



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 2006**

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 2006 together with comparative figures for the previous year as follows:-

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2006

	<i>Notes</i>	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
REVENUE	5	584,832	531,298
Cost of sales		(341,667)	(297,598)
Gross profit		243,165	233,700
Bank interest income		1,563	737
Other income and gains	5	17,351	10,744
Selling and distribution costs		(155,406)	(131,609)
Administrative expenses		(81,547)	(73,830)
Other expenses, net		16,515	(49,140)
Changes in fair value of investment properties		1,490	(4,900)
Finance costs	7	(8,293)	(10,229)
Share of profits and losses of:			
Associates		(398)	(659)
Jointly-controlled entities		688	(264)
PROFIT/(LOSS) BEFORE TAX	6	35,128	(25,450)
Tax	8	(6,663)	(3,088)
PROFIT/(LOSS) FOR THE YEAR		28,465	(28,538)

Attributable to:			
Equity holders of the Company		12,080	(35,042)
Minority interests		16,385	6,504
		<u>28,465</u>	<u>(28,538)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic (HK cents)		<u>2.42</u>	<u>(7.09)</u>
Diluted (HK cents)		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED BALANCE SHEET

31 December 2006

	<i>Notes</i>	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		68,858	72,628
Investment properties		48,390	34,400
Goodwill		140,964	140,964
Other intangible assets		11,789	12,773
Interests in associates		6,824	12,521
Interests in jointly-controlled entities		67,520	67,716
Available-for-sale investments		1,160	1,896
Trade receivables	<i>10</i>	7,756	33,202
Other receivables		797	7,546
Deferred tax assets		484	733
Total non-current assets		<u>354,542</u>	<u>384,379</u>
CURRENT ASSETS			
Inventories		65,687	66,827
Amounts due from customers for contract works		12,717	7,585
Trade and bills receivables	<i>10</i>	161,369	182,042
Other receivables, prepayments and deposits		128,621	63,755
Pledged deposits		21,331	3,612
Cash and bank balances		281,052	146,833
Total current assets		<u>670,777</u>	<u>470,654</u>

CURRENT LIABILITIES			
Trade and bills payables	11	96,191	62,639
Amounts due to customers for contract works		15,998	14,074
Tax payable		6,058	2,951
Other payables and accruals		158,681	146,502
Interest-bearing bank borrowings		<u>76,928</u>	<u>108,287</u>
Total current liabilities		<u>353,856</u>	<u>334,453</u>
NET CURRENT ASSETS		<u>316,921</u>	<u>136,201</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		671,463	520,580
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		<u>6,423</u>	<u>4,020</u>
Net assets		<u>665,040</u>	<u>516,560</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		591,981	493,981
Reserves		<u>(26,646)</u>	<u>(57,964)</u>
		565,335	436,017
Minority interests		<u>99,705</u>	<u>80,543</u>
Total equity		<u>665,040</u>	<u>516,560</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2006

	Attributable to equity holders of the Company							Total	Minority	Total
	Issued share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Asset revaluation reserve <i>HK\$'000</i>	PRC reserve funds <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>			
At 1 January 2005	493,981	-	-	32,721	28,397	(2,919)	(84,879)	467,301	66,124	533,425
Exchange realignment	-	-	-	-	-	3,758	-	3,758	1,148	4,906
Total income and expense for the year recognised directly in equity	-	-	-	-	-	3,758	-	3,758	1,148	4,906
Profit/(loss) for the year	-	-	-	-	-	-	(35,042)	(35,042)	6,504	(28,538)
Total income and expense for the year	-	-	-	-	-	3,758	(35,042)	(31,284)	7,652	(23,632)
Transfer to PRC reserve funds	-	-	-	-	1,995	-	(1,995)	-	-	-
Transfer to accumulated losses	-	-	-	(922)	-	-	922	-	-	-
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(866)	(866)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	7,633	7,633
At 31 December 2005 and 1 January 2006	493,981	-	-	31,799*	30,392*	839*	(120,994)*	436,017	80,543	516,560
Exchange realignment	-	-	-	-	-	8,063	-	8,063	3,992	12,055
Total income and expense for the year recognised directly in equity	-	-	-	-	-	8,063	-	8,063	3,992	12,055
Profit for the year	-	-	-	-	-	-	12,080	12,080	16,385	28,465
Total income and expense for the year	-	-	-	-	-	8,063	12,080	20,143	20,377	40,520
Transfer to PRC reserve funds	-	-	-	-	4,491	-	(4,491)	-	-	-
Transfer to accumulated losses	-	-	-	(922)	-	-	922	-	-	-
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(1,215)	(1,215)
Issue of shares	98,000	9,800	-	-	-	-	-	107,800	-	107,800
Share issue expenses	-	(3,839)	-	-	-	-	-	(3,839)	-	(3,839)
Equity-settled share option arrangements	-	-	5,214	-	-	-	-	5,214	-	5,214
At 31 December 2006	<u>591,981</u>	<u>5,961*</u>	<u>5,214*</u>	<u>30,877*</u>	<u>34,883*</u>	<u>8,902*</u>	<u>(112,483)*</u>	<u>565,335</u>	<u>99,705</u>	<u>665,040</u>

* These reserve accounts comprise the negative reserves of HK\$26,646,000 (2005: HK\$57,964,000) in the consolidated balance sheet.

Notes:

1. Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include 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 investment properties and available-for-sale investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2. Impact of new and revised Hong Kong Financial Reporting Standards

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements. Except for in 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.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 27 Amendment	Consolidated and Separate Financial Statements: Amendments as a consequence of the Companies (Amendment) Ordinance 2005
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The principal changes in accounting policies are as follows:

(a) *HKAS 21 The Effects of Changes in Foreign Exchange Rates*

Upon the adoption of the HKAS 21 Amendment regarding a net investment in a foreign operation, all exchange differences arising from a monetary item that forms part of the Group’s net investment in a foreign operation are recognised in a separate component of equity in the consolidated financial statements irrespective of the currency in which the monetary item is denominated. This change has had no material impact on these financial statements as at 31 December 2006 or 31 December 2005.

(b) *HKAS 27 Consolidated and Separate Financial Statements*

The adoption of the revised HKAS 27 has resulted in a change in accounting policy relating to the definition of a subsidiary for the purpose of consolidated financial statements.

(c) *HKAS 39 Financial Instruments: Recognition and Measurement*

(i) Amendment for financial guarantee contracts

This amendment has revised the scope of HKAS 39 to require financial guarantee contracts issued that are not considered insurance contracts, to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*. The adoption of this amendment has had no material impact on these financial statements.

(ii) Amendment for the fair value option

This amendment has changed the definition of a financial instrument classified as fair value through profit or loss and has restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group had not previously used this option, and hence the amendment has had no effect on the financial statements.

(iii) Amendment for cash flow hedge accounting of forecast intragroup transactions

This amendment has revised HKAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as a hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the consolidated income statement. As the Group currently has no such transactions, the amendment has had no effect on these financial statements.

(d) HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*

The Group has adopted this interpretation as of 1 January 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This interpretation has had no material impact on these financial statements.

3. Impact of issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, to these financial statements.

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates many of the disclosure requirements of HKAS 32.

HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard requires the disclosure of information about the operating segments of the Group, the products and services provided by the segments, the geographical areas in which the Group operates, and revenues from the Group's major customers. This standard will supersede HKAS 14 *Segment Reporting*.

HK(IFRIC)-Int 7, HK(IFRIC)-Int 8, HK(IFRIC)-Int 9, HK(IFRIC)-Int 10, HK(IFRIC)-Int 11 and HK(IFRIC)-Int 12 shall be applied for annual periods beginning on or after 1 March 2006, 1 May 2006, 1 June 2006, 1 November 2006, 1 March 2007 and 1 January 2008, respectively.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of the HKAS 1 Amendment, HKFRS 7 and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. Segment information

(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 2006 and 2005.

	Information technology <i>HK\$'000</i>	Restaurants <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
2006					
Segment revenue:					
Sales to external customers	289,787	292,413	2,632	-	584,832
Intersegment sales	-	-	240	(240)	-
Other income and gains	16,187	1,111	53	-	17,351
Total	<u>305,974</u>	<u>293,524</u>	<u>2,925</u>	<u>(240)</u>	<u>602,183</u>
Segment results	<u>50,999</u>	<u>11,248</u>	<u>(3,939)</u>	<u>-</u>	<u>58,308</u>
Bank interest income					1,563
Unallocated corporate expenses, net					(16,740)
Finance costs					(8,293)
Share of profits and losses of:					
Associates	(96)	-	(302)	-	(398)
Jointly-controlled entities	1,163	(475)	-	-	688
Profit before tax					35,128
Tax					(6,663)
Profit for the year					<u>28,465</u>
2005					
Segment revenue:					
Sales to external customers	273,199	253,408	4,691	-	531,298
Intersegment sales	-	-	902	(902)	-
Other income and gains	9,981	742	21	-	10,744
Total	<u>283,180</u>	<u>254,150</u>	<u>5,614</u>	<u>(902)</u>	<u>542,042</u>
Segment results	<u>(7,431)</u>	<u>17,901</u>	<u>(11,897)</u>	<u>-</u>	<u>(1,427)</u>
Bank interest income					737
Unallocated corporate expenses, net					(13,608)
Finance costs					(10,229)
Share of profits and losses of:					
Associates	(411)	-	(248)	-	(659)
Jointly-controlled entities	(264)	-	-	-	(264)
Loss before tax					(25,450)
Tax					(3,088)
Loss for the year					<u>(28,538)</u>

	Information technology HK\$'000	Restaurants HK\$'000	Property investment HK\$'000	Corporate HK\$'000	Consolidated HK\$'000
2006					
Assets and liabilities					
Segment assets	714,566	104,657	51,298	79,970	950,491
Interests in associates	2,118	-	4,706	-	6,824
Interests in jointly-controlled entities	67,415	105	-	-	67,520
Unallocated assets					<u>484</u>
Total assets					<u><u>1,025,319</u></u>
Segment liabilities	216,307	43,791	7,816	2,956	270,870
Unallocated liabilities					<u>89,409</u>
Total liabilities					<u><u>360,279</u></u>
Other segment information:					
Depreciation	5,448	6,744	-	1,844*	14,036
Amortisation of other intangible assets	3,119	-	-	-	3,119
Impairment of available-for-sale investments recognised in the income statement	811	-	-	-	811
Changes in fair value of investment properties	-	-	(1,490)	-	(1,490)
Capital expenditure	6,880	14,227	-	804	<u><u>21,911</u></u>

	Information technology <i>HK\$'000</i>	Restaurants <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Corporate <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
2005					
Assets and liabilities					
Segment assets	596,071	93,695	48,926	27,303	765,995
Interests in associates	2,129	-	10,392	-	12,521
Interests in jointly-controlled entities	67,716	-	-	-	67,716
Bank overdrafts included in segment assets	-	-	-	8,068	8,068
Unallocated assets					<u>733</u>
Total assets					<u><u>855,033</u></u>
Segment liabilities	121,252	41,695	6,953	53,315	223,215
Bank overdrafts included in segment assets	-	-	-	8,068	8,068
Unallocated liabilities					<u>107,190</u>
Total liabilities					<u><u>338,473</u></u>
Other segment information:					
Depreciation	5,490	6,787	370	1,771*	14,418
Amortisation of other intangible assets	2,311	-	-	-	2,311
Impairment of available-for-sale investments recognised in the income statement	99	-	-	-	99
Impairment of property, plant and equipment recognised in the income statement	-	-	3,780	-	3,780
Changes in fair value of investment properties	-	-	4,900	-	4,900
Capital expenditure	5,071	1,903	-	285	<u><u>7,259</u></u>

* Included in "Unallocated corporate expenses" above.

(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 2006 and 2005.

	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
2006								
Segment revenue:								
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	15,078	416	20	-	666	-	17,351
Total	3,039	369,237	133,461	59,850	50,655	19,600	(33,659)	602,183
Other segment information:								
Segment assets	85,853	784,210	48,676	12,206	15,967	3,579	-	950,491
Interests in associates	-	6,824	-	-	-	-	-	6,824
Interests in jointly-controlled entities	-	67,274	-	-	246	-	-	67,520
Unallocated assets	-	-	-	-	-	-	-	484
Total assets								1,025,319
Capital expenditure	754	7,119	12,633	431	969	5	-	21,911
2005								
Segment revenue:								
Sales to external customers	2,402	340,852	66,550	59,086	43,664	18,744	-	531,298
Intersegment sales	4,642	-	40,381	-	-	-	(45,023)	-
Other income and gains	46	9,983	17	18	-	680	-	10,744
Total	7,090	350,835	106,948	59,104	43,664	19,424	(45,023)	542,042
Other segment information:								
Segment assets	32,949	666,636	34,735	16,411	10,645	4,619	-	765,995
Interests in associates	-	12,521	-	-	-	-	-	12,521
Interests in jointly-controlled entities	-	67,716	-	-	-	-	-	67,716
Bank overdrafts included in segment assets	8,068	-	-	-	-	-	-	8,068
Unallocated assets	-	-	-	-	-	-	-	733
Total assets								855,033
Capital expenditure	285	5,703	279	770	84	138	-	7,259

5. 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; proceeds from the sale of properties held for sale; gross rental income; and receipts from restaurant operations during the year.

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

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Revenue		
Construction contracts	188,453	179,099
Sale of softwares	44,895	44,538
Rendering of services	56,439	49,562
Receipts from restaurant operations	292,413	253,408
Gross rental income	2,632	2,341
Sale of properties held for sale	-	2,350
	584,832	531,298
Other income and gains		
Imputed interest on interest-free trade and other receivables	12,520	3,788
PRC and overseas tax subsidies	3,179	6,703
Others	1,652	253
	17,351	10,744

6. Profit/(loss) before tax

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Cost of inventories sold	290,236	256,274
Cost of properties sold	-	1,360
Cost of services provided	49,461	38,172
Depreciation	14,036	14,418
Operating lease rentals for land and buildings:		
Minimum lease payments	27,168	24,748
Contingent rents	3,071	1,745
	30,239	26,493
Release of goodwill upon disposal of partial interests in subsidiaries *	-	629
Amortisation of other intangible assets [@]	3,119	2,311
Research and development costs:		
Current year expenditure	9,521	6,007
Less: Government grants received ⁺	(1,600)	-
	7,921	6,007
Foreign exchange differences, net	690	226
Impairment of available-for-sale investments *	811	99
Impairment of property, plant and equipment *	-	3,780
Impairment/(reversal of impairment) of trade and other receivables *	(23,147)	40,132

Provision against an amount due from an associate *	5,500	4,500
Employee benefits expense (including directors' remuneration):		
Wages and salaries	109,820	90,093
Pension scheme contributions	4,104	3,268
Equity-settled share option expense	5,214	-
	<u>119,138</u>	<u>93,361</u>
Net rental income	(281)	(455)
Bank interest income	(1,563)	(737)
Changes in fair value of investment properties	1,490	(4,900)
Loss on disposal of items of property, plant and equipment	<u>249</u>	<u>69</u>

@ The amortisation of other intangible assets is included in "Cost of sales" on the face of the consolidated income statement.

+ Various government grants were received for the research and development of management information systems for the education sector in Beijing, Mainland China. The government grants received were deducted from the research and development costs to which they related. There are no unfulfilled conditions or contingencies relating to these grants.

* These amounts are included in "Other expenses, net" on the face of the consolidated income statement.

7. Finance costs

	2006	2005
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	6,309	9,606
Interest on other loans wholly repayable within five years	<u>1,984</u>	<u>623</u>
	<u>8,293</u>	<u>10,229</u>

8. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. 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 in the People's Republic of China ("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 standard income tax rates ranging from 7.5% to 33%.

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Current - Hong Kong		
Charge for the year	27	290
Underprovision in prior years	-	408
Current - Elsewhere		
Charge for the year	6,374	2,654
Underprovision/(overprovision) in prior years	(17)	455
Deferred	<u>279</u>	<u>(719)</u>
Total tax charge for the year	<u>6,663</u>	<u>3,088</u>

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

The calculation of basic earnings/(loss) per share amounts is based on the net profit for the year attributable to ordinary equity holders of the Company of HK\$12,080,000 (2005: net loss of HK\$35,042,000) and the weighted average number of 499,351,013 (2005: 493,981,150) ordinary shares in issue during the year.

A diluted earnings per share amount for the year ended 31 December 2006 has not been disclosed as the average share price of the Company for the year ended 31 December 2006 is lower than the exercise prices of the share options outstanding throughout the year.

Diluted loss per share amount for the year ended 31 December 2005 has not been disclosed as the share options outstanding during that year had an anti-dilutive effect on the basic loss per share for that year.

10. 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.

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 provisions, is as follows:

	2006 <i>HK\$'000</i>	2005 HK\$'000
Current and within 3 months	138,970	177,682
4 to 6 months	1,137	4,022
7 to 12 months	13,969	12,668
Over 1 year	15,049	20,872
	<hr/>	<hr/>
Portion classified as current assets	169,125 (161,369)	215,244 (182,042)
	<hr/>	<hr/>
Long term portion	7,756	33,202
	<hr/> <hr/>	<hr/> <hr/>

11. 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:

	2006 <i>HK\$'000</i>	2005 HK\$'000
Within 3 months	74,992	47,754
4 to 6 months	4,542	2,332
7 to 12 months	3,026	3,038
Over 1 year	13,631	9,515
	<hr/>	<hr/>
	96,191	62,639
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DIVIDEND

The Board do not recommend the payment of any dividend in respect of the year (2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Development Strategies

In 2006, the Company identified the construction, operation and maintenance of the electronic settlement and clearance platform for infrastructure and public utilities as its core business. Under the guidance of its new business strategy, it began a series of initiatives and achieved concrete results.

1. Set clear strategic direction and core business focus. The Company focused on growing Beijing's Smart Card business and, with card business at the core, it extended business coverage onto other related areas. Building on the infrastructure co-developed by Smart Card and Teletron Group and targeting to serve public utilities, the Group brought to the foreground its core emphasis on providing construction, operation and maintenance services for electronic payment and clearance platform. It also developed the Jetric Group led business of education-related IT provisions construction, operation and technical service, and restructured the strategic business of electronic government and network technical service provided by Xteam.
2. Restructured business and clarified operational focuses. The Company gradually exited from non-core businesses and optimized and streamlined its organizational structure. Guided by the new development strategies, it reviewed and consolidated its businesses into three core segments. The first is the business of Smart Card entailing the operation and marketing of Smart Cards, promotion of small payment application and engineering, building and maintenance of Smart Card related operations. The second is the IT service segment covering the development of Beijing Subway's public communications information system platform and aiding the adoption of IT by the education sector. The last segment is the Xteam business of the research and development of IT software.
3. Strengthened internal management and lowered management cost. The Company boosted corporate governance and ensured orderly operation of its listed businesses, increased transparency and enhanced strategic decision-making, as well as reinforced management and control of its subsidiaries to gradually realize their strategic management.
4. Gained exposure in the capital market. The Company strengthened communication and interaction with the capital market, and projected a clear corporate image. This has helped to invigorate the Company's financing capability with attention and recognition drawn from the capital market. In 2006, the Company made concrete achievement in raising capital. Through share placement and with boosted share price, a strong foundation was laid for future fund raising initiatives.

Business Review

1. *Smart Card Business*

On 10 May 2006 was the full launch of the Smart Card system to replace paper tickets used on the Beijing subway, public buses and taxis. The public buses monthly ticket policy reform kick off in the beginning of 2007 has given a strong push to public adoption of Smart Cards. At the end of March 2007, 10 million Smart Cards were issued and more than 10 million transactions were registered daily. During the year, Smart Card service was made available on 31 December at six tolling stations covering 15 lanes on the Badaling Expressway and nine tolling stations covering 16 lanes on the Beijing-Tianjin-Tanggu Expressway. Starting from October onwards, Smart Cards can also be used to purchase movie tickets at 23 cinemas of Beijing New Film Association. That has provided a constructive trial base for using Smart Card to conduct small payment transactions.

In June 2006, the Group and Beijing Education Bureau signed a Cooperation Agreement regarding the issuance, management, application and promotion of Student IC Cards to primary and secondary school students in Beijing. Student IC Cards were subsequently issued in batches to the students and a three-tier management system covering the city, districts (counties) and schools was set up to promote a full scope of applications of the cards. As at the end of March 2007, one million Student IC Cards were issued.

2. *Rail Transportation Business*

During the period under review, the Company signed several contracts for projects including the Automated Fare Collection (“AFC”) System for the Beijing Metro Lines 1 and 2 and the Batong Line; the Automated Fare Collection and Clearing Center (“ACC”) System for the Beijing Mass Transit Network Management and Support Project. Other rail transportation related projects it undertook primarily for the Beijing Subway during the year are the safety door system for Lines 5, 10 and 4; the re-engineering of trains and equipment concealment for Lines 1 and 2; and the establishment of the Building Automation System (“BAS”) for Lines 1 and 5, etc. These projects together carry a total contractual value of RMB840 million, RMB570 million of which was the value of direct contracts won by the Company.

3. *e-Government Administration Business*

The e-government and education information projects in Beijing landed by the Company carry a total contract value of RMB160 million.

4. *New Project Development*

In November 2006, the Company signed a Cooperation Agreement with Beijing Subway Operation Company Limited to build Beijing Subway’s Public Communications Information System Platform. Setting up a public communication platform for the Beijing Subway is one of the key technological projects for the 2008 Beijing Olympics. This platform will facilitate the construction and integration of the public communication and passenger information direction systems of Lines 1 and 2 of the Beijing Subway. It will be able to support public signaling inflow thus provide the link between all kinds of information operators and value-added service suppliers and passengers. Passengers will have access to different audio, graphic, data and multimedia broadcast and mobile data application services.

Prospects

In 2007, the Company will continue its development strategies. Through measures such as capital injection, strategic re-engineering and adjustment of organizational structure and business integration, it will grow its core business further in scale and scope.

1. Strengthen controlling rights on Smart Card business, increase issue volume and card usage rate, and establish effective mechanism to consolidate the Smart Card platform. The Group will actively look for suitable partners for different Smart Card application areas and promote the application of Smart Cards in small payments. It will also pursue in-depth strategic R&D of Smart Card and electronic settlement and clearance, and closely monitor development of overseas Smart Card operations, as well as to collect related information for the exploration of investment opportunities.

2. Continue to develop related projects of rail transportation and start construction of public communications information system platform. The Company will focus on these projects in 2007, aiming at delivering projects of guaranteed qualitative and quantitative standards. Apart from focusing on unearthing the potential and enhancing the efficiency of existing projects, the Company will also explore other development projects in the sector. For instance, it will closely monitor the progress of the Beijing Subway projects and actively explore cooperative opportunities in relation to subway projects with other provinces and cities.
3. Speed up and step up organization restructuring and adjustment efforts. The Company will let go of non-core businesses and dispose of ineffective assets and consolidate existing businesses. It will strengthen strategic management and control on its subsidiaries, especially Xteam, and actively identify new opportunities that agree with the Company's development strategies.

In the coming year, the Company will strive to apply capital more effectively, work on improving investor relations, boosting investor confidence and to build a favourable market image. It aims to fully realize its financing capacity as a Hong Kong main board-listed company to ensure it has adequate financial back up for implementing future plans and development strategies. Moreover, the Company will focus on developing its core businesses and markets to increase profitability. It is committed to delivering optimal value for shareholders, rewarding them and contributing to the society through outstanding performance.

Financial Review

For the year ended 31 December 2006, the Group recorded a consolidated revenue of HK\$585 million, representing an increase of 10% from HK\$531 million in 2005. Profit attributable to shareholders amounted to HK\$12.08 million, as compared to the loss of HK\$35.04 million in 2005.

1. Revenue of the information technology business segment increased by 6.1% from HK\$273 million in 2005 to HK\$290 million, occupying 49.6% of the Group's total revenue. Of the impairment of HK\$40.1 million for trade receivables made by the Group for its information technology subsidiaries last year, HK\$23.15 million was written back in 2006. During the year, affected by Xteam's deteriorated performance, segment profit amounted to HK\$51 million, against the loss of HK\$7.4 million recorded in 2005.
2. Restaurant business segment brought in HK\$292 million in revenue, 15.4% more than last year's HK\$253 million, accounting for 50% of total revenue of the Group. Segment profit reached HK\$11.25 million, representing a decrease of 37.2% from HK\$17.9 million in the previous year.

Financial Position

In November 2006, the Company placed up to a total of 98 million new shares at HK\$ 1.1 per share and raised HK\$104 million as general working capital.

As at the end of 2006, the Group had total assets of HK\$1.025 billion, increased by HK\$170 million from HK\$855 million at the beginning of the year. Its total liabilities increased to HK\$360 million, HK\$22 million more than HK\$338 million at the beginning of the year. Equity attributable to equity holders of the Company reached HK\$565 million, HK\$129 million higher than HK\$436 million at the beginning of this year. Net asset value per share was HK\$0.955, representing an increase of HK\$0.072 from HK\$0.883 at the beginning of the year.

	As at 31 December 2006 <i>HK\$ million</i>	As at 31 December 2005 <i>HK\$ million</i>
Cash and bank balances	302.38	150.45
Bank borrowings	83.35	112.31
Advance from a holding company	-	50.00
Net cash/(borrowings)	219.03	(11.86)
Net gearing ratio	N/A	18.1%
Current assets	670.78	470.65
Current liabilities	353.86	334.45
Current ratio	189.6%	140.7%

About 84% of the Group's bank borrowings were denominated in Renminbi, unsecured and carried fixed annual interest rates of between 5.5% and 6.1%. The total value of the Group's pledged assets amounted to HK\$66.61 million, HK\$21.33 million of which was pledged deposits. Around 80% of the cash and bank balances of the Group were denominated in Renminbi. The management believes the financial risk posed by fluctuation of exchange rates on the Group is limited.

Employees

As at the end of 2006, the Group had approximately 2,050 employees, as compared to 1,840 at the end of 2005. Total expense on employee benefits in 2006 reached HK\$113.92 million (excluding share options), increased by 22% as compared to HK\$93.4 million last year. 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 year.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2006, except for the non-executive directors of the Company whom are not appointed for specific terms, which deviates from the requirement of Code Provision A.4.1. However, in view of the fact that the non-executive directors are subject to retirement by rotation in accordance with the Company's Articles of Association, the Company considers that there are sufficient measures to ensure that the corporate governance of the Company are no less exacting than the Code Provision.

AUDIT COMMITTEE

The Audit Committee comprises the three independent non-executive directors of the Company, Mr. Cao Guixing, Prof. Liu Wei and Dr. Jin Lizuo. The Audit Committee which 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.

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 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 thank all employees, the society and different associated parties for supporting the Group in the past year.

By order of the Board
Zhang Honghai
Chairman

Hong Kong, 3 April 2007

As at the date of this announcement, the Board comprises Mr. Zhang Honghai, 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.

Please also refer to the published version of this announcement in The Standard.