits/ losses (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 | Minority interests (Unaudited) HK\$'000 | Total equity (Unaudited) HK\$'000 |
|---|---|--|---|--|--|---|---|----------------------------------|--|--|
| At 1 January 2007 | 591,981 | 5,961* | 5,214* | 30,877* | 34,883* | 8,902* | (112,483)* | 565,335 | 99,705 | 665,040 |
| Exchange realignment | - | - | - | - | - | 550 | - | 550 | (58) | 492 |
| Total income and expense for the period recognized directly in equity | - | - | - | - | - | 550 | - | 550 | (58) | 492 |
| Profit/(Loss) for the period | - | - | - | - | - | - | 131,394 | 131,394 | (3,048) | 128,346 |
| Total income and expense for the period | - | - | - | - | - | 550 | 131,394 | 131,944 | (3,106) | 128,838 |
| Capital contribution from minority interests | - | - | - | - | - | - | - | - | 15,000 | 15,000 |
| Disposal of interest in a subsidiary | - | - | - | - | - | - | - | - | (15,180) | (15,180) |
| Deconsolidation of subsidiaries | - | - | - | - | - | - | - | - | (33,597) | (33,597) |
| Transfer to PRC reserve funds | - | - | - | - | 1,134 | - | (1,134) | - | - | - |
| Transfer to retained profits/(accumulated losses) | - | - | (4,083) | (461) | - | - | 4,544 | - | - | - |
| Dividends paid to minority shareholders | - | - | - | - | - | - | - | - | (394) | (394) |
| Issue of shares | 89,000 | 165,000 | - | - | - | - | - | 254,000 | - | 254,000 |
| Share issue expenses | - | (5,832) | - | - | - | - | - | (5,832) | - | (5,832) |
| At 30 June 2007 | <u>680,981</u> | <u>165,129*</u> | <u>1,131*</u> | <u>30,416*</u> | <u>36,017*</u> | <u>9,452*</u> | <u>22,321*</u> | <u>945,447</u> | <u>62,428</u> | <u>1,007,875</u> |
| At 1 January 2006 | 493,981 | - | - | 31,799 | 30,392 | 839 | (120,994) | 436,017 | 80,543 | 516,560 |
| Exchange realignment | - | - | - | - | - | (10) | - | (10) | (20) | (30) |
| Total income and expense for the period recognized directly in equity | - | - | - | - | - | (10) | - | (10) | (20) | (30) |
| Loss for the period | - | - | - | - | - | - | (18,039) | (18,039) | (5,191) | (23,230) |
| Total income and expense for the period | - | - | - | - | - | (10) | (18,039) | (18,049) | (5,211) | (23,260) |
| Transfer to PRC reserve funds | - | - | - | - | 1,236 | - | (1,236) | - | - | - |
| Transfer to retained profits/(accumulated losses) | - | - | - | (460) | - | - | 460 | - | - | - |
| Dividends paid to minority shareholders | - | - | - | - | - | - | - | - | (1,200) | (1,200) |
| At 30 June 2006 | <u>493,981</u> | <u>-</u> | <u>-</u> | <u>31,339</u> | <u>31,628</u> | <u>829</u> | <u>(139,809)</u> | <u>417,968</u> | <u>74,132</u> | <u>492,100</u> |

* These reserve accounts comprise the consolidated reserves of HK\$264,466,000 (31 December 2006: negative consolidated reserves of HK\$26,646,000) in the condensed consolidated balance sheet.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

| | Six months ended | |
|--|------------------|----------------|
| | 30 June | |
| | 2007 | 2006 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | (33,476) | 30,808 |
| NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES | 127,340 | (16,908) |
| NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES | 249,362 | (4,483) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 343,226 | 9,417 |
| Cash and cash equivalents at beginning of period | 281,052 | 138,765 |
| Effect of foreign exchange rate changes, net | 186 | (31) |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>624,464</u> | <u>148,151</u> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 624,464 | 160,841 |
| Bank overdrafts | – | (12,690) |
| | <u>624,464</u> | <u>148,151</u> |

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2007 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated financial statements are as the same as those used in the annual financial statements for the year ended 31 December 2006.

These condensed consolidated financial statements have not been audited, but have been reviewed by the Company’s audit committee.

2. Segment information

The Group’s operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group’s business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

The following tables present revenue and profit/(loss) for the Group’s business segments for the six months ended 30 June 2007 and 2006.

| | Six months ended 30 June 2007 | | | | | Consolidated (unaudited) HK\$’000 |
|---|--|---|---|----------------------------------|--|---|
| | CONTINUING OPERATIONS | | | Total (unaudited) HK\$’000 | DISCONTINUED OPERATION | |
| | Information technology (unaudited) HK\$’000 | Property investment (unaudited) HK\$’000 | Eliminations (unaudited) HK\$’000 | | Restaurants (unaudited) HK\$’000 | |
| SEGMENT REVENUE | | | | | | |
| Sales to external customers | 95,268 | 1,816 | – | 97,084 | 143,784 | 240,868 |
| Gain on deemed disposal of partial interest in a subsidiary | 69,083 | – | – | 69,083 | – | 69,083 |
| Gain on disposal of partial interest in an associate | 119,532 | – | – | 119,532 | – | 119,532 |
| Gain on disposal of the discontinued operation | – | – | – | – | 4,309 | 4,309 |
| Other income and gains, net | 1,528 | – | – | 1,528 | 430 | 1,958 |
| Total | 285,411 | 1,816 | – | 287,227 | 148,523 | 435,750 |
| SEGMENT RESULTS | 140,852 | (3,739) | | 137,113 | 17,094 | 154,207 |
| Bank interest income | | | | 2,896 | 16 | 2,912 |
| Unallocated corporate expenses, net | | | | (13,753) | – | (13,753) |
| Finance costs | | | | (1,338) | (250) | (1,588) |
| Share of profits and losses of: | | | | | | |
| Associates | (598) | (64) | – | (662) | – | (662) |
| Jointly-controlled entities | (11,836) | – | – | (11,836) | 1,105 | (10,731) |
| Profit before tax | | | | 112,420 | 17,965 | 130,385 |
| Tax | | | | (325) | (1,714) | (2,039) |
| Profit for the period | | | | 112,095 | 16,251 | 128,346 |

Six months ended 30 June 2006 (Restated)

| | CONTINUING OPERATIONS | | | DISCONTINUED | Consolidated | |
|--|---|--|--|--------------------------------|----------------|---|
| | Information technology (unaudited) <i>HK\$'000</i> | Property investment (unaudited) <i>HK\$'000</i> | Eliminations (unaudited) <i>HK\$'000</i> | Total | | Restaurants (unaudited) <i>HK\$'000</i> |
| | | | | (unaudited) <i>HK\$'000</i> | | |
| SEGMENT REVENUE | | | | | | |
| Sales to external customers | 43,491 | 969 | – | 44,460 | 132,290 | 176,750 |
| Intersegment sales | – | 225 | (225) | – | – | – |
| Other income and gains, net | 7,789 | – | – | 7,789 | 308 | 8,097 |
| Total | 51,280 | 1,194 | (225) | 52,249 | 132,598 | 184,847 |
| SEGMENT RESULTS | (16,661) | (240) | | (16,901) | 7,380 | (9,521) |
| Bank interest income | | | | 608 | 27 | 635 |
| Unallocated corporate expenses, net | | | | (6,999) | – | (6,999) |
| Finance costs | | | | (3,395) | (811) | (4,206) |
| Share of profits and losses of: | | | | | | |
| Associates | (155) | (115) | – | (270) | – | (270) |
| Jointly-controlled entities | (922) | – | – | (922) | – | (922) |
| Profit/(Loss) before tax | | | | (27,879) | 6,596 | (21,283) |
| Tax | | | | (225) | (1,722) | (1,947) |
| Profit/(Loss) for the period | | | | (28,104) | 4,874 | (23,230) |

3. Revenue, other income and gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; an appropriate proportion of contract revenue of construction contracts; the value of services rendered; gross rental income; and receipts from restaurant operations.

An analysis of revenue, other income and gains is as follows:

| | Six months ended | |
|---|-------------------------|-------------|
| | 30 June | |
| | 2007 | 2006 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| Revenue | | |
| Construction contracts | 67,150 | 21,401 |
| Rendering of services | 28,118 | 22,090 |
| Gross rental income | 1,816 | 969 |
| Receipts from restaurant operations | 143,784 | 132,290 |
| | 240,868 | 176,750 |
| | 240,868 | 176,750 |
| Attributable to: | | |
| Continuing operations reported in the condensed consolidated income statement | 97,084 | 44,460 |
| Discontinued operation – <i>note 9 (a)</i> | 143,784 | 132,290 |
| | 240,868 | 176,750 |
| | 240,868 | 176,750 |
| Other income and gains, net | | |
| Imputed interest on interest-free trade and other receivables | 351 | 6,473 |
| PRC and overseas tax subsidies | 1,320 | 1,313 |
| Others | 287 | 342 |
| | 1,958 | 8,128 |
| | 1,958 | 8,128 |
| Attributable to: | | |
| Continuing operations reported in the condensed consolidated income statement | 1,528 | 7,820 |
| Discontinued operation – <i>note 9 (a)</i> | 430 | 308 |
| | 1,958 | 8,128 |
| | 1,958 | 8,128 |

4. Gain on deemed disposal of partial interest in a subsidiary

The gain on deemed disposal of partial interest in a subsidiary of HK\$69,083,000 recognised during the six months ended 30 June 2007 arose from the dilution of the Group's effective equity interest in Xteam Software International Limited ("Xteam"), a then indirectly held subsidiary of the Company, from 55.05% to 45.43% upon (i) the issuance of 300,000,000 and 468,000,000 new ordinary shares by Xteam in February 2007 and May 2007, respectively; and (ii) the exercise of share options of Xteam by certain option holders in exchange for 46,300,000 ordinary shares of Xteam.

Xteam ceased to be a subsidiary of the Company and became an associate of the Company in May 2007, at which time the Group deconsolidated Xteam and its subsidiaries.

The major classes of assets and liabilities of the deconsolidated subsidiaries are as follows:

| | (Unaudited) HK\$'000 |
|---|---------------------------------------|
| Net assets deconsolidated: | |
| Property, plant and equipment | 5,506 |
| Goodwill | 31,119 |
| Other intangible assets | 1,084 |
| Inventories | 3,449 |
| Trade receivables | 42,918 |
| Other receivables, prepayments and deposits | 10,338 |
| Cash and bank balances | 39,986 |
| Trade payables | (7,579) |
| Tax payable | (1,121) |
| Other payables and accruals | (4,821) |
| Minority interests | (49,357) |
| | <hr/> |
| Reclassification to interests in associates from interests in subsidiaries | 71,522 |
| | <hr/> <hr/> |

5. Gain on disposal of partial interest in an associate

The gain on disposal of partial interest in an associate of HK\$119,532,000 recognised during the six months ended 30 June 2007 arose from the disposal by the Group of 220,000,000 ordinary shares of Xteam in June 2007 for a cash consideration of HK\$136,400,000.

6. Finance costs

| | Six months ended | |
|---|-------------------------|--------------|
| | 30 June | |
| | 2007 | 2006 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Interest on bank borrowings and overdrafts | 1,588 | 3,206 |
| Interest on loan from an intermediate holding company | – | 1,000 |
| | <u>1,588</u> | <u>4,206</u> |
| Attributable to: | | |
| Continuing operations reported in the condensed consolidated income statement | 1,338 | 3,395 |
| Discontinued operation – note 9 (a) | 250 | 811 |
| | <u>1,588</u> | <u>4,206</u> |

7. Profit/(loss) before tax

The Group's profit/(loss) before tax (including those attributable to discontinued operation) is arrived at after charging:

| | Six months ended | |
|---|-------------------------|-------------|
| | 30 June | |
| | 2007 | 2006 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Depreciation | 5,605 | 5,498 |
| Amortisation of other intangible assets * | 1,490 | 1,178 |
| Impairment of available-for-sale investments @ | 1,160 | 47 |
| Impairment of trade and other receivables @ | 19,874 | – |
| Provision against an amount due from an associate @ | 4,146 | – |
| Impairment provision of inventories * | 1,696 | – |
| | <u>1,696</u> | <u>–</u> |

* These amounts are included in “Cost of sales” on the face of the condensed consolidated income statement.

@ These amounts are included in “Other expenses” on the face of the condensed consolidated income statement.

8. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2007. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

In accordance with the relevant tax rules and regulations of the PRC, certain of the Company's PRC subsidiaries, associates and jointly-controlled entities enjoy income tax exemptions and reductions. Certain PRC subsidiaries, associates and jointly-controlled entities are subject to income tax rates ranging from 7.5% to 33%.

| | Six months ended | |
|---|-------------------------|--------------|
| | 30 June | |
| | 2007 | 2006 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Current – Hong Kong | | |
| Charge for the period | 51 | 150 |
| Current – Elsewhere | | |
| Charge for the period | 1,825 | 1,817 |
| Under/(over) provision in prior periods | 83 | (20) |
| Deferred | 80 | – |
| | <hr/> | <hr/> |
| Total tax charge for the period | <u>2,039</u> | <u>1,947</u> |
| Attributable to: | | |
| Continuing operations reported in the condensed consolidated income statement | 325 | 225 |
| Discontinued operation – <i>note 9 (a)</i> | 1,714 | 1,722 |
| | <hr/> | <hr/> |
| | <u>2,039</u> | <u>1,947</u> |

The share of tax attributable to a jointly-controlled entity for the six months ended 30 June 2006 amounted to HK\$1,000 is included in “Share of profits and losses of jointly-controlled entities” on the face of the condensed consolidated income statement.

9. Discontinued operation

Pursuant to a conditional sale and purchase agreement entered into between the Company and Charterwood Limited dated 11 May 2007, the Company disposed its entire 51% equity interest in BD Ah Yat Abalone Group Limited (“BD Ah Yat”) for a cash consideration of HK\$25,300,000 (the “Disposal”). Approval from the independent shareholders of the Company regarding the Disposal was obtained on 20 June 2007 and the share transfer was completed on 22 June 2007.

50% of the consideration, being HK\$12,650,000, was settled on 22 June 2007 while the remaining balance of HK\$12,650,000 was due for settlement on or before 30 June 2008. Pursuant to a deed of charge and assignment entered into between the Company and Charterwood Limited, Charterwood Limited has charged and assigned to the Company the 25.5% of the entire issued share capital of BD Ah Yat as a security for the due and punctual payment of the remaining consideration from Charterwood Limited to the Company.

The Group’s restaurant operation was solely undertaken by BD Ah Yat. Accordingly, the restaurant operation of the Group was discontinued upon the completion of the Disposal.

- (a) The results of the discontinued operation dealt with in the condensed consolidated financial statements for the six months ended 30 June 2007 and 2006 are summarised as follows:

| | | Six months ended | |
|--|--------------|-------------------------|-----------------|
| | | 30 June | |
| | | 2007 | 2006 |
| | | (Unaudited) | (Unaudited) |
| | <i>Notes</i> | HK\$’000 | <i>HK\$’000</i> |
| | | | (Restated) |
| Revenue | 3 | 143,784 | 132,290 |
| Cost of sales | | (65,890) | (59,874) |
| Gross profit | | 77,894 | 72,416 |
| Bank interest income | | 16 | 27 |
| Other income and gains, net | 3 | 430 | 308 |
| Selling and distribution costs | | (64,482) | (64,581) |
| Administrative expenses | | (1,057) | (763) |
| Finance costs | 6 | (250) | (811) |
| Share of profits and losses of jointly-controlled entities | | 1,105 | – |
| Profit before tax of the discontinued operation | | 13,656 | 6,596 |
| Gain on disposal of the discontinued operation | 9(b) | 4,309 | – |
| Profit before tax from the discontinued operation | | 17,965 | 6,596 |
| Tax | 8 | (1,714) | (1,722) |
| Profit for the period from the discontinued operation | | 16,251 | 4,874 |

(b) The major classes of assets and liabilities of the discontinued operation are as follow:

| | (Unaudited) |
|--|----------------------|
| | HK\$'000 |
| Net assets disposed of: | |
| Property, plant and equipment | 19,239 |
| Goodwill | 1,545 |
| Interests in jointly-controlled entities | 1,210 |
| Inventories | 53,245 |
| Trade receivables | 7,385 |
| Other receivables, prepayments and deposits | 19,788 |
| Pledged deposits | 522 |
| Cash and bank balances | 10,135 |
| Trade payables | (18,047) |
| Tax payable | (2,711) |
| Other payables and accruals | (38,505) |
| Interest-bearing bank borrowings | (16,626) |
| Minority interests | (15,180) |
| | <hr/> |
| | 22,000 |
| Exchange fluctuation reserve realised | (1,309) |
| Costs associated with the disposal | 300 |
| Gain on disposal of the discontinued operation – <i>note 9 (a)</i> | 4,309 |
| | <hr/> |
| Satisfied by cash consideration | <u><u>25,300</u></u> |

- (c) The net cash flows of the discontinued operation dealt with in the condensed consolidated financial statements for the six months ended 30 June 2007 and 2006 are as follows:

| | Six months ended | |
|---|-------------------------|-----------------------|
| | 30 June | |
| | 2007 | 2006 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| Net cash inflow from operating activities | 18,972 | 7,387 |
| Net cash outflow from investing activities | (577) | (6,814) |
| Net cash outflow from financing activities | (18,555) | (2,131) |
| Net cash outflow attributed to the discontinued operation | <u>(160)</u> | <u>(1,558)</u> |

- (d) Earnings per share from the discontinued operation

| | Six months ended | |
|---|-------------------------|--------------------|
| | 30 June | |
| | 2007 | 2006 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| Basic from the discontinued operation | <u>1.52</u> | <u>0.37</u> |
| Diluted from the discontinued operation | <u>1.51</u> | <u>N/A</u> |

The calculation of basic and diluted earnings per share amounts from the discontinued operation is based on:

| | Six months ended | |
|---|---------------------------|--------------------|
| | 30 June | |
| | 2007 | 2006 |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| Profit for the period attributable to ordinary equity holders of the Company from the discontinued operation | HK\$ 9,556,000 | HK\$1,833,000 |
| Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation - <i>note 10</i> | <u>628,794,962</u> | <u>493,981,150</u> |
| Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation - <i>note 10</i> | <u>632,958,980</u> | <u>N/A</u> |

10. Earnings/(loss) per share attributable to ordinary equity holders of the Company

The calculation of basic earnings/(loss) per share amounts for the six months ended 30 June 2007 and 2006 is based on the profit/(loss) for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the periods.

The calculation of diluted earnings per share amount for the six months ended 30 June 2007 is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares assumed to have been issued at nil consideration on the deemed exercise of all share options of the Company into ordinary shares.

A diluted loss per share amount for the six months ended 30 June 2006 had not been disclosed as the share options outstanding during that period had an anti-dilutive effect on the basic loss per share for that period.

The calculation of the basic and diluted earnings/(loss) per share amounts is based on the following data:

| | Six months ended | |
|---|---------------------------|---------------------------|
| | 30 June | |
| | 2007 | 2006 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| Earnings: | | |
| Profit/(loss) for the period attributable to ordinary equity holders of the Company used in the basic and diluted earnings/(loss) per share calculation | | |
| From continuing operations | 121,838 | (19,872) |
| From discontinued operation – <i>note 9 (d)</i> | 9,556 | 1,833 |
| | 131,394 | (18,039) |
| | <u>131,394</u> | <u>(18,039)</u> |
| Number of ordinary shares: | | |
| Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation – <i>note 9 (d)</i> | 628,794,962 | <u>493,981,150</u> |
| Effect of dilution of share options – weighted average number of ordinary shares | 4,164,018 | |
| Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation – <i>note 9 (d)</i> | <u>632,958,980</u> | |

11. Trade and bills receivables

The various Group companies have different credit policies, depending on the requirements of their markets in which they operate and the businesses they engage in. Certain customers are allowed to settle the construction contract sum by three annual instalments. An aged analysis of trade receivables is regularly prepared and closely monitored in order to minimise any related credit risk. Trade and bills receivables are non-interest-bearing.

An aged analysis of the Group's trade and bills receivables as at the balance sheet date, based on the payment due date and net of impairment, is as follows:

| | 30 June | 31 December |
|--------------------------------------|--------------------|-------------|
| | 2007 | 2006 |
| | (Unaudited) | (Audited) |
| | HK\$'000 | HK\$'000 |
| Current and within 3 months | 86,657 | 137,094 |
| 4 to 6 months | 1,698 | 1,346 |
| 7 to 12 months | 4,003 | 14,369 |
| Over 1 year | 3,148 | 16,316 |
| | 95,506 | 169,125 |
| Portion classified as current assets | (89,221) | (161,369) |
| Long term portion | 6,285 | 7,756 |

12. Trade and bills payables

The trade payables are non-interest-bearing and normally settled on 30 to 90 days.

An aged analysis of the Group's trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

| | 30 June | 31 December |
|-----------------|--------------------|---------------|
| | 2007 | 2006 |
| | (Unaudited) | (Audited) |
| | HK\$'000 | HK\$'000 |
| Within 3 months | 40,906 | 74,992 |
| 4 to 6 months | 33,807 | 4,542 |
| 7 to 12 months | 6,644 | 3,026 |
| Over 1 year | 5,876 | 13,631 |
| | 87,233 | 96,191 |

13. Share capital

| | 30 June 2007 (Unaudited) HK\$'000 | 31 December 2006 (Audited) HK\$'000 |
|--|--|--|
| <i>Authorised:</i> | | |
| 1,000,000,000 ordinary shares of HK\$1 each | <u>1,000,000</u> | <u>1,000,000</u> |
| <i>Issued and fully paid:</i> | | |
| 680,981,150 (31 December 2006: 591,981,150) ordinary shares of HK\$1 each | <u>680,981</u> | <u>591,981</u> |

Pursuant to the placing and subscription agreement dated 11 June 2007, 50,000,000 ordinary shares of the Company were allotted at HK\$4.3 each to its shareholders for a total cash consideration, before expenses, of HK\$215,000,000.

During the six months ended 30 June 2007, 39,000,000 ordinary shares of the Company were allotted at HK\$1 each upon the exercise of the share options of the Company for a total cash consideration, before expenses, of HK\$39,000,000.

A summary of the transactions during the six months ended 30 June 2007 with reference to the above movement in the Company's issued ordinary share capital is as follows:

| | Number of shares in issue | Issued share capital HK\$'000 | Share premium account HK\$'000 | Total HK\$'000 |
|-------------------------|--|--|---|---------------------------|
| At 1 January 2007 | 591,981,150 | 591,981 | 5,961 | 597,942 |
| Allotment of new shares | 89,000,000 | 89,000 | 165,000 | 254,000 |
| Share issue expenses | – | – | (5,832) | (5,832) |
| At 30 June 2007 | <u>680,981,150</u> | <u>680,981</u> | <u>165,129</u> | <u>846,110</u> |

Subsequent to the balance sheet date, 500,000 ordinary shares of the Company were allotted at HK\$1 each upon the exercise of the share options of the Company by a director of the Company in August 2007.

14. Events after the balance sheet date

Subsequent to the balance sheet date, the following significant events occurred:

- (a) On 29 May 2007, Proud Stars Limited, a wholly-owned subsidiary of Xteam, which is an associate of the Company, entered into an agreement with Mr. Li Kecheng for the acquisition of the entire issued share capital of Full Trump International Limited from Mr. Li Kecheng for an aggregated total consideration of HK\$500,000,000 (the "Acquisition"). The consideration has been satisfied by way of issue of (i) 1,560,000,000 new ordinary shares of Xteam and (ii) convertible bonds in the aggregate principal amount of HK\$200,246,000.

Approval from the shareholders of Xteam regarding the Acquisition was obtained on 28 August 2007. The Acquisition was completed in September 2007 and the Group's equity interests in Xteam has been diluted from 40.56% to 30.41% immediately after the completion.

- (b) On 5 July 2007, Beijing Singapore Investments Pte. Ltd. ("BSI"), a 90% owned subsidiary of the Company, entered into a sale and purchase agreement and pursuant to which BSI disposed its investment property in Singapore, with a net carrying value of HK\$12,750,000 at the balance sheet date, for a cash consideration of HK\$12,750,000. The transaction was completed in August 2007.
- (c) On 10 September 2007, the Company entered into a sale and purchase agreement and pursuant to which the Company shall dispose its industrial property in Hong Kong, with a net book value of HK\$31,358,000, for a cash consideration of HK\$32,000,000. The completion shall take place by the end of October 2007.

15. Comparative amounts

Owing to the disposal of the Group's interests in BD Ah Yat during the six months ended 30 June 2007, the Group's restaurant operation was discontinued. Accordingly, certain comparative amounts for the condensed consolidated income statement have been restated to conform to the current period's presentation. In addition, certain comparative amounts have been reclassified to conform to the current period's presentation.

INTERIM DIVIDEND

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Company identified the construction, operation and maintenance of electronic settlement and clearance platform for urban infrastructure and public utilities as its core business. In order to optimise and streamline its organisational structure, the Company had started to gradually dispose of its non-core operations. The sale of its restaurant business was completed in the first half of the year at a consideration of HK\$25.3 million. It had also committed to reduce the Group's property holdings and realise HK\$40 million cash in the second half year. Satisfactory progress was primarily made in the restructuring of the Company's resources and the rationalisation of its businesses.

Smart Card

Under the strong support of the Beijing Municipal Government, Smart Cards officially replaced the paper monthly tickets since 1 January 2007. With the introduction of the 60% discount offer on Smart Cards usage, a total of more than 12.9 million Cards (excluding 1.4 million Student Cards) were issued up to the present. Smart Cards are used in public transportation including Beijing subway, public buses and taxis, with over 10 million transactions registered each day. It is anticipated that the number of Cards issued and transaction volume will grow further upon the commencement of the operation of Automated Fare Collection and Clearing Center ("ACC") and Automated Fare Collection ("AFC") System for the subway next year. Application of Smart Cards has also been expanded to cover small payment sectors such as the drive-through tolling stations of Beijing highways, residential estates/school campuses, tourist attractions, cinemas, car parks, fast-food stores and telephone booths.

Rail Transportation

The ACC had passed its system test and was ready for the trial run of Beijing Subway. The delivery of general equipment and software of the AFC System for Lines 1 and 2 and the Batong Line were completed, and the in-house examination of the customised equipment such as ticket vending and verification machines was finalised. The trial operation, installation and design of the safety door system for Lines 5, 10 and 4 had commenced respectively, as well as for the Building Automation System ("BAS") for Lines 5 and 1.

Communications Platform for the Subway

The Company established a joint venture, Beijing Subway Information Development Co., Ltd., with Beijing Subway Operation Company Limited to build Beijing Subway's Public Communications Information System Platform. Systems for Lines 1 and 2 would commence operation before the opening of 2008 Olympics, providing public signaling inflow services for all kinds of information operators and value-added service suppliers. Passengers would have access to these value-added services such as audio, graphic, data and multimedia broadcast and mobile data application.

Xteam

The Company recorded capital gain of HK\$189 million from the capital restructuring conducted by Xteam in the first half of the year. Upon completion of the acquisition of the Run Tong Group by Xteam in September 2007, the Company's equity interests in Xteam was further diluted to 30.4%. The substantial profit to be generated by the Run Tong Group, coupled with the clarification of Xteam's operational focus and business model, as well as the diversification of market channels, higher investment return would be created for the Company.

Prospects

As Beijing's public transportation system is gradually enhanced and the network of subway being expanded, Smart Cards will become more popular, providing a favourable environment for the development of its small payment business. The Company will strengthen its controlling rights over Smart Cards, strive for business turnaround after concluding certain business deals. It will also seek to achieve a rapid breakthrough in the small payment sector.

Leveraging on our successful experience and progress, the Company will further focus on the development of its core businesses and market expansion for securing its revenue base. The Company is committed to making contribution to its shareholders and the society through maximising shareholder's value and achieving outstanding performance.

Financial Review

The Group's equity interest in BD Ah Yat was disposed in June 2007, and the Group's restaurant operation was discontinued accordingly.

Consolidated revenue of the Group's continuing operations for the six months ended 30 June 2007 was HK\$97 million, increased by 120% comparing to the corresponding period last year of HK\$44 million. The growth was mainly driven by the revenue of IT projects from the railway transportation sector.

The placing of 768 million new shares by Xteam and the exercise of certain share options of Xteam by its share option holders during the period under review gave rise to an exceptional gain of HK\$69 million to the Group through the dilution of its effective equity interest in Xteam. Xteam ceased to be a subsidiary of the Company and became an associate of the Company in May 2007, at which time the Group deconsolidated Xteam and its subsidiaries. In June 2007, the Group further disposed 220 million shares of Xteam and derived an exceptional gain of HK\$120 million. On the other side, the Group made a one-off provision of HK\$25 million for other investments and receivables.

After offsetting the above exceptional items, the operating and investment losses for the period of HK\$40 million and HK\$12 million, respectively, net profit for the period from continuing operations and discontinued operation amounted to HK\$112 million and HK\$16 million (included a gain on disposal of BD Ah Yat of HK\$4 million), respectively. In conclusion of the above, the Group had a total net profit attributable to equity holders of the Company of HK\$131 million, which represented a turnaround from loss of HK\$18 million to profit as compared with the corresponding period last year.

The board of directors does not recommend the payment of an interim dividend for the period.

Financial Position

As at 30 June 2007, the Company has a total of 680,981,150 shares in issue. Total assets and total liabilities amounted to HK\$1,303 million and HK\$295 million, respectively. Shareholders' equity increased by HK\$380 million to HK\$945 million, was mainly due to the issuance of 50 million new shares of the Company at HK\$4.3 each in cash, the gain on Xteam's capital restructuring, and the exercise of certain share options of the Company during the period.

| | 30 June 2007 | 31 December 2006 |
|-----------------------|--------------------------|---------------------|
| Gearing ratio: | 5.4% | 12.5% |
| – Bank borrowings | HK\$54 million | HK\$83 million |
| – Total equity | HK\$1,008 million | HK\$665 million |
| Current ratio: | 326% | 190% |
| – Current assets | HK\$963 million | HK\$671 million |
| – Current liabilities | HK\$295 million | HK\$354 million |

As compared with that as at 31 December 2006, cash and bank deposits held by the Group as at 30 June 2007 increased by HK\$340 million to HK\$642 million, of which approximately 75% and 25% were denominated in Hong Kong dollars and Renminbi, respectively. The Group's current assets and current liabilities are mainly denominated in Renminbi. Due to the gradual and steady appreciation in Renminbi against Hong Kong dollars, the Group will record exchange gains when consolidating the net assets of subsidiaries.

As at 30 June 2007, Renminbi denominated bank loan was equivalent to HK\$50 million, which is unsecured, with fixed interest rate of approximately 5.5% per annum and repayment term less than one year, while the remaining Singaporean dollars denominated and secured bank loan of HK\$4 million has been fully settled in August 2007.

Capital expenditure and contingent liabilities

During the first half of the year of 2007, the Group incurred capital expenditure of HK\$4 million. As at 30 June 2007, the Group have share of a jointly-controlled entity's capital commitments amounted to HK\$16 million, and did not have any material contingent liabilities.

Employees

As at 30 June 2007, approximately 400 full-time employees (31 December 2006: 475) were employed by the Group's continuing operations. Salaries of the employees are maintained at competitive levels with share options and bonuses granted based on individual and business performance.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2006.

CORPORATE GOVERNANCE

Corporate governance practices

The Company is committed to ensuring high standard of corporate governance and establishing a formal and transparent procedure to protect and maximise the interests of shareholders. In the opinion of the directors, the Company complied with the code provisions (the "Code Provisions") as set out in Appendix 14 "Code of Corporate Governance Practices" to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the period under review, except Code Provisions A.1.1 and A.4.1.

- (1) Code Provision A.1.1 stipulates members of the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals and such regular board meetings will normally involve the active participation, either in person or through other electronic means of communication. However, the Company considers it is more efficient to hold board meetings to address emerging issues as appropriate.
- (2) Code Provision A.4.1 stipulates non-executive directors should be appointed for a specific term, subject to re-election. However, none of the existing non-executive directors of the Company is appointed for a specific term. All of the non-executive directors are subject to retirement by rotation in accordance with the Company's Articles of Association.

As such, the Company considers that sufficient measures are in place to ensure that the corporate governance practices of the Company are no less exacting than those of the Code Provisions.

Directors' securities transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules to govern securities transactions by the directors. After having made specific enquiry of all directors, all directors have complied with the required standard set out in the Model Code and its code of conduct throughout the period under review.

Audit committee

The audit committee of the Company was established in compliance with rule 3.21 of the Listing Rules. The role and function of the audit committee include supervising the accounting and financial reporting procedure and auditing the financial statements of the Group, examining and monitoring the internal control system adopted by the Group and reviewing the relevant work of the Group's external auditors. Members of the audit committee include three independent non-executive directors, Mr. Cao Guixing (chairman of the audit committee), Prof. Liu Wei and Dr. Jin Lizuo.

The audit committee has reviewed the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2007.

Remuneration committee

The remuneration committee of the Company was established in accordance with the Code Provisions. The role and function of the remuneration committee include the determination of the specific remuneration packages of all executive directors, including benefits in kind, pension rights and compensation payments, any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors. Members of the remuneration committee include the executive chairman of the Company, Mr. Zhang Honghai, and three independent non-executive directors, Mr. Cao Guixing, Prof. Liu Wei and Dr. Jin Lizuo (chairman of the remuneration committee).

Internal control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The Board will conduct regular review regarding internal control systems of the Group. The Company convened meeting periodically to discuss financial, operational and risk management control. During the period under review, the Board has reviewed the operational and financial reports, budgets and business plans provided by the management.

PUBLICATION OF FINANCIAL INFORMATION

The Company's 2007 interim report containing all the relevant information required by the Listing Rules will be published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.bdhk.com.hk>) in due course.

APPRECIATION

On behalf of the Board, I would like to express my sincere thanks to all shareholders and business partners of the Group for their continuous support, and to all employees of the Group for their valuable contribution.

By Order of the Board
ZHANG HONGHAI
Chairman

Hong Kong, 18 September 2007

As at the date of this announcement, the Board comprises Mr. Zhang Honghai (Chairman), Mr. Li Kangying, Mr. E Meng, Mr. Wang Yong, Mr. Cao Wei, Dr. Yu Xiaoyang and Mr. Ng Kong Fat, Brian, as executive directors and Mr. Cao Guixing, Prof. Liu Wei and Dr. Jin Lizuo, as independent non-executive directors.