



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 RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**HIGHLIGHTS**

- Revenue from continuing operations for the year amounted to HK\$358 million, representing an increase of 23% over last year.
- Profit attributable to shareholders of the Company amounted to HK\$317 million, representing an increase of 25 times over last year.
- Basic earnings per share amounted to HK\$0.48.
- A special final dividend of HK8 cents per share is proposed for the year.

The board of directors (the “Board”) of Beijing Development (Hong Kong) Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2007 together with comparative figures for the previous year as follows:–

## **CONSOLIDATED INCOME STATEMENT**

*Year ended 31 December 2007*

	<i>Notes</i>	<b>2007</b> <b>HK\$'000</b>	<b>2006</b> <b>HK\$'000</b> (Restated)
<b>CONTINUING OPERATIONS:</b>			
REVENUE	3	<b>358,412</b>	292,419
Cost of sales		<u><b>(327,470)</b></u>	<u>(202,994)</u>
Gross profit		<b>30,942</b>	89,425
Gains on deemed disposal of a partial interest in a subsidiary	4	<b>69,129</b>	–
Gain on disposal of a partial interest in an associate	5	<b>118,628</b>	–
Gains on deemed disposal of a partial interest in an associate	6	<b>251,396</b>	–
Other income and gains		<b>39,435</b>	19,228
Selling and distribution costs		<b>(16,023)</b>	(14,854)
Administrative expenses		<b>(77,205)</b>	(78,496)
Other expenses, net		<b>(58,200)</b>	16,515
Finance costs	7	<b>(2,610)</b>	(8,293)
Share of profits and losses of:			
Jointly-controlled entities		<b>(56,225)</b>	1,163
Associates		<u><b>5,193</b></u>	<u>(398)</u>
PROFIT BEFORE TAX	8	<b>304,460</b>	24,290
Tax	9	<u><b>(2,080)</b></u>	<u>(4,757)</u>
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		<b>302,380</b>	19,533
<b>DISCONTINUED OPERATION:</b>			
Profit for the year from discontinued operation	8, 10	<u><b>16,251</b></u>	<u>8,932</u>
PROFIT FOR THE YEAR		<u><u><b>318,631</b></u></u>	<u><u>28,465</u></u>

	<i>Notes</i>	<b>2007</b> <b><i>HK\$'000</i></b>	2006 <i>HK\$'000</i> (Restated)
ATTRIBUTABLE TO:			
Shareholders of the Company:			
Continuing operations		<b>307,924</b>	9,244
Discontinued operation	<i>10</i>	<u><b>9,556</b></u>	<u>2,836</u>
		<b>317,480</b>	12,080
Minority interests		<u><b>1,151</b></u>	<u>16,385</u>
		<u><b>318,631</b></u>	<u>28,465</u>
Proposed special final dividend	<i>11</i>	<u><b>54,702</b></u>	<u>—</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
	<i>12</i>		
Basic			
– For profit for the year (HK cents)		<u><b>48.45</b></u>	<u>2.42</u>
– For profit from continuing operations (HK cents)		<u><b>46.99</b></u>	<u>1.85</u>
Diluted			
– For profit for the year (HK cents)		<u><b>47.46</b></u>	<u>N/A</u>
– For profit from continuing operations (HK cents)		<u><b>46.01</b></u>	<u>N/A</u>

**CONSOLIDATED BALANCE SHEET***31 December 2007*

	<i>Notes</i>	<b>2007</b> <b>HK\$'000</b>	<b>2006</b> <b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>8,149</b>	68,858
Investment properties		<b>42,180</b>	48,390
Goodwill		<b>68,625</b>	140,964
Other intangible assets		<b>8,546</b>	11,789
Interests in jointly-controlled entities		<b>29,888</b>	67,520
Interests in associates		<b>384,712</b>	6,824
Available-for-sale investments		–	1,160
Trade and bills receivables	<i>13</i>	<b>16,555</b>	7,756
Prepayments, deposits and other receivables		–	797
Deferred tax assets		<b>704</b>	484
Total non-current assets		<b>559,359</b>	354,542
<b>CURRENT ASSETS</b>			
Inventories		<b>34,726</b>	65,687
Amounts due from customers for contract work		<b>29,880</b>	12,717
Trade and bills receivables	<i>13</i>	<b>95,522</b>	161,369
Prepayments, deposits and other receivables		<b>91,595</b>	128,621
Pledged deposits		<b>9,890</b>	21,331
Cash and cash equivalents		<b>718,373</b>	281,052
Total current assets		<b>979,986</b>	670,777
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>14</i>	<b>215,598</b>	96,191
Amounts due to customers for contract work		<b>15,487</b>	15,998
Tax payable		<b>1,992</b>	6,058
Other payables and accruals		<b>84,892</b>	158,681
Bank borrowings		–	76,928
Total current liabilities		<b>317,969</b>	353,856
<b>NET CURRENT ASSETS</b>		<b>662,017</b>	316,921
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,221,376</b>	671,463
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings		–	6,423
<b>Net assets</b>		<b>1,221,376</b>	665,040
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Issued capital		<b>681,481</b>	591,981
Reserves		<b>436,134</b>	(26,646)
Proposed special final dividend	<i>11</i>	<b>54,702</b>	–
		<b>1,172,317</b>	565,335
<b>Minority interests</b>		<b>49,059</b>	99,705
<b>Total equity</b>		<b>1,221,376</b>	665,040

*Notes:*

**1. BASIS OF PREPARATION**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for (i) investment properties and an available-for-sale investment, which have been measured at fair value; and (ii) certain buildings, which are stated at valuation at 31 December 1994, as further explained in the financial statements. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2007. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries in prior years had been accounted for using the purchase method of accounting. This method involved allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition was measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company’s subsidiaries.

**2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

The Group has adopted the following new and revised HKFRSs, which are relevant to the Group, for the first time for the current year’s financial statements. Except for certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no effect on these financial statements.

HKFRS 7	<i>Financial Instruments: Disclosures</i>
HKAS 1 Amendment	<i>Presentation of Financial Statements-Capital Disclosures</i>
HK(IFRIC)-Int 8	<i>Scope of HKFRS 2</i>
HK(IFRIC)-Int 10	<i>Interim Financial Reporting and Impairment</i>

### 3. REVENUE AND SEGMENT INFORMATION

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; (4) gross rental income; and (5) receipts from restaurant operation during the year.

#### (a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2007 and 2006:

#### Group

	Continuing operations				Discontinued operation	
	IT operation HK\$'000	Property investment HK\$'000	Eliminations HK\$'000	Total HK\$'000	Restaurant operation HK\$'000	Consolidated HK\$'000
<b>2007</b>						
<b>Segment revenue:</b>						
Sales to external customers	354,819	3,593	–	358,412	143,784	502,196
Other income and gains	20,098	4,265	–	24,363	430	24,793
Total	<u>374,917</u>	<u>7,858</u>	<u>–</u>	<u>382,775</u>	<u>144,214</u>	<u>526,989</u>
<b>Segment results</b>	<u>(39,603)</u>	<u>(629)</u>	<u>–</u>	<u>(40,232)</u>	<u>12,785</u>	<u>(27,447)</u>
Unallocated other income and gains				454,225	4,325	458,550
Unallocated expenses				(55,891)	–	(55,891)
Finance costs				(2,610)	(250)	(2,860)
Share of profits and losses of:						
Jointly-controlled entities	(56,225)	–	–	(56,225)	1,105	(55,120)
Associates	5,430	(237)	–	5,193	–	5,193
Profit before tax				304,460	17,965	322,425
Tax				(2,080)	(1,714)	(3,794)
Profit for the year				<u>302,380</u>	<u>16,251</u>	<u>318,631</u>
<b>2006</b>						
<b>Segment revenue:</b>						
Sales to external customers	289,787	2,632	–	292,419	292,413	584,832
Intersegment sales	–	240	(240)	–	–	–
Other income and gains	16,187	1,543	–	17,730	1,111	18,841
Total	<u>305,974</u>	<u>4,415</u>	<u>(240)</u>	<u>310,149</u>	<u>293,524</u>	<u>603,673</u>
<b>Segment results</b>	<u>50,999</u>	<u>(3,939)</u>	<u>–</u>	<u>47,060</u>	<u>11,248</u>	<u>58,308</u>
Unallocated other income and gains				1,498	65	1,563
Unallocated expenses				(16,740)	–	(16,740)
Finance costs				(8,293)	–	(8,293)
Share of profits and losses of:						
Jointly-controlled entities	1,163	–	–	1,163	(475)	688
Associates	(96)	(302)	–	(398)	–	(398)
Profit before tax				24,290	10,838	35,128
Tax				(4,757)	(1,906)	(6,663)
Profit for the year				<u>19,533</u>	<u>8,932</u>	<u>28,465</u>

	Continuing operations			Discontinued operation	Consolidated HK\$'000
	IT operation HK\$'000	Property investment HK\$'000	Total HK\$'000	Restaurant operation HK\$'000	
<b>2007</b>					
<b>Assets and liabilities</b>					
Segment assets	344,435	42,225	386,660	–	386,660
Interests in jointly-controlled entities	29,888	–	29,888	–	29,888
Interests in associates	384,712	–	384,712	–	384,712
Unallocated assets			738,085	–	738,085
Total assets					<u>1,539,345</u>
Segment liabilities	296,864	7,818	304,682	–	304,682
Unallocated liabilities					<u>13,287</u>
Total liabilities					<u>317,969</u>
<b>Other segment information:</b>					
Depreciation on:					
Segment assets	3,160	–	3,160	2,880	6,040
Unallocated assets					1,155
Amortisation of other intangible assets <sup>@</sup>	2,690	–	2,690	–	2,690
Impairment of goodwill <sup>*</sup>	58,412	–	58,412	–	58,412
Impairment of available-for-sale investments recognised in the income statement	734	–	734	–	734
Fair value gains on investment property	–	(4,265)	(4,265)	–	(4,265)
Capital expenditure on:					
Segment assets	3,211	–	3,211	638	3,849
Unallocated assets					<u>107</u>
<b>2006</b>					
<b>Assets and liabilities</b>					
Segment assets	469,271	50,030	519,301	93,837	613,138
Interests in jointly-controlled entities	67,415	–	67,415	105	67,520
Interests in associates	2,118	4,706	6,824	–	6,824
Unallocated assets			327,017	10,820	337,837
Total assets					<u>1,025,319</u>
Segment liabilities	216,307	7,816	224,123	43,791	267,914
Unallocated liabilities					<u>92,365</u>
Total liabilities					<u>360,279</u>
<b>Other segment information:</b>					
Depreciation on:					
Segment assets	5,448	–	5,448	6,744	12,192
Unallocated assets					1,844
Amortisation of other intangible assets <sup>@</sup>	3,119	–	3,119	–	3,119
Impairment of available-for-sale investments recognised in the income statement	811	–	811	–	811
Fair value gains on investment property	–	(1,490)	(1,490)	–	(1,490)
Capital expenditure on:					
Segment assets	6,880	–	6,880	14,227	21,107
Unallocated assets					<u>804</u>

<sup>@</sup> The amortisation of other intangible assets is included in “Cost of sales” on the face of the consolidated income statement.

<sup>\*</sup> The impairment of goodwill recognised in the income statement for the year ended 31 December 2007 comprised impairments of goodwill arising on acquisition of subsidiaries and a jointly-controlled entity of HK\$35,345,000 and HK\$23,067,000, respectively, which are included in “Other expenses, net” and “Share of profits and losses of jointly-controlled entities” on the face of the consolidated income statement, respectively.

**(b) Geographical segments**

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 December 2007 and 2006.

**Group**

	Hong Kong HK\$'000	Mainland China HK\$'000	Singapore HK\$'000	Indonesia HK\$'000	Malaysia HK\$'000	Thailand HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>2007</b>								
<b>Segment revenue:</b>								
Sales to external customers	–	385,820	60,278	27,329	21,219	7,550	–	502,196
Intersegment sales	–	–	19,098	–	–	–	(19,098)	–
Other income and gains	177	20,099	4,265	4	–	248	–	24,793
	<u>177</u>	<u>405,919</u>	<u>83,641</u>	<u>27,333</u>	<u>21,219</u>	<u>7,798</u>	<u>(19,098)</u>	<u>526,989</u>
Total	<u>177</u>	<u>405,919</u>	<u>83,641</u>	<u>27,333</u>	<u>21,219</u>	<u>7,798</u>	<u>(19,098)</u>	<u>526,989</u>
<b>Other segment information:</b>								
Segment assets	–	386,453	207	–	–	–	–	386,660
Interests in jointly-controlled entities	–	29,888	–	–	–	–	–	29,888
Interests in associates	–	384,712	–	–	–	–	–	384,712
Unallocated assets								738,085
Total assets								<u>1,539,345</u>
<b>Capital expenditure on:</b>								
Segment assets	–	3,212	637	–	–	–	–	3,849
Unallocated assets								107
	<u>–</u>	<u>3,212</u>	<u>637</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,849</u>
<b>2006</b>								
<b>Segment revenue:</b>								
Sales to external customers	631	354,159	100,623	59,830	50,655	18,934	–	584,832
Intersegment sales	1,237	–	32,422	–	–	–	(33,659)	–
Other income and gains	1,171	16,568	416	20	–	666	–	18,841
	<u>3,039</u>	<u>370,727</u>	<u>133,461</u>	<u>59,850</u>	<u>50,655</u>	<u>19,600</u>	<u>(33,659)</u>	<u>603,673</u>
Total	<u>3,039</u>	<u>370,727</u>	<u>133,461</u>	<u>59,850</u>	<u>50,655</u>	<u>19,600</u>	<u>(33,659)</u>	<u>603,673</u>
<b>Other segment information:</b>								
Segment assets	–	539,325	44,248	11,545	15,087	2,933	–	613,138
Interests in jointly-controlled entities	–	67,274	–	–	246	–	–	67,520
Interests in associates	–	6,824	–	–	–	–	–	6,824
Unallocated assets								337,837
Total assets								<u>1,025,319</u>
<b>Capital expenditure on:</b>								
Segment assets	–	7,069	12,633	431	969	5	–	21,107
Unallocated assets								804
	<u>–</u>	<u>7,069</u>	<u>12,633</u>	<u>431</u>	<u>969</u>	<u>5</u>	<u>–</u>	<u>21,107</u>



#### **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 year arose from the dilution of the Group's effective equity interest in China Information Technology Development Limited ("CITD", previously known as Xteam Software International Limited) from 55.05% to 45.43% following the issuance of 300,000,000 and 468,000,000 new ordinary shares by CITD in February and May 2007, respectively, and the exercise of share options of CITD by certain share option holders for 46,300,000 ordinary shares of CITD in aggregate during the period from March to April 2007.

CITD 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 year was attributable to the disposal of 220,000,000 ordinary shares of CITD in June 2007 by the Group. Following the completion of this transaction, the Group's effective equity interest in CITD was reduced by approximately 4.72%.

#### **6. GAINS ON DEEMED DISPOSAL OF A PARTIAL INTEREST IN AN ASSOCIATE**

The gains on deemed disposal of a partial interest in an associate recognised during the year arose from the exercise of share options of CITD by certain share option holders for 17,000,000 ordinary shares of CITD in aggregate during the period from May to September 2007; and the issuance of 1,560,000,000 new ordinary shares by CITD in September 2007.

#### **7. FINANCE COSTS**

The Group's finance costs for the current and prior year are interest on bank loans and other loans wholly repayable within five years.

#### **8. PROFIT BEFORE TAX**

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

	<b>2007</b> <b>HK\$'000</b>	<b>2006</b> <b>HK\$'000</b>
Gain on disposal of available-for-sale investments carried at cost	<b>(1,095)</b>	–
Loss/(gain) on disposal of items of property, plant and equipment, net	<b>(922)</b>	<b>249</b>

## 9. 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 year. 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 year based on existing legislation, interpretations and practices in respect thereof.

In accordance with the relevant tax rules and regulations of the People's Republic of China, certain of the Company's subsidiaries, jointly-controlled entities and associates in Mainland China enjoy income tax exemptions and reductions.

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current – Hong Kong		
Charge for the year	<b>51</b>	27
Current – Elsewhere		
Charge for the year	<b>3,844</b>	6,374
Underprovision/(overprovision) in prior years	<b>88</b>	(17)
Deferred	<b>(189)</b>	279
	<hr/>	<hr/>
Total tax charge for the year	<b><u>3,794</u></b>	<b><u>6,663</u></b>
Attributable to:		
Continuing operations reported in the consolidated income statement	<b>2,080</b>	4,757
Discontinued operation	<b>1,714</b>	1,906
	<hr/>	<hr/>
	<b><u>3,794</u></b>	<b><u>6,663</u></b>

## 10. DISCONTINUED OPERATION

Pursuant to a share transfer agreement (the “Agreement”) dated 11 May 2007 entered into between the Company and a third party (the “Acquirer”), the Company disposed of its entire 51% equity interests in BD Ah Yat Abalone Group Limited (“BD AH Yat”) to the Acquirer for a cash consideration of HK\$25,300,000 during the year ended 31 December 2007.

Approval from independent shareholders of the Company regarding the transaction was obtained on 20 June 2007 and the disposal transaction was completed on 22 June 2007. The Group no longer holds any interests in BD Ah Yat thereafter.

The cash consideration of HK\$25,300,000 was agreed to be settled by two instalments, with respective settlements due in 2007 and 2008. At 31 December 2007, HK\$17,987,000 has been settled and the remaining portion of HK\$7,313,000 is due for settlement on or before 30 June 2008. Pursuant to a deed of charge and assignment entered into between the Company and the Acquirer, the Acquirer has charged and assigned to the Company a 25.5% equity interest in BD Ah Yat as a security for the due and punctual payment of the remaining consideration from the Acquirer to the Company.

The Group's restaurant operation, being a major separate business segment of the Group, was solely undertaken by BD Ah Yat. Accordingly, the restaurant operation of the Group was discontinued upon the completion of the disposal transaction.

## 11. PROPOSED SPECIAL FINAL DIVIDEND

The proposed special final dividend of HK8 cents (2006: Nil) per ordinary share for the year is subject to the approval of the Company's shareholders at the annual general meeting.

## 12. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the year attributable to shareholders of the Company and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share amount for the year ended 31 December 2007 is based on the profit for the year attributable to shareholders of the Company, adjusted to reflect the effect of the convertible bonds issued by CITD assuming the conversion of all outstanding convertible bonds of CITD 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 exercise of the outstanding share options of CITD, a then subsidiary of the Company before becoming an associate of the Company during the year ended 31 December 2007 did not have a diluting effect on the Group's basic earnings per share for the year.

A diluted earnings per share amount for the year ended 31 December 2006 had not been disclosed as the exercise of the outstanding share options of the Company and CITD during the year ended 31 December 2006 did not have a diluting effect on the Group's basic earnings per share for that year.

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Earnings:</b>		
Profit for the year attributable to shareholders of the Company,		
From continuing operations	307,924	9,244
From discontinued operation	<u>9,556</u>	<u>2,836</u>
	317,480	12,080
Decrease in share of profit of CITD by the Group, as a result of the dilution of interest in CITD assuming the conversion of all outstanding convertible bonds issued by CITD	<u>(3,658)</u>	—
Profit for the year attributable to shareholders of the Company, used in the diluted earnings per share calculation	<u><u>313,822</u></u>	<u><u>12,080</u></u>
Attributable to:		
Continued operations	304,266	9,244
Discontinued operation	<u>9,556</u>	<u>2,836</u>
	<u><u>313,822</u></u>	<u><u>12,080</u></u>

	2007	2006
<b>Number of ordinary shares:</b>		
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	655,305,260	<u>499,351,013</u>
Effect of dilution of share option – weighted average number of ordinary shares	<u>5,993,599</u>	
Weighted average number of ordinary shares used in diluted earnings per share calculation	<u><b>661,298,859</b></u>	

### 13. 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 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:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Neither past due nor impaired	<u>16,555</u>	<u>7,756</u>
Past due but not impaired:		
Current and within 3 months	76,748	129,338
4 to 6 months	5,181	1,346
7 to 12 months	6,976	14,369
Over 1 year	<u>6,617</u>	<u>16,316</u>
	<u>95,522</u>	<u>161,369</u>
Portion classified as current assets	<u>112,077</u> <u>(95,522)</u>	<u>169,125</u> <u>(161,369)</u>
Non-current portion	<u><b>16,555</b></u>	<u><b>7,756</b></u>

#### 14. TRADE AND BILLS PAYABLES

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:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within 3 months	<b>185,867</b>	74,992
4 to 6 months	<b>16,213</b>	4,542
7 to 12 months	<b>5,516</b>	3,026
Over 1 year	<b>8,002</b>	13,631
	<b><u>215,598</u></b>	<b><u>96,191</u></b>

#### 15. COMPARATIVE AMOUNTS

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

#### SPECIAL FINAL DIVIDEND

The Board recommended the payment of a special final dividend of HK8 cents per share for the year ended 31 December 2007 payable to shareholders whose name appear on the register of members of the Company on Tuesday, 20 May 2008. Subject to the approval of shareholders at the forthcoming annual general meeting, the special final dividend will be paid on or around Wednesday, 28 May 2008.

#### MANAGEMENT DISCUSSION AND ANALYSIS

##### BUSINESS REVIEW

Over the past one year, the Company made a major breakthrough in resource integration and business optimisation processes, as witnessed by the contribution of an exceptional gain of HK\$439 million to the Group by the capital operation of China Information Technology Development Limited ("CITD"), which substantially increased the profit of Group. The Group's total withdrawal from the restaurant operation and disposal of properties during the year realised HK\$71.1 million for the Group.

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

During the year of business review, in line with the completion by the Beijing Municipal Government in revamping the public transport ticketing and fare mechanism, phasing out the monthly tickets for ground public transport and students, implementing a 20%/40% discount offer policy for smart card holders, and phasing out monthly tickets for Beijing Subway, the company commenced the operation of an application system for Beijing Subway Line 5 smoothly, offered open rides throughout the entire subway network at a single unified fare, launched application in 250 taxi companies and more than 50,000 taxis has been installed, implemented a non-stop tolling system for highways; constructed the first Park+Ride car-park in China, and launched an electronic annual ticketing system in 16 parks throughout the Beijing Municipality. Smart cards are being used for roadside parking meters. The application of smart cards in small transaction payment is gradually made available in more than 10 business sectors, 23 chains and 700 shops.

As of today, more than 16 million smart cards and 1.4 million student cards have been issued, 100,000 card readers have been installed, more than 800 kiosks for selling cards and add value have been set up throughout the municipality. More than 12 million transactions are processed on average everyday. Joint name cards, commemorative cards, personalised cards and mini cards were being launched in 2007, which were well-received and favoured by residents. The concept of personalisation in the card design has fully accommodated market needs, receiving excellent response from residents.

However, the company has not reached any agreement with Beijing bus and subway operators regarding issues on namely, handling charges for smart card transactions. Even though the system has been operating for almost two years, no service or handling charges were received, resulting in the smart card business incurred transitional losses temporarily.

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

With respect to the rail transportation sector, the testing of the access by the Automated Fare Collection and Clearing Center (“ACC”) project of the Beijing Rail Transportation Network Management Service Centre to various subway lines has been completed, and engine room equipment and station gates have been installed for the modification works on the Automated Fare Collection (“AFC”) System for Beijing Metro Lines 1 and 2 and the Batong Line. The supply and installation of safety doors for Beijing Metro and the Building Automation System (“BAS”) project progressed smoothly. Safety doors for Line 5 and the BAS project are operating smoothly; the trial operation of phase 1 safety doors for Line 10 has commenced; preparations are underway for the construction of safety doors for Line 4; and the installation and debugging of equipment at stations for the BAS project for Line 1 are expected to be completed soon.

With respect to the non-transportation sector, the Group has contracted for a number of key projects such as the intelligence system project for the National Indoor Stadium of the Olympic Sports Centre, the establishment of an electronic information system for the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality, the optical cable project for the educational information network of Beijing Tongzhou District, security control project and equipment procurement for the Educational Committee of Chaoyang District of Beijing Municipality, the new campus network of the Educational Committee of Chaoyang District and the new lightning proof project for the campus network of the Educational Committee.

### **3. China Information Technology Development Limited**

Upon completion of the acquisition of Hua Yuan Run Tong Group in September, the size of the company's assets, businesses and profits have been effectively enhanced. By taking advantage of its technology strengths in the internet and mobile communications, the company has extended its principal business to law enforcement by government authorities using mobile technology, as well as to information services targeted at government, community, organisations and individuals. The "mobile technology-based law enforcement system" of the Beijing administration for industry and commerce has set an example for the establishment of an electronic information system for government departments for industry and commerce throughout the country. The "Mingsuo.com" is a corporate information search service developed and run by CITD, available to the general public. During the year of business review, Hua Yuan Run Tong Group contributed a profit of HK\$41.47 million to CITD.

## **PROSPECTS**

In 2008, the Company will carry out various tasks in line with its established strategic plan and principal business to expand market intensively, focusing in enhancing the profitability of the principal business.

The realisation of income from the handling charges for our smart card business in urban public transportation will be one of the Company's major tasks in 2008. A series of proposals will be designed and implemented, aimed at recovering the handling charges the smart card company entitled to, as soon as possible, for the smart card services rendered for public transportation, subway and taxi, while increasing the Company's controlling stake in the smart card company. This will in turn assist in realising income from the principal business. The improving public transportation system and the expanding subway network coverage in Beijing will substantially increase the use of smart cards, helping the Company turnaround from the currently loss making operations.

Led by the demand loss from residents, the Beijing municipal transportation smart card will expand as a means of instant payment of small transactions and enhance the acceptance and reliance of smart cards by residents at the same time. Through the joint venture formed by the Company and CITD, smart cards will be applied to the e-commerce sector for enhancing profits by adopting a general operation model which is sizable, based on market principles and covers various sectors, fully leveraging the Group's capability of integrating Government's resources to achieve the objective of "one-resident one-card and one card for multi-purposes" in Beijing, a real smart card for the livelihood of Beijing residents.



With respect to the rail transportation business, the Company will be exposed to inexhaustible opportunities arising from the upcoming invitation of tenders for six new subway line projects in Beijing. The Company will continue to seek a close partnership with global leading integrated system developers and providers to create a positive cycle for both system building and maintenance operation to achieve sustainable development of its rail transportation projects.

By taking advantage of the current favourable situation, the Company will move forward to reach a new pinnacle of its business. Through capital operation, strategic re-engineering, adjustment of organisational structure and business integration, the Company will continue to consolidate and enhance its market value and achieve its ongoing and steady development for delivering optimal value for our shareholders, rewarding them and contributing to the society through outstanding performance.

## **FINANCIAL REVIEW**

### **1 Operating results**

For the year ended 31 December 2007, the Group recorded a consolidated revenue attributed to continuing operations of HK\$358 million, representing an increase of 23% as compared to HK\$292 million in 2006. Profit attributable to shareholders was HK\$317 million, a substantial increase of 25 times as compared to HK\$12 million in 2006. Basic earnings per share were HK\$0.48. The Board recommended the payment of a special final dividend of HK8 cents per share for 2007.

#### *i Income from capital operation*

CITD, a subsidiary in which the Group owned a 55.05% equity interest as at the end of 2006, issued a total of 768 million new shares in two placing exercises in the first half of 2007, it has become an associate of the Group as a result of the dilution of the equity interest in it, and has contributed an exceptional gain of HK\$69 million to the Group. The Group realised a net of HK\$132 million in cash and gained a profit of HK\$119 million from the subsequent disposal of 220 million existing shares of CITD. In September 2007, CITD issued 1.56 billion new shares and convertible bonds worth of principal amount of HK\$200 million for the acquisition of the entire equity interests in Hua Yuan Run Tong Group. The Group eventually owns a 30.41% equity interest in CITD which has again contributed an exceptional gain of HK\$251 million to the Group.

#### *ii Goodwill impairment*

Given that Beijing Municipal Administration & Communications Card has not entered into any business agreement with the carriers, the Group is exposed to risks associated with the profitability model of smart cards, compounded by the intense competition in contracting for the intelligence system project and educational information project, the Group provided HK\$58.41 million in total for goodwill impairment during 2007 to reflect the fair value of its assets effectively.



### *iii Discontinued operation*

The Group withdrew out from the restaurant business completely by disposing of its 51% equity interest in BD Ah Yat at a consideration of HK\$25.3 million in June 2007. During the year of financial review, BD Ah Yat contributed a profit of HK\$9.56 million to the Group.

## **2 Financial Position**

In June 2007, the Company placed 50 million new ordinary shares at HK\$4.3 per share and raised HK\$209 million as general working capital. Following the issue of 39.5 million new ordinary shares in total as a result of the exercise of share options by the employees of the Group during the year, the issued share capital of the Company increased to 681,481,150 shares as at the end of 2007.

Following a series of capital operations, the Group's total assets increased from HK\$1.025 billion at the beginning of the year to HK\$1.539 billion at the end of the year, of which current assets accounted for HK\$980 million. Its total liabilities decreased from HK\$360 million at the beginning of the year to HK\$318 million at the end of the year. Net asset value increased from HK\$665 million at the beginning of the year to HK\$1.221 billion at the end of the year, of which interests of the shareholders of the Company accounted for HK\$1.172 billion while minority interests accounted for HK\$49 million.

As at the balance sheet date, cash and bank balances held by the Group amounted to HK\$728 million, an increase of HK\$426 million from the beginning of the year. The Group did not have any bank borrowings. Current ratio increased from 190% at the beginning of the year to 308% at the end of the year, while total liabilities to assets ratio decreased from 35% at the beginning of the year to 21%, suggesting that the Company had a growing sound financial position. The Group's current assets and liabilities are principally denominated in Renminbi. Given the steadily appreciation of Renminbi against Hong Kong dollars, the Group will record income from currency exchange during the consolidation of the net assets of subsidiaries into the Group in future.

The Group's capital expenditures amounted to HK\$3.96 million for 2007. As at the balance sheet date, the Group's and the Company's capital commitments amounted to HK\$140 million and HK\$176 million, respectively. The Group did not have any material contingent liabilities.

## **3 Employees**

As at the end of 2007, the Group had hired approximately 340 employees, as compared to the adjusted figure of 475 at the end of 2006. Total expenses on employee benefits in 2007 amounted to HK\$51.2 million (excluding share options), an increase of 8.7% from HK\$47.09 million last year. The management believes the salaries offered by the Group to its employees are competitive.

## **COMPLIANCE WITH THE “CODE ON CORPORATE GOVERNANCE PRACTICES”**

Save as disclosed below, 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”) during the year ended 31 December 2007.

- (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.

## **COMPLIANCE WITH THE “MODEL CODE”**

The Company has adopted Appendix 10 “Model Code” to the Listing Rules to govern securities transactions by the directors. After having made specific enquiry to all directors, all directors confirm that they complied with the “Model Code” during the year ended 31 December 2007.

## **AUDIT COMMITTEE**

The Audit Committee comprises the three independent non-executive directors of the Company, Dr. Huan Guocang (the chairman of the committee), Dr. Jin Lizuo, and Dr. Wang Jianping. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting process and internal controls of the Company. The annual results have been reviewed by the Audit Committee.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 15 May 2008 to Tuesday, 20 May 2008 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitlement to the proposed special final dividend and for attending the forthcoming annual general meeting of the Company to be held on Tuesday, 20 May 2008, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Share Registrar, Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 14 May 2008.

## **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 year.

## **PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE**

The Company's annual report containing all the relevant information required by the Listing Rules and the notice of annual general meeting will be sent to all shareholders and 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 this opportunity to express my gratitude to all employees and associated parties from different sectors for their support to the Group over the past one year.

By order of the Board

**E Meng**

*Chairman*

Hong Kong, 8 April 2008

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