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)

SUMMARISED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2005

INTERIM RESULTS

The board of directors (the "Board") of Beijing Development (Hong Kong) Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2005, together with the comparative figures for the corresponding period in the previous year.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the six months ended 30 June 2005

	Notes	For the six months ended 30 June 2005 (Unaudited) HK$'000	2004 (Restated) HK$'000
TURNOVER	3	**200,534**	205,362
Cost of sales		**(95,926)**	(118,178)
Gross profit		**104,608**	87,184
Interest income		**446**	385
Other revenue and gains	3	**3,322**	5,598
Selling and distribution costs		**(67,684)**	(65,021)
Administrative expenses		**(37,512)**	(27,602)
PROFIT FROM OPERATING ACTIVITIES		**3,180**	544
Finance costs	4	**(4,982)**	(3,785)
Share of profits and losses of:			
Associates		**(136)**	(1,187)
Jointly-controlled entities		**(1,539)**	(3,127)
LOSS BEFORE TAX	5	**(3,477)**	(7,555)
Tax	6	**(1,659)**	(1,445)
LOSS FOR THE PERIOD		**(5,136)**	(9,000)
ATTRIBUTABLE TO:			
Equity holders of the parent		**(8,477)**	(7,383)
Minority interests		**3,341**	(1,617)
		(5,136)	(9,000)
LOSS PER SHARE – Basic (cents)	7	**(1.72)**	(1.49)

CONDENSED CONSOLIDATED BALANCE SHEET
30 June 2005

	Note	30 June 2005 (Unaudited) HK$'000	31 December 2004 (Restated) HK$'000
NON-CURRENT ASSETS			
Fixed assets		**80,410**	83,285
Investment properties		**39,300**	39,300
Goodwill		**135,748**	134,221
Intangible assets		**13,687**	14,371
Interests in associates		**16,751**	14,479
Interests in jointly-controlled entities		**65,611**	67,151
Available-for-sale investments		**1,935**	1,959
Trade receivables	8	**14,667**	69,310
Other receivables		**14,009**	18,825
Deferred tax assets		**601**	-
		382,719	442,901
CURRENT ASSETS			
Inventories		**86,046**	76,395
Amounts due from customers for contract work		**14,694**	5,575
Properties held for sale		**–**	1,250
Trade and bills receivables	8	**238,171**	220,015
Other receivables, prepayments and deposits		**80,882**	75,640
Pledged bank balances		**5,124**	24,191
Cash and bank balances		**99,403**	102,506
		524,320	505,572
CURRENT LIABILITIES			
Trade and bills payables	9	**64,662**	96,728
Amounts due to customers for contract work		**13,819**	8,359
Tax payable		**2,403**	2,446
Other payables and accruals		**87,916**	87,654
Bank loans		**187,045**	197,884
		355,845	393,071
NET CURRENT ASSETS		**168,475**	112,501
TOTAL ASSETS LESS CURRENT LIABILITIES		**551,194**	555,402
NON-CURRENT LIABILITIES			
Bank loans		**4,247**	4,324
		546,947	551,078
CAPITAL AND RESERVES			
Equity attributable to equity holders of the parent:			
Issued capital		**493,981**	493,981
Other reserves		**58,641**	58,199
Accumulated losses		**(80,799)**	(72,169)
		471,823	480,011
Minority interests		**75,124**	71,067
		546,947	551,078

NOTES:

1. **Accounting policies**

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and have not been audited, but have been reviewed by the Company's audit committee.

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has resolved to early adopt certain new and revised HKFRSs in the audited financial statements for the year ended 31 December 2004.

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2004, except in relation to the following new and revised HKFRSs that affect the Group and are adopted for the first time for the current period's financial statements:

HKAS 32: "Financial Instruments: Disclosure and Presentation"
HKAS 39: "Financial Instruments: Recognition and Measurements"

The impact of adopting HKASs 32 and 39 is summarised as follows:

Financial instruments - Equity securities

In prior periods, the Group classified its investments in equity securities as long term investments which were held for non-trading purposes and were stated at cost less any impairment losses.

Upon the adoption of HKASs 32 and 39, these securities are classified as available-for-sale investments. Available-for-sale investments are those non-derivative investments in listed and unlisted equity securities that are designated as available-for-sale or are not classified in any of the other categories of financial assets as defined in HKAS 39. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and discounted cash flow analysis and option pricing models.

When the fair value of unlisted equity securities cannot be reliably measured because (1) the variability in the range of reasonable fair value estimates is significant for that investment, or (2) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost.

The Group assesses at each balance sheet date whether there is any objective evidence that an available-for-sale investment is impaired as a result of one or more events that occurred after the initial recognition of the assets ("loss events"), and that the loss event has an impact on the estimated future cash flows that can be reliably estimated.

If there is objective evidence of impairment, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in the profit and loss account. The amount of the loss recognised in the profit and loss account shall be the difference between the acquisition cost and current fair value, less any impairment loss on that available-for-sale investment previously recognised in the profit and loss account.

The adoption of HKASs 32 and 39 has had no material impact on the condensed consolidated interim financial statements.

2. Segment information

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

The following tables present revenue and results for the Group's primary segments.

	For the six months ended 30 June 2005				
	Information technology (Unaudited) *HK$'000*	**Restaurants (Unaudited) *HK$'000***	**Property investment (Unaudited) *HK$'000***	**Eliminations (Unaudited) *HK$'000***	**Consolidated (Unaudited) *HK$'000***
Revenue:					
External sales	**66,884**	**129,910**	**3,740**	**–**	**200,534**
Intersegment sales	**–**	**–**	**451**	**(451)**	**–**
	66,884	**129,910**	**4,191**	**(451)**	**200,534**
Other revenue and gains	**2,954**	**320**	**23**	**–**	**3,297**
	69,838	**130,230**	**4,214**	**(451)**	**203,831**
Segment results	**(1,731)**	**10,610**	**1,371**		**10,250**
Interest income					**446**
Unallocated corporate expenses, net					**(7,516)**
Profit from operating activities					**3,180**
Finance costs					**(4,982)**
Share of profits and losses of:					
Associates	**(251)**	**–**	**115**		**(136)**
Jointly-controlled entities	**(1,539)**	**–**	**–**		**(1,539)**
Loss before tax					**(3,477)**
Tax					**(1,659)**
Loss for the period					**(5,136)**

	For the six months ended 30 June 2004				
	Information technology (Restated) *HK$'000*	Restaurants (Restated) *HK$'000*	Property investment (Restated) *HK$'000*	Eliminations (Restated) *HK$'000*	Consolidated (Restated) *HK$'000*
Revenue:					
External sales	75,213	120,757	9,392	–	205,362
Intersegment sales	–	–	432	(432)	–
	75,213	120,757	9,824	(432)	205,362
Other revenue and gains	3,235	508	1,855	–	5,598
	78,448	121,265	11,679	(432)	210,960
Segment results	(5,080)	7,150	4,666		6,736
Interest income					385
Unallocated corporate expenses, net					(6,577)
Profit from operating activities					544
Finance costs					(3,785)
Share of profits and losses of:					
Associates	(594)	–	(593)		(1,187)
Jointly-controlled entities	(3,127)	–	–		(3,127)
Loss before tax					(7,555)
Tax					(1,445)
Loss for the period					(9,000)

3. Turnover, other revenue and gains

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.

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

	For the six months ended 30 June	
	2005 (Unaudited) *HK$'000*	2004 (Unaudited) *HK$'000*
Turnover		
Construction contracts	**32,471**	54,353
Rendering of services	**34,413**	20,860
Receipts from restaurant operations	**129,910**	120,453
Sales of dried seafood	**–**	304
Gross rental income	**1,390**	3,184
Sales of properties held for sale	**2,350**	6,208
	200,534	205,362
Other revenue and gains		
Government grants *	**3,227**	5,323
Others	**95**	275
	3,322	5,598

* *Government grants represented government subsidies, business tax and value added tax refunds.*

4. Finance costs

	For the six months ended 30 June	
	2005 (Unaudited) *HK$'000*	2004 (Unaudited) *HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**4,842**	3,785
Interest on an amount due to the holding company	**140**	–
	4,982	3,785

5. Loss before tax

The Group's loss before tax was determined after charging/(crediting) the following:

	For the six months ended 30 June	
	2005 (Unaudited) *HK$'000*	2004 (Unaudited) *HK$'000*
Depreciation	**7,790**	8,577
Amortisation of intangible assets *	**1,156**	1,132
Loss/(gain) on disposal of fixed assets	**106**	(35)
Impairment of available-for-sale investments	**24**	–

* *The amortisation of intangible assets is included in "Cost of sales" on the face of condensed consolidated profit and loss account.*

6. Tax

	For the six months ended 30 June	
	2005 (Unaudited) *HK$'000*	2004 (Unaudited) *HK$'000*
Current:		
Hong Kong profits tax	**592**	194
PRC corporate income tax	**549**	300
Overseas income tax	**1,119**	951
	2,260	1,445
Deferred tax	**(601)**	–
Total tax charge for the period	**1,659**	1,445

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2005. 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 PRC, certain of the Company's PRC subsidiaries, associates and jointly-controlled entities enjoy corporate income tax exemptions and reductions. Certain PRC subsidiaries, associates and jointly-controlled entities are subject to income tax rates ranging from 7.5% to 33%.

Share of tax credit attributable to an associate for the six months ended 30 June 2004 amounted to HK$81,000 is included in "Share of profits and losses of associates" on the face of the condensed consolidated profit and loss account.

Share of tax credit attributable to a jointly-controlled entity for the six months ended 30 June 2005 amounted to HK$32,000 (2004: tax charge of HK$104,000) is included in "Share of profits and losses of jointly-controlled entities" on the face of the condensed consolidated profit and loss account.

7. **Loss per share**

The calculation of basic loss per share for the six months ended 30 June 2005 is based on the loss attributable to equity holders of the parent of HK$8,477,000 and the 493,981,150 ordinary shares in issue during the period.

The basic loss per share for the six months ended 30 June 2004, as previously reported 3.39 HK cents, has been restated and is based on the restated loss attributable to equity holders of the parent of HK$7,383,000 and the 493,981,150 ordinary shares in issue during the period.

Diluted loss per share amounts for the six months ended 30 June 2005 and 2004 have not been disclosed as the share options outstanding during those periods had an anti-dilutive effect on the basic loss per share.

8. **Trade and bills receivables**

The various Group companies have different credit policies, dependent on the requirements of their markets and the businesses which they operate. 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 provision for impairment, is as follows:

	30 June 2005 (Unaudited)	31 December 2004 (Audited)
	HK$'000	*HK$'000*
Current and within 3 months	**202,196**	228,518
4 – 6 months	**13,866**	616
7 – 12 months	**15,322**	40,344
Over 1 year	**21,454**	19,847
	252,838	289,325
Portion classified as current assets	**(238,171)**	(220,015)
Long term portion	**14,667**	69,310

9. **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:

	30 June 2005 (Unaudited)	31 December 2004 (Audited)
	HK$'000	*HK$'000*
Within 3 months	**37,699**	88,924
4 – 6 months	**15,371**	192
7 – 12 months	**5,915**	1,646
Over 1 year	**5,677**	5,966
	64,662	96,728

INTERIM DIVIDEND

The directors resolved not to pay an interim dividend to shareholders (2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the six months ended 30 June 2005, the Group recorded a turnover of HK$200.5 million as compared to HK$205.4 million in the corresponding period last year. The profit from operating activities rose 5 times to HK$3.2 million from HK$0.5 million last year.

Loss for the period was HK$5.1 million, showing a decrease of 43% as compared with HK$9 million last year. The loss attributable to equity holders of the parent was HK$8.5 million, showing an increase of 15% from HK$7.4 million last year. The basic loss per share amounted to 1.7 HK cents.

Business review

Information technology

The software business made steady progress in the first half of the year. With second half being the busy season, the software business should perform well for the rest of the year.

Other information technology businesses, namely, systems integration and smart cards, continued to remain flat during the period. However, there are current signs that these businesses are beginning to recover in the second half of the year.

Other businesses

The Group's restaurant business segment continued to make steady progress in the first half of the year. Segment revenue and results increased by 8% and 48% to HK$129.9 million and HK$10.6 million, respectively. The Group's property investment business segment remained flat and insignificant during the period under review.

Prospects

The Group has been trying to apply its software and service solutions developed in Beijing to other cities and provinces in China. The Group made some progress in this regard during the first six months. The Group intends to put more efforts and resources in the future to expand nationally.

The Group is currently developing a new Linux based application strategy, which basically involves the bundling of Linux operating system with most commonly used applications and services into one single product for which the customers will pay monthly or yearly fees. Among other things, the Group aims to bring substantial cost benefit, better security protection and more friendly maintenance services to potential customers.

The Group is also actively bidding for Beijing 2008 Olympics transportation related projects. The Group plans to team up with overseas experienced players to increase its competitive edge.

Financial position

As at 30 June 2005, the total assets of the Group amounted to HK$907 million, which were financed by shareholders' equity of the parent of HK$471.8 million, minority interests of HK$75.1 million and total liabilities of HK$360.1 million.

As at 30 June 2005, the Group had total cash and bank balances amounted to HK$104.5 million. The Group's bank borrowings, at floating interest rates, amounted to HK$191.3 million, of which HK$187 million were due within one year.

The Group's current ratio (current assets over current liabilities) as at 30 June 2005 was 147% (31 December 2004: 129%). The Group's net debt (total bank borrowings minus cash and bank balances) increased to HK$86.8 million, representing a net debt to total equity ratio of 16% (31 December 2004: 14%).

The directors consider the Group will have sufficient working capital for its operations and financial resources for financing future investment opportunities in suitable business ventures.

As at 30 June 2005, certain of the Group's banking facilities are secured by the Group's leasehold land and buildings which had an aggregate net book value of HK$50.4 million and bank balances of HK$1.2 million. In addition, bank balances of HK$4 million were pledged as guarantees for tenders and contracts.

The Group had limited exposure to exchange fluctuations and its borrowings and monetary assets were mainly denominated in Hong Kong dollars, Renminbi and United States dollars.

The Group incurred capital expenditures of HK$7.6 million during the period, mainly for purchase of fixed assets and intangible assets totalled HK$5.2 million and acquisition of an associate of HK$2.4 million.

As at 30 June 2005, the Group 's share of a jointly-controlled entity's own capital commitments was HK$22.5 million. As at 30 June 2005, the Group had no material contingent liabilities.

Employees

As at 30 June 2005, the Group had a total of approximately 1,770 full-time employees (31 December 2004: 1,890), 620 of whom were employed in information technology segment and 1,130 in restaurant segment.

Salaries of employees are maintained at competitive levels while share options and bonuses are granted based on individual and business performance. No share option was granted or exercised during the period under review, and the Company had 28,060,000 share options outstanding at 30 June 2005.

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 2005.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company complied with the code provisions as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") throughout the accounting period covered by the interim report, except that (i) under paragraph A.4.1, the non-executive directors of the Company are not appointed for specific terms, but are subject to retirement by rotation in accordance with the Company's articles of association; and (ii) under paragraph B.1, the Company is still in the progress of establishing a remuneration committee with specific written terms of reference.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code throughout the accounting period covered by the interim report.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company, namely Mr. Cao Guixing, Prof. Liu Wei and Dr. Jin Lizuo.

PUBLICATION OF FINANCIAL INFORMATION

The Company's 2005 interim report containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be available on the websites of the Stock Exchange *(http://www.hkex.com.hk)* and the Company *(http://www.bdhk.com.hk)* in due course.

APPRECIATION

The board of directors would like to take this opportunity to extend our gratitude and appreciation to our shareholders and parties for their support, and our hardworking colleagues during the period.

By Order of the Board
ZHANG HONGHAI
Chairman

Hong Kong, 8 September 2005

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