



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 2008**

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 2008, together with comparative figures for the corresponding period last year as follows:–

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

		Six months ended	
		30 June	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
CONTINUING OPERATIONS:			
REVENUE	3	159,061	97,084
Cost of sales		<u>(155,740)</u>	<u>(80,604)</u>
Gross profit		3,321	16,480
Gains on deemed disposal of a partial interest in a subsidiary	4	–	69,083
Gain on disposal of a partial interest in an associate	5	–	119,532
Loss on deemed disposal of a partial interest in an associate	6	(2,778)	–
Other income and gains	3	9,455	4,424
Selling and distribution costs		(6,638)	(8,081)
Administrative expenses		(56,021)	(49,983)
Other expenses, net		424	(25,199)
Finance costs	7	–	(1,338)
Share of profits and losses of:			
Jointly-controlled entities		(861)	(11,836)
Associates		<u>1,151</u>	<u>(662)</u>
PROFIT/(LOSS) BEFORE TAX	8	(51,947)	112,420
TAX	9	<u>(538)</u>	<u>(325)</u>

		Six months ended	
		30 June	
		2008	2007
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		(52,485)	112,095
DISCONTINUED OPERATION:			
Profit for the period from the discontinued operation	<i>10</i>	<u>–</u>	<u>16,251</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>(52,485)</u>	<u>128,346</u>
Attributable to:			
Shareholders of the Company:			
Continuing operations		(47,939)	121,838
Discontinued operation		<u>–</u>	<u>9,556</u>
		(47,939)	131,394
Minority interests		<u>(4,546)</u>	<u>(3,048)</u>
		<u>(52,485)</u>	<u>128,346</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	<i>11</i>		
Basic (HK cents)			
– For profit/(loss) for the period		(7.01)	20.90
– For profit/(loss) from continuing operations		(7.01)	19.38
Diluted (HK cents)			
– For profit for the period		N/A	20.76
– For profit from continuing operations		<u>N/A</u>	<u>19.25</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

		30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		8,013	8,149
Investment properties		42,180	42,180
Goodwill		68,625	68,625
Other intangible assets		7,765	8,546
Interests in jointly-controlled entities		29,372	29,888
Interests in associates		395,154	384,712
Trade and bills receivables	<i>12</i>	32,901	16,555
Deferred tax assets		1,847	704
Total non-current assets		585,857	559,359
CURRENT ASSETS			
Inventories		32,850	34,726
Amounts due from customers for contract work		51,360	29,880
Trade and bills receivables	<i>12</i>	90,935	95,522
Prepayments, deposits and other receivables		97,546	91,595
Pledged deposits		4,470	9,890
Cash and cash equivalents		600,717	718,373
Total current assets		877,878	979,986
CURRENT LIABILITIES			
Trade and bills payables	<i>13</i>	140,690	215,598
Amounts due to customers for contract work		13,922	15,487
Tax payable		1,183	1,992
Other payables and accruals		129,593	84,892
Total current liabilities		285,388	317,969
NET CURRENT ASSETS		592,490	662,017
Net assets		1,178,347	1,221,376
EQUITY			
Equity attributable to shareholders of the Company:			
Issued capital	<i>14</i>	687,181	681,481
Reserves		444,635	436,134
Proposed final dividend		–	54,702
Minority interests		46,531	49,059
Total equity		1,178,347	1,221,376

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Attributable to shareholders of the Company																						
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Property revaluation reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	PRC reserve funds (Unaudited) HK\$'000	Retained profits/ (accumulated losses) (Unaudited) HK\$'000	Proposed final dividend (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Minority interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000											
At 1 January 2008	681,481	169,280*	14,858*	335,500*	-	24,269*	40,619*	(148,392)*	54,702	1,172,317	49,059	1,221,376											
Exchange realignment	-	-	-	-	-	12,016	-	-	-	12,016	313	12,329											
Total income and expense for the period recognised directly in equity	-	-	-	-	-	12,016	-	-	-	12,016	313	12,329											
Loss for the period	-	-	-	-	-	-	-	(47,939)	-	(47,939)	(4,546)	(52,485)											
Total income and expense for the period	-	-	-	-	-	12,016	-	(47,939)	-	(35,923)	(4,233)	(40,156)											
Deemed disposal of a partial interest in an associate	-	-	-	6,716	-	5,196	-	-	-	11,912	-	11,912											
Exercise of share options	5,700	1,039	(1,039)	-	-	-	-	-	-	5,700	-	5,700											
Capital contributions from minority shareholders	-	-	-	-	-	-	-	-	-	-	1,705	1,705											
Equity-settled share option arrangements	-	-	32,784	-	-	-	-	-	-	32,784	-	32,784											
Transfer to PRC reserve funds	-	-	-	-	-	-	599	(599)	-	-	-	-											
2007 final dividend approved and paid	-	-	-	-	-	-	-	(272)	(54,702)	(54,974)	-	(54,974)											
At 30 June 2008	<u>687,181</u>	<u>170,319*</u>	<u>46,603*</u>	<u>342,216*</u>	<u>-</u>	<u>41,481*</u>	<u>41,218*</u>	<u>(197,202)*</u>	<u>-</u>	<u>1,131,816</u>	<u>46,531</u>	<u>1,178,347</u>											
At 1 January 2007	591,981	5,961	5,214	-	30,877	8,902	34,883	(112,483)	-	565,335	99,705	665,040											
Share issue expenses	-	(5,832)	-	-	-	-	-	-	-	(5,832)	-	(5,832)											
Exchange realignment	-	-	-	-	-	550	-	-	-	550	(58)	492											
Total income and expense for the period recognised directly in equity	-	(5,832)	-	-	-	550	-	-	-	(5,282)	(58)	(5,340)											
Profit/(loss) for the period	-	-	-	-	-	-	-	131,394	-	131,394	(3,048)	128,346											
Total income and expense for the period	-	(5,832)	-	-	-	550	-	131,394	-	126,112	(3,106)	123,006											
Issue of shares	89,000	165,000	-	-	-	-	-	-	-	254,000	-	254,000											
Capital contribution from minority shareholders	-	-	-	-	-	-	-	-	-	-	15,000	15,000											
Disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(15,180)	(15,180)											
Deconsolidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	(33,597)	(33,597)											
Transfer to retained profits	-	-	(4,083)	-	(461)	-	-	4,544	-	-	-	-											
Transfer to PRC reserve funds	-	-	-	-	-	-	1,134	(1,134)	-	-	-	-											
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	-	-	(394)	(394)											
At 30 June 2007	<u>680,981</u>	<u>165,129</u>	<u>1,131</u>	<u>-</u>	<u>30,416</u>	<u>9,452</u>	<u>36,017</u>	<u>22,321</u>	<u>-</u>	<u>945,447</u>	<u>62,428</u>	<u>1,007,875</u>											

* These reserve accounts comprise the reserves of HK\$444,635,000 (31 December 2007: HK\$436,134,000) in the condensed consolidated balance sheet.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

	Six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(106,880)	(33,476)
NET CASH INFLOW FROM INVESTING ACTIVITIES	6,569	127,340
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	<u>(27,569)</u>	<u>249,362</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(127,880)	343,226
Cash and cash equivalents at beginning of period	718,373	281,052
Effect of foreign exchange rate changes, net	<u>10,224</u>	<u>186</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>600,717</u></u>	<u><u>624,464</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u><u>600,717</u></u>	<u><u>624,464</u></u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2008 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 unaudited condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2007.

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 2008 and 2007.

	Six months ended 30 June 2008				
	Continuing operations			Discontinued operation	Consolidated (Unaudited) HK\$’000
	Information technology (Unaudited) HK\$’000	Property investment (Unaudited) HK\$’000	Total (Unaudited) HK\$’000	Restaurant operation (Unaudited) HK\$’000	
SEGMENT REVENUE					
Sales to external customers	157,558	1,503	159,061	–	159,061
Other income and gains	1,356	–	1,356	–	1,356
Total	<u>158,914</u>	<u>1,503</u>	<u>160,417</u>	<u>–</u>	<u>160,417</u>
SEGMENT RESULTS	<u>(22,863)</u>	<u>4</u>	(22,859)	–	(22,859)
Unallocated other income and gains			8,099	–	8,099
Unallocated expenses			(37,477)	–	(37,477)
Share of profits less losses of:					
Jointly-controlled entities	(861)	–	(861)	–	(861)
Associates	1,151	–	1,151	–	1,151
Loss before tax			(51,947)	–	(51,947)
Tax			(538)	–	(538)
Loss for the period			<u>(52,485)</u>	<u>–</u>	<u>(52,485)</u>

Six months ended 30 June 2007

	Continuing operations			Discontinued operation	Consolidated (Unaudited) HK\$'000
	Information technology (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Restaurant operation (Unaudited) HK\$'000	
SEGMENT REVENUE					
Sales to external customers	95,268	1,816	97,084	143,784	240,868
Other income and gains	1,528	–	1,528	430	1,958
Total	96,796	1,816	98,612	144,214	242,826
SEGMENT RESULTS	(47,763)	(3,739)	(51,502)	12,785	(38,717)
Unallocated other income and gains			191,511	4,325	195,836
Unallocated expenses			(13,753)	–	(13,753)
Finance costs			(1,338)	(250)	(1,588)
Share of profits less losses of:					
Jointly-controlled entities	(11,836)	–	(11,836)	1,105	(10,731)
Associates	(598)	(64)	(662)	–	(662)
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

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents (1) an appropriate proportion of contract revenue of construction contracts, net of value-added tax, business tax and government surcharges; (2) the net invoiced value of goods sold, net of value-added tax and government surcharges and after allowances for returns and trade discounts; (3) the value of services rendered, net of business tax and government surcharges; and (4) gross rental income during the period.

An analysis of the Group's revenue, other income and gains is as follows:

	Six months ended	
	30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Construction contracts	132,630	60,918
Sale of softwares	18,956	6,232
Rendering of services	5,972	28,118
Gross rental income	1,503	1,816
Receipts from restaurant operations	<u>–</u>	<u>143,784</u>
	<u>159,061</u>	<u>240,868</u>
Attributable to:		
Continuing operations reported in the condensed consolidated income statement	159,061	97,084
Discontinued operation – <i>note 10</i>	<u>–</u>	<u>143,784</u>
	<u>159,061</u>	<u>240,868</u>
Other income and gains		
Bank interest income	6,194	2,912
Imputed interest on interest-free trade and other receivables with extended credit periods	–	351
Government grants*	–	1,320
Foreign exchange differences, net	3,028	–
Others	<u>233</u>	<u>287</u>
	<u>9,455</u>	<u>4,870</u>
Attributable to:		
Continuing operations reported in the condensed consolidated income statement	9,455	4,424
Discontinued operation – <i>note 10</i>	<u>–</u>	<u>446</u>
	<u>9,455</u>	<u>4,870</u>

* *The government grants represented PRC and overseas tax subsidies, which comprised corporate income tax and value-added tax refunds. The government grants are unconditional.*

4. GAINS ON DEEMED DISPOSAL OF A PARTIAL INTEREST IN A SUBSIDIARY

The gains on deemed disposal of a partial interest in a subsidiary recognised during the six months ended 30 June 2007 arose from (i) the dilution of the Group's effective equity interest in China Information Technology Development Limited ("CIT Development") from 55.05% to 45.43% following the issuance of 300,000,000 and 468,000,000 new ordinary shares by CIT Development in February and May 2007, respectively, and (ii) the exercise of share options of CIT Development by certain share option holders for 46,300,000 ordinary shares of CIT Development in aggregate during the period from March to April 2007.

CIT Development ceased to be a subsidiary and became an associate of the Group upon its issuance of 468,000,000 new ordinary shares in May 2007.

5. GAIN ON DISPOSAL OF A PARTIAL INTEREST IN AN ASSOCIATE

The gain on disposal of a partial interest in an associate recognised during the six months ended 30 June 2007 of HK\$119,532,000 was attributable to the disposal of 220,000,000 ordinary shares of CIT Development in June 2007 by the Group.

6. LOSS ON DEEMED DISPOSAL OF A PARTIAL INTEREST IN AN ASSOCIATE

The loss on deemed disposal of a partial interest in an associate recognised during the six months ended 30 June 2008 of HK\$2,778,000 arose from the dilution of the Group's effective equity interest in CIT Development from 30.41% to 29.18% upon the exercise of convertible bonds of CIT Development by the bondholder in exchange for 261,000,000 ordinary shares of CIT Development in aggregate in February and April 2008.

7. FINANCE COSTS

	Six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Interest on bank borrowings and overdrafts	—	1,588
Attributable to:		
Continuing operations reported in the condensed consolidated income statement	—	1,338
Discontinued operation – note 10	—	250
	—	1,588

8. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended	
	30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	1,246	5,605
Amortisation of other intangible assets *	1,364	1,490
Impairment of available-for-sale investments @	–	1,160
Impairment of an amount due from an associate @	33	4,146
Impairment of inventories *	–	1,696
Impairment/(reversal of impairment) of trade and bills receivables, net @	(1,095)	12,892
Impairment of other receivables, net @	<u>335</u>	<u>6,982</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, net” on the face of the condensed consolidated income statement.

9. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2008. The income tax provision in respect of operations in Mainland China and overseas is calculated at the applicable tax rates on the estimated assessable profits for the period 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 subsidiaries, jointly-controlled entities and associates in Mainland China enjoy income tax exemptions and reductions and are subject to income tax rates ranging from 7.5% to 15%.

	Six months ended	
	30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – Hong Kong		
Charge for the period	–	51
Current – Elsewhere		
Charge for the period	1,152	1,825
Underprovision in prior periods	480	83
Deferred	(1,094)	80
	<hr/>	<hr/>
Total tax charge for the period	538	2,039
	<hr/> <hr/>	<hr/> <hr/>
Attributable to:		
Continuing operations reported in the condensed consolidated income statement	538	325
Discontinued operation – <i>note 10</i>	–	1,714
	<hr/>	<hr/>
	538	2,039
	<hr/> <hr/>	<hr/> <hr/>

The share of tax credit attributable to jointly-controlled entities for the six months ended 30 June 2008 amounted to HK\$344,000 (2007: tax charge of HK\$1,000) is included in “Share of profits and losses of jointly-controlled entities” on the face of the condensed consolidated income statement.

The share of tax attributable to an associate for the six months ended 30 June 2008 amounted to HK\$1,350,000 (2007: Nil) is included in “Share of profits and losses of associates” on the face of the condensed consolidated income statement.

10. DISCONTINUED OPERATION

The Group’s discontinued operation in the period ended 30 June 2007 represented the restaurant operations operated by BD Ah Yat Abalone Group Limited. Further details of the disposal are set out in notes 14 and 38(a) to the consolidated financial statements of the Group for the year ended 31 December 2007 as included in the Company’s annual report for that year.

11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share amounts for the six months ended 30 June 2008 and 2007 is based on the profit/(loss) for the period attributable to shareholders of the Company and the weighted average number of ordinary shares in issue during the periods.

Diluted loss per share amounts for the six months ended 30 June 2008 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 diluted earnings per share amounts for the six months ended 30 June 2007 were based on the profit for the period attributable to shareholders 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.

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

	Six months ended	
	30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings/(loss):		
Profit/(loss) for the period attributable to shareholders of the Company used in the basic and diluted earnings/(loss) per share calculation		
From continuing operations	(47,939)	121,838
From discontinued operation – <i>note 10</i>	–	9,556
	<u>(47,939)</u>	<u>131,394</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	<u>684,195,436</u>	628,794,962
Effect of dilution of share options – weighted average number of ordinary shares		<u>4,164,018</u>
Weighted average number of ordinary shares used in diluted earnings per share calculation		<u>632,958,980</u>

12. 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 the trade and bills 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 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Neither past due nor impaired	<u>32,901</u>	<u>16,555</u>
Past due but not impaired:		
Current and within 3 months	69,432	76,748
4 to 6 months	1,223	5,181
7 to 12 months	19,387	6,976
Over 1 year	<u>893</u>	<u>6,617</u>
	<u>90,935</u>	<u>95,522</u>
	<u>123,836</u>	<u>112,077</u>

13. TRADE AND BILLS PAYABLES

The trade and bills payables are non-interest-bearing and normally settled within 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 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Within 3 months	45,019	185,867
4 to 6 months	44,548	16,213
7 to 12 months	41,891	5,516
Over 1 year	<u>9,232</u>	<u>8,002</u>
	<u>140,690</u>	<u>215,598</u>

14. SHARE CAPITAL

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Authorised:		
1,000,000,000 ordinary shares of HK\$1 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
687,181,150 (31 December 2007: 681,481,150) ordinary shares of HK\$1 each	<u>687,181</u>	<u>681,481</u>

During the six months ended 30 June 2008, the subscription rights attaching to 5,700,000 share options were exercised at the subscription price of HK\$1 per share, resulting in the issue of 5,700,000 ordinary shares of HK\$1 each for a total cash consideration of HK\$5,700,000.

A summary of the transactions during the six months ended 30 June 2008 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 2008	681,481,150	681,481	169,280	850,761
Share options exercised	<u>5,700,000</u>	<u>5,700</u>	<u>1,039</u>	<u>6,739</u>
At 30 June 2008	<u>687,181,150</u>	<u>687,181</u>	<u>170,319</u>	<u>857,500</u>

15. CONTINGENT LIABILITIES

At 30 June 2008, the Group did not have any significant contingent liabilities (31 December 2007: Nil).

16. CAPITAL COMMITMENTS

At the balance sheet date, the Group had the following capital commitments, which are authorised, but not contracted for:

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Capital commitments in respect of:		
Addition capital contribution to jointly-controlled entities	187,500	183,512
Plant and machinery	34,091	—
	<u>221,591</u>	<u>183,512</u>

At 30 June 2008, the Group's share of jointly-controlled entities' capital commitments is as follows:

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Contracted, but not provided for	64,675	22,171
Authorised, but not contracted for	4,987	118,152
	<u>69,662</u>	<u>140,323</u>

17. EVENTS AFTER THE BALANCE SHEET DATE

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

- (a) On 24 June 2008, Prime Technology Group Limited, a wholly-owned subsidiary of the Company has entered into a conditional sale and purchase agreement with Mr. Wang Zhenyu, an executive director and the chief executive officer of CIT Development and also a director and the general manager of Beijing Enterprises UniCard Co., Ltd., a non-wholly owned subsidiary of the Company, to dispose of 600 million ordinary shares of CIT Development, representing approximately 9.24% of the then entire issued share capital of CIT Development at a consideration of HK\$132,000,000. Pursuant to a supplemental deed entered into on 14 August 2008, the date of completion has been extended to a date on or before 19 December 2008.

- (b) Subsequent to the balance sheet date, the Company purchased 1,902,000 shares of its own shares through The Stock Exchange of Hong Kong Limited:

Month/year	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate cost paid HK\$'000	Transaction cost HK\$'000	Total consideration HK\$'000
August 2008	1,902,000	1.72	1.47	3,063	18	3,081

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares.

INTERIM DIVIDEND

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2008 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

1. *Beijing Municipal Administration & Communications Card Co., Ltd.*

Since the commencement of its full operation, the Smart Card system has been well-received and widely acclaimed by cardholders. More than 23 million cards (including 1.4 million Student Cards and 1.4 million Park Cards) have been issued in total and approximately 14 million transactions are processed daily. Our Smart Cards have become the first choice for Beijing residents to pay for public transportation, and our Smart Card system is the largest urban communications smart card system around the globe. However, since the company has not yet finalised any business agreement with bus and subway operators, the revenue remains undetermined.

Beijing Municipal Administration & Communications Card Co., Ltd. and Tianjin Metropolitan Card Co., Ltd. have jointly launched the “Jing-Jin Smart Card” (“京津一卡通”), a special commemorative card combining into a dual E-wallet. With just one card, residents can enable value adding, make purchases and enjoy offers in public transport in these two cities, making inter-connection and inter-communication possible.

Smart Cards have been launched in 10 commercial sectors, 70 business entities and more than 1,210 chain stores which include supermarkets, convenience stores, restaurants, pastry shops, bookstores, drugstores, hospitals, cinemas, etc.

The Company has formed a partnership with the Beijing Municipal Bureau of Sport to set up Beijing Fitness Card Co., Ltd. for the issue, management and operation of Fitness Cards for all Beijing residents. Smart Card holders are now able to process transactions with their cards in more than 40 sports venues and gymnasiums throughout the city. The Beijing Fitness Website (www.bfcc.cn) has been launched on a trial basis as well. On the website, residents can search for information on various venues in Beijing, read fitness tips, view sports equipment, learn about fitness scientific methods, etc.

2. *Beijing Enterprises Teletron Information Technology Co., Ltd.*

During the period of business review, Beijing Enterprises Teletron Information Technology Co., Ltd. ensured a secure and steady operation of various projects. These projects included the Automated Fare Collection (“AFC”) System for Lines 1 and 2 and the Batong Line; the Automated Fare Collection and Clearing Center (“ACC”); the screen door project for Lines 4, 5 and 10; completion of a structural test on the screen door project for Line 4; and the Building Automation System (“BAS”) for Lines 1 and 5 assisting the host with the implementation of the Safe Olympics Plan. The intelligent system projects of the National Indoor Stadium have been completed and operated during the Olympic Games.

3. *China Information Technology Development Limited (“CIT Development”)*

China Information Technology Development Limited (stock code: 8178) is one of our major investment enterprises. During the period, the company generated its revenue principally from the provision of corporate information enquiry services to the public by way of the Internet, mobile phone and telecommunication value added services. The corporate information enquiry service mainly available on the Mingsuo.com (www.mingsuo.com); it will open up “Mingsuo Certification” service and expand the coverage of the services to include regions such as Beijing, Tianjin, Hebei Province, Shaanxi Province and Harbin.

Prospects

Although the overall economic landscape and business environment are extremely severe in 2008, the Company will continue to focus on its principal business, carry out market expansion and enhance the profit base.

It is our urgent and top priority to finalise business agreements between Beijing Municipal Administration & Communications Card Co., Ltd. and the bus and subway operators. We will continue to enhance communications and coordination with relevant government departments, trying our best to safeguard the interests of our shareholders. In addition, the Company and CIT Development have formed a joint venture – Beijing Enterprises UniCard Co., Ltd. This new company will help integrate our experiences and resources in the telecommunications and financial sectors, with the creativity of value-added business operations for converting into a new profit growth engine of the Smart Card.

Seeing the increasing financial resources committed by the Beijing Municipal Government to the rail transportation and education sectors, the Company will fully capitalise on its competitive edges in these sectors to seize the development opportunity in the information-based construction projects in Beijing and control costs to facilitate sustainable business development.

Despite the persistent stagnate and volatility in both the Chinese domestic and overseas capital markets in 2008, this has offered abundant investment opportunities to the Company. The Company will fully capitalise on our financial and technological strengths and aggressively pursue investment opportunities in the market for enhancing our value, with heightened insightfulness and proactive risk management.

Financial Review

The Group's revenue for the six months ended 30 June 2008 was HK\$159,061,000, representing an increase of 63.8% as compared to HK\$97,084,000 in the corresponding period last year; loss attributable to the shareholders of the Company during the period was HK\$47,939,000, representing a loss of 7.0 HK cents per share while the profit was HK\$131,394,000 and earnings per share was 20.9 HK cents in the corresponding period last year.

After offsetting the loss of HK\$2,778,000 (gains for the corresponding period last year was HK\$188,615,000) from the deemed disposal and the disposal of a partial interest in CIT Development as well as the profit of HK\$9,556,000 from discontinued business operations for the corresponding period last year, loss attributable to the shareholders of the Company during the period was HK\$45,161,000, representing a decrease of 32.4% as compared to HK\$66,777,000 in the corresponding period last year.

During the period, administrative expenses were HK\$56,021,000, representing an increase of 12.1% as compared to HK\$49,983,000 in the corresponding period last year. Of these expenses, the amortisation of employees' share options expenses were HK\$32,784,000 (corresponding period last year: nil).

The board of directors does not recommend the payment of an interim dividend for 2008.

Financial Position

The Group's total assets decreased from HK\$1,539 million at the beginning of the period to HK\$1,464 million as at the balance sheet date, of which current assets accounted for HK\$878 million. Its total liabilities decreased from HK\$318 million at the beginning of the period to HK\$285 million as at the balance sheet date. Net asset value decreased from HK\$1,221 million at the beginning of the period to HK\$1,178 million as at the balance sheet date, of which interests of the shareholders of the Company accounted for HK\$1,132 million while minority interests accounted for HK\$46 million.

As at the balance sheet date, cash and cash equivalents held by the Group amounted to HK\$601 million, a decrease of HK\$118 million from the beginning of the period, of which special dividends amounting to HK\$55 million were paid for 2007. The Group did not have any bank borrowings. Current ratio remained at 308%, while the total debt to total equity ratio decreased from 26.0% at the beginning of the period to 24.2%, suggesting that the Company maintained a sound financial position. The Group's current assets and liabilities are principally denominated in Renminbi. Given the steady appreciation of Renminbi against Hong Kong dollars, the Group will have corresponding increase in reserve from currency exchange gain during the consolidation of the net assets of subsidiaries into the Group in future.

The Group's capital expenditures amounted to HK\$598,000 for the six months ended 30 June 2008. As at the balance sheet date, the Group's authorised, but not contracted for capital commitments amounted to HK\$227 million. The Group did not have any significant contingent liabilities.

Employees

The total number of full-time employees hired by the Group increased from 340 at the beginning of the period to 350 as at 30 June 2008. The management believes the salaries offered by the Group to its employees are competitive.

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 2008.

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, Dr. Huan Guocang (chairman of the audit committee), Dr. Jin Lizuo and Dr. Wang Jianping.

The audit committee has reviewed the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2008.

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. E. Meng, and three independent non-executive directors, Dr. Jin Lizuo (chairman of the remuneration committee), Dr. Huan Guocang and Dr. Wang Jianping.

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 2008 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 gratitude to all employees and all shareholders of the Group as well as associated parties from different sectors for their support.

By order of the Board

E Meng

Chairman

Hong Kong, 16 September 2008

As at the date of this announcement, the Board comprises Mr. E Meng, Mr. Zhang Honghai, Mr. Li Kangying, Mr. Wang Yong, Mr. Cao Wei and Mr. Ng Kong Fat, Brian, as executive directors and Dr. Jin Lizuo, Dr. Huan Guocang and Dr. Wang Jianping as independent non-executive directors.