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 2009

The board of directors (the "Board") of Beijing Development (Hong Kong) Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2009

	Notes	**2009**	2008
		HK$'000	*HK$'000*
REVENUE	*4*	**225,376**	293,223
Cost of sales		**(230,010)**	(293,972)
Gross loss		**(4,634)**	(749)
Other income and gain	*4*	**8,537**	12,699
Selling and distribution costs		**(7,821)**	(8,426)
Administrative expenses		**(63,848)**	(104,652)
Losses on deemed disposal of a partial interest in an associate	*5*	**–**	(2,394)
Other expenses, net		**(64,388)**	(193)
Share of profits and losses of:			
Jointly-controlled entities		**1,033**	889
Associates		**(16,718)**	(17,982)
Impairment of an interest in an associate	*6*	**(18,703)**	(310,459)
LOSS BEFORE TAX	*7*	**(166,542)**	(431,267)
Income tax	*8*	**(10,312)**	10,576
LOSS FOR THE YEAR		**(176,854)**	(420,691)
Attributable to:			
Shareholders of the Company		**(158,418)**	(414,598)
Minority interests		**(18,436)**	(6,093)
		(176,854)	(420,691)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
– Basic and diluted *(HK cents)*	*9*	**(23.38)**	(60.62)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	2009	2008
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(176,854)**	(420,691)
OTHER COMPREHENSIVE INCOME:		
Share of exchange reserve movements of an associate	**3,796**	–
Exchange differences on translating foreign operations	**108**	18,723
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX OF NIL	**3,904**	18,723
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(172,950)**	(401,968)
Attributable to:		
Shareholders of the Company	**(154,529)**	(396,914)
Minority interests	**(18,421)**	(5,054)
	(172,950)	(401,968)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Equipment		**10,559**	11,290
Investment properties		**43,764**	43,730
Goodwill		**10,000**	68,625
Other intangible assets		**5,110**	6,878
Interests in jointly-controlled entities		**12,562**	13,842
Interests in associates		**23,259**	54,034
Trade receivables	*10*	**23,440**	24,941
Deferred tax assets		**3,023**	12,211
Total non-current assets		**131,717**	235,551
CURRENT ASSETS			
Inventories		**7,749**	29,664
Amounts due from contract customers		**6,866**	32,592
Trade receivables	*10*	**94,585**	91,668
Prepayments, deposits and other receivables		**56,844**	66,570
Available-for-sale investment		**–**	3,977
Income tax recoverable		**1,627**	1,073
Pledged deposits		**4,489**	5,057
Cash and cash equivalents		**629,287**	612,414
Total current assets		**801,447**	843,015
CURRENT LIABILITIES			
Trade and bills payables	*11*	**134,618**	146,215
Amounts due to contract customers		**9,503**	10,854
Income tax payable		**239**	153
Other payables and accruals		**89,300**	73,808
Total current liabilities		**233,660**	231,030
NET CURRENT ASSETS		**567,787**	611,985
TOTAL ASSETS LESS CURRENT LIABILITIES		**699,504**	847,536
NON-CURRENT LIABILITIES			
Trade and bills payables	*11*	**15,544**	–
Deferred income		**34,091**	34,091
Total non-current liabilities		**49,635**	34,091
Net assets		**649,869**	813,445
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		**677,460**	677,460
Reserves		**(54,690)**	90,366
		622,770	767,826
Minority interests		**27,099**	45,619
Total equity		**649,869**	813,445

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 investment properties 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2009. 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 income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

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 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKFRS 8 Amendment*	Amendment to HKFRS 8 *Operating Segments – Disclosure of information about segment assets* (early adopted)

HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*, which is effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of HKFRS 8 and HKAS 1 (Revised), the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

(a) HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers.

(b) HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this revised standard introduces the statement of comprehensive income, with all items of income and expense recognised in the income statement, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

3. OPERATING SEGMENT INFORMATION

Over 90% of the Group's revenue, expenses and assets are generated from the provision of IT related services in Mainland China. The management of the Group makes decisions about resources allocation and assesses performance of the Group based on the operating results from these business activities. Accordingly, the directors are of the opinion that IT related services in Mainland China is a single reportable segment of the Group.

Analysis of the Group's revenues from external customers for each group of similar products and services are disclosed in note 4.

The Group's revenue from external customers is derived solely from its operations in the People's Republic of China ("PRC"), and all non-current assets (other than financial assets) of the Group are located in the PRC.

During the year, the Group had transactions with a single external customer which contributed to over 10% of the Group's total revenue (2008: two). The revenue generated from this customer amounted to HK$112,952,000 (2008: HK$126,913,000 from two customers in aggregate).

4. REVENUE, OTHER INCOME AND GAIN

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) an appropriate proportion of contract revenue of the services rendered, net of business tax and government surcharges; and (4) gross rental income received and receivable from investment properties during the year.

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

	2009	2008
	HK$'000	*HK$'000*
Revenue		
Construction contracts	**132,452**	210,045
Sale of software	**62,496**	59,799
Rendering of services	**28,659**	20,467
Gross rental income	**1,769**	2,912
	225,376	293,223
Other income		
Bank interest income	**5,524**	10,378
Imputed interest on interest-free trade receivables with extended credit periods	**2,381**	1,094
Investment income	**407**	837
Others	**191**	390
	8,503	12,699
Gain		
Fair value gain on investment properties	**34**	–
Other income and gain	**8,537**	12,699

5. LOSSES ON DEEMED DISPOSAL OF A PARTIAL INTEREST IN AN ASSOCIATE

The losses on deemed disposal of a partial interest in an associate recognised during the year ended 31 December 2008 arose from the conversion of convertible bonds of China Information Technology Development Limited ("CITD") by a bondholder for 261,000,000 new ordinary shares of CITD in aggregate during the period from February to April 2008. No relevant and reliable financial information had been made available to enable the Group to account for its interests in CITD for the year ended 31 December 2008. Accordingly, the losses on deemed disposal of CITD recognised during the year ended 31 December 2008 were determined based on the carrying amount of the Group's interest in CITD as at 31 December 2007.

6. IMPAIRMENT OF AN INTEREST IN AN ASSOCIATE

As further explained in the financial statements of the Company for the year ended 31 December 2008, on 6 February 2009, each of CITD and the Company made a public announcement to advise their respective shareholders and potential investors that, in the course of auditing CITD's financial statements for the year ended 31 December 2008, the auditors of CITD were aware of unusual transaction data being recorded in the revenue recording system in Mingsuo (an Internet platform which provides corporate information enquiry services to its members) and a special committee has been established by CITD to investigate into the matter (the "Special Investigation"). The directors of the Company were advised by the management of CITD that, since the revenue of Mingsuo represented a significant part of the overall revenue of the CITD group, any significant findings of the Special Investigation might have a correspondingly significant impact on the CITD group's operational and financial performance. The trading of the shares of CITD has been suspended since 29 January 2009.

When the financial statements of the Company for the year ended 31 December 2008 were approved for issue on 30 March 2009, the Special Investigation had not yet completed and no further information or pronouncement had been made by CITD in respect of the Special Investigation by that date.

Since no relevant and reliable financial information had been made available to enable the Group to account for its interests in CITD for the year ended 31 December 2008 in accordance with HKAS 28 *Investments in Associates*, the Group did not equity account for any operating results of CITD for the year ended 31 December 2008 in the preparation of the consolidated financial statements of the Company for that year.

In view of (1) the prolonged decline in the market value of the shares of CITD held by the Group during the year ended 31 December 2008 which is materially below the Group's interest in CITD as at 31 December 2007; (2) the downturn in the stock market and global economy at that time; and (3) the uncertainty as to the ultimate findings of the Special Investigation, in the opinion of the directors of the Company, a full impairment provision in respect of the Group's share of the goodwill standing in the books of CITD was required. Therefore, impairment provisions of HK$310,459,000 and HK$17,983,000 against the Group's interests in CITD and the goodwill arising on the acquisition of CITD and its subsidiaries in prior years were recognised in the consolidated income statement for the year ended 31 December 2008, respectively.

On 19 May 2009, CITD made a further public announcement to disclose the findings from the Special Investigation (the "Findings") which is summarised below:

- doubtful or questionable genuineness as to certain transaction records in Mingsuo system;
- doubtful or questionable genuineness as to certain transactions of Huayuan Run Tong (Beijing) Sci-Tech Co., Ltd. ("Run Tong"), a CITD's subsidiary and the operator of Mingsuo system;
- doubtful or questionable genuineness as to certain assets of Run Tong;

- agents, suppliers and customers which might be controlled by Run Tong; and
- suspicious agents and suppliers of Run Tong.

On 31 March 2010, CITD has published its consolidated financial statements for the years ended 31 December 2008 and 2009. As disclosed in the CITD's independent auditors' report for the year ended 31 December 2008, the independent auditors of CITD do not express an opinion as to whether the consolidated financial statements of CITD for the year ended 31 December 2008 give a true and fair view of the state of affairs of the CITD group as at 31 December 2008 and of the losses and cash flows of the CITD group for the year then ended in accordance with HKFRSs. In the absence of reliable and relevant financial information relating to the operating results of CITD for the year ended 31 December 2008, in the opinion of the directors, it is more appropriate for the Group to continue not to equity account for any operating results of CITD for the year ended 31 December 2008 and hence the comparative financial statements were not restated. Accordingly, any difference between the Group's share of the audited results of CITD for the year ended 31 December 2008 and the amount previously recognised in the Group's consolidated financial statements for the year ended 31 December 2008 in respect of impairment of the Group's interests in CITD would be recognised as an additional impairment provision in the current year's income statement.

For the year ended 31 December 2009, the Group has equity accounted for its interest in CITD in accordance with HKAS 28, and made an additional provision of impairment against its carrying value for HK$18,703,000.

7. LOSS BEFORE TAX

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

	2009	2008
	HK$'000	*HK$'000*
Cost of inventories sold	**204,560**	277,836
Cost of services provided	**21,933**	12,398
Provision against inventories, net	**1,106**	1,008
Depreciation	**3,345**	2,487
Minimum lease payments under operating leases of land and buildings	**7,177**	8,475
Amortisation of other intangible assets[@]	**2,411**	2,730
Fair value loss/(gain) on investment properties	**(34)**	1,326
Impairment of goodwill[#]	**58,625**	17,983
Impairment of an amount due from an associate	**30**	33
Impairment/(reversal of impairment) of trade receivables, net	**5,697**	(1,656)
Reversal of impairment of other receivables, net	**–**	(1,150)
Loss on disposal of items of equipment, net	**37**	2
Loss on disposal of interest in a subsidiary	**–**	470
Auditors' remuneration:		
Current year's provision	**2,340**	2,580
Prior year's overprovision	**(20)**	(142)
	2,320	2,438

	2009	2008
	HK$'000	*HK$'000*
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**33,096**	39,078
Pension scheme contributions	**1,470**	1,852
Equity-settled share option expense	**8,623**	52,301
	43,189	93,231
Rental income on investment properties	**(1,769)**	(2,912)
Less: Direct operating expenses	**1,698**	2,068
	(71)	(844)
Foreign exchange differences, net	**89**	390

@ *The amortisation of other intangible assets for the year is included in "Cost of sales" in the consolidated income statement.*

The impairment of goodwill recognised in the income statement for the year ended 31 December 2009 is an impairment provision against the goodwill arising on the acquisition of a subsidiary, which is included in "Other expenses, net" in the consolidated income statement.

The impairment of goodwill recognised in the income statement for the year ended 31 December 2008 is an impairment provision against the goodwill arising on the acquisition of CITD, which is included in "Share of profits and losses of associates" in the consolidated income statement.

8. INCOME TAX

No provision for Hong Kong profits tax has been made for the year ended 31 December 2009 as the Group did not generate any assessable profits arising in Hong Kong during the years (2008: Nil). 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.

	2009	2008
	HK$'000	*HK$'000*
Current – Elsewhere		
Charge for the year	**1,048**	403
Underprovision in prior years	**76**	479
Deferred	**9,188**	(11,458)
Total tax charge/(credit) for the year	**10,312**	(10,576)

9. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to shareholders of the Company for the year ended 31 December 2009 and the weighted average of 677,460,150 (2008: 683,962,150) ordinary shares in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2009 and 2008 in respect of a dilution as (i) the share options of the Company outstanding during these years have an anti-dilutive effect on the respective basic loss per share amounts for these years; and (ii) the deemed exercise of the outstanding share options and deemed conversion of the convertible bonds issued by CITD do not have a diluting effect on the respective basic loss per share amounts for these years.

10. TRADE 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. The credit period granted to customers is generally one to three months, with an instalment period extended up to six years for major customers. An aged analysis of the trade receivables is regularly prepared and closely monitored in order to minimise any related credit risk. Trade receivables are non-interest-bearing.

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

	2009	2008
	HK$'000	*HK$'000*
Neither past due nor impaired	**23,440**	24,941
Past due but not impaired:		
Current or within 3 months	**92,849**	77,037
4 to 6 months	**534**	236
7 to 12 months	**665**	1,544
Over 1 year	**537**	12,851
	94,585	91,668
	118,025	116,609
Portion classified as current assets	**(94,585)**	(91,668)
Non-current portion	**23,440**	24,941

11. TRADE AND BILLS PAYABLES

The trade and bills payables are non-interest bearing and normally settled within 30 to 90 days, with credit period extended up to six years offered by major suppliers.

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

	2009	2008
	HK$'000	*HK$'000*
Within 3 months	**7,374**	71,115
4 to 6 months	**315**	4,460
7 to 12 months	**570**	25,638
Over 1 year	**9,471**	45,002
Balance with extended credit period	**132,432**	–
	150,162	146,215
Portion classified as current liabilities	**(134,618)**	(146,215)
Non-current portion	**15,544**	–

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

1. Electronic Payment and Settlement Business

During the year under review, Beijing Municipal Administration & Communications Card ("BMAC") witnessed a steady growth in both the number of cards issued and the transaction volume of the system. With over 25 million cards in issue, a total of 4.93 billion transactions were made with ordinary cards and amounted to RMB3.74 billion (RMB0.76 per transaction on the average) during the year, increased by 6.5% and 18.1% year-on-year respectively. Under the public transportation system in Beijing, 90% of the total passenger traffic volume on public buses and 78% of the total passenger traffic volume on subways were processed by the Smart Card system, making the system an electronic payment platform with the largest market share in Beijing. The commercial use of the Smart Card in the non-transportation areas was on steady increase, where a total of 18.78 million transactions were made with ordinary cards and amounted to RMB185 million (RMB9.85 per transaction on the average), increased by 1.6 times and 1.9 times year-on-year respectively.

As the service charges for public transport settlements, being the primary income stream of the Smart Card system, have not been effected, no profit was contributed to the Group by BMAC despite the receipt of government subsidy of RMB130 million (2008: RMB100 million) in 2009.

2. *Rail Transportation and System Integration Business*

During the year under review, Beijing Enterprises Teletron Information Technology Co., Ltd. ("BETIT"), a major subsidiary of the Group, completed the project for the supply and installation of safety doors on Line 4 of the Beijing Subway as scheduled, which commenced operation in late September. The Group recognised revenue from this project of HK$112 million, representing 50% of the total revenue of the Group for 2009. During the year, BETIT performed maintenance work for projects completed in previous years, including the Automated Fare Collection and Clearing Centre ("ACC"), the Automated Fare Collection ("AFC") System for Lines 1, 2 and the Batong Line, the safety door system and installation project for Lines 5 and 10, and the Building Automation System ("BAS") for Lines 1 and 5. Meanwhile, BETIT has been proactively participating in tenders for new projects of the Beijing Subway, and won the bids for the safety door projects for Line 9 and the Daxing Line, and the AFC project phase II for Line 8.

Given the year-on-year decrease in revenue from projects of BETIT and a loss before tax of HK$34 million for 2009 and in view of the intensifying market competition in the future, the Group recognised an impairment loss for goodwill of HK$59 million and wrote off certain deferred tax assets of HK$9 million in 2009.

3. *Other Businesses*

The Group began to restructure its education segment in 2008, the result of which requires a longer time to reveal. In 2009, the Group recognised an operating loss totalling HK$4.73 million arising from the education segment in 2009.

As disclosed in the announcements on 2008 and 2009 annual results of CITD, CITD recorded losses of HK$1.212 billion and HK$57 million for 2008 and 2009 respectively. As at the end of 2009, the net assets of CITD amounted to HK$119 million. The Group has shared the loss of CITD of HK$17 million for 2009. As the CITD's independent auditors did not express an opinion as to the truth and fairness on the CITD's 2008 financial statements, the Group recognised an impairment loss of HK$19 million in addition to the aggregate impairment losses of HK$328 million against its interests in CITD recognised in 2008. As a result, the carrying amount of the Group's interests in CITD as at the end of 2009 was HK$21 million.

Prospects

The settlement service for the public transportation system is the Group's primary business in the electronic payment and settlement sector. The Group will work together with the relevant government departments with respect to the execution of the Smart Card business agreements with public transport and subway operators so as to secure the revenue from the Smart Card system and make the service charges for public transport settlements a stable source of revenue. The Group will further explore the application of Smart Card in non-transportation sectors to expand value-added services in the industry.

BETIT will fully capitalise on its market expansion capability and proven track records in the rail transportation sector, actively participate in tenders for new lines of the Beijing Subway and exercise stringent control over costs, with an aim to make a turnaround from loss. Furthermore, the after-project repair and maintenance services will present an opportunity for BETIT to achieve sustainable development in the rail transportation sector in the future.

Financial Review

Revenue

The Group's revenue in 2009 was HK$225.38 million, dropped by 23.1% as compared with HK$293.22 million in 2008. Revenue from the "Beijing Subway Line No. 4 Platform Safety Door System" project recognised during the year amounted to HK$111.58 million.

Cost of sales

The Group's cost of sales in 2009 was HK$230.01 million, dropped by 21.8% as compared with HK$293.97 million in 2008.

Gross loss

Due to the surge in raw materials price and the keen competition in tendering the IT construction contracts, the Group suffered an overall gross loss of HK$4.63 million in 2009, comparing with the gross loss of HK$0.75 million in 2008.

Other income and gain

The Group's other income and gain mainly comprised bank interest income of HK$5.52 million and imputed interest on interest-free trade receivables with extended credit periods of HK$2.38 million in 2009.

Selling and distribution costs

The Group's selling and distribution costs in 2009 decreased by 7.2% to HK$7.82 million.

Administrative expenses

Excluding the share option expenses amortised during the year of HK$8.62 million (2008: HK$52.3 million), the Group's administrative expenses in 2009 increased by 5.5% to HK$55.23 million as compared with HK$52.35 million in 2008.

Other expenses

The Group's other expenses mainly comprised an impairment of goodwill arising on the acquisition of a subsidiary, BETIT, of HK$58.63 million and impairment of trade receivables of HK$5.7 million in 2009.

Share of profits and losses of jointly-controlled entities and associates

The Group's share of net profits of jointly-controlled entities amounted to HK$1.03 million and the Group's share of net losses of associates amounted to HK$16.72 million in 2009. A further impairment of HK$18.7 million (2008: HK$310.46 million) was made against the Group's interests in an associate, CITD, in 2009.

Income tax

The Group's income tax comprised current tax charge of HK$1.12 million and derecognition of deferred tax assets of HK$9.19 million in 2009.

Loss for the year

Based on the foregoing, the loss for the year ended 31 December 2009 was HK$176.85 million, decreased by 58% from HK$420.69 million in 2008. The loss attributable to the shareholders was HK$158.42 million, decreased by 61.8% from HK$414.6 million in 2008.

Financial Position

During the year under review, there was no movement in the issued capital of the Company. As at the end of 2009, the Group had total assets of HK$933.16 million, decreased by HK$145.41 million from HK$1,078.57 million as at the end of 2008; whilst total liabilities increased by HK$18.17 million from HK$265.12 million to HK$283.29 million. Total equity decreased by HK$163.58 million from HK$813.45 million to HK$649.87 million, of which shareholders equity amounted to HK$622.77 million as at the end of 2009.

The Group's cash and bank balances amounted to HK$633.78 million as at 31 December 2009, which were denominated as to approximately 37% in Hong Kong dollars and 63% in Renminbi. The Group did not have any bank borrowings, nor did it hold any financial derivatives. As at the end of 2009, the Group had a strong net working capital of HK$567.79 million and its current ratio and the total liabilities to assets ratio were calculated at 3.43 times and 30.4%, respectively. The Group has sufficient cash resources to finance its operations and capital expenditures in the foreseeable future.

During the year under review, the Group had capital expenditures of HK$3.21 million. As at 31 December 2009, the Group's capital commitment amounted to HK$34.09 million. The Group did not have any material contingent liabilities.

Employees

At the end of 2009, the Group had approximately 320 employees. The Group's employee remuneration policy and package are periodically reviewed by the management based on the employees' work performance, professional experiences and prevailing market practices. Discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance. The Group's total expenses on employee benefits (excluding the share options expenses) in 2009 amounted to HK$34.57 million, comparing to HK$40.93 million in last year.

EXTRACTS OF INDEPENDENT AUDITOR'S REPORT

Basis for qualified opinion

As further explained in note 19(b) to the financial statements, the Group did not equity account for any operating results of China Information Technology Development Limited ("CITD", a 29.18% indirectly-owned associate of the Company) for the year ended 31 December 2008 in accordance with Hong Kong Accounting Standard 28 *Investments in Associates* as no relevant and reliable financial information of CITD had been made available to the Group. In the absence of appropriate financial information relating to CITD for the year ended 31 December 2008, there were no other satisfactory audit procedures that we could adopt to quantify the financial impact and our report dated 30 March 2009 in respect of the financial statements for the year ended 31 December 2008 was qualified in respect thereof.

In respect to the above, our opinion on the current year's financial statements is qualified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures that are relevant to the operating results of CITD.

Qualified opinion on corresponding figures

In our opinion, except for the possible effects on the corresponding figures of the matter described in the "Basis for qualified opinion" section above, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

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 PRACTICES

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

(1) Code Provision A.1.1 stipulates members of the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals and such regular board meetings will normally involve the active participation, either in person or through other electronic means of communication. However, the Company considers it is more efficient to hold board meetings to address emerging issues as appropriate.

(2) Code Provision A.4.1 stipulates non-executive directors should be appointed for a specific term, subject to re-election. However, none of the existing non-executive directors of the Company is appointed for a specific term. All of the non-executive directors are subject to retirement by rotation in accordance with the Company's Articles of Association.

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Appendix 10 Model Code for Securities Transactions by Directors (the "Model Code") to the Listing Rules. After having made specific enquiry to all directors, all directors confirm that they complied with the Model Code during the year ended 31 December 2009.

AUDIT COMMITTEE

The Audit Committee comprises the three independent non-executive directors of the Company, Dr. Huan Guocang, Dr. Jin Lizuo and Dr. Wang Jianping. 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.hkexnews.hk) and the Company (http://www.bdhk.com.hk) in due course.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to all employees and partners from different sectors for their support to the Group over the past year.

By order of the Board
E Meng
Chairman

Hong Kong, 31 March 2010

As at the date of this announcement, the executive directors of the Company are Mr. E Meng, Mr. Zhang Honghai, Mr. Wang Yong, Mr. Cao Wei, Mr. Yan Qing 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.