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This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



青鸟环宇
JADE BIRD UNIVERSAL

北京北大青鳥環宇科技股份有限公司

Beijing Beida Jade Bird Universal Sci-Tech Company Limited

(the “Company”)

(a joint stock limited company incorporated in the People’s Republic of China with limited liability)

(Stock code: 8095)

DISCLOSEABLE AND CONNECTED TRANSACTION **Disposal of a Subsidiary**

On 29 December 2004, the Company entered into the Agreement, pursuant to which the Company has agreed to dispose of 20% and 40%, respectively, of the equity interest in Beijing Silicon Innovation to Beida Yu Huan and Zhang Tian Yi, an independent third party not connected persons (within the meanings in the GEM Listing Rules) at a cash consideration of RMB1,200,000 (approximately HK\$1,132,076) and RMB2,400,000 (approximately HK\$2,264,150), respectively.

Beida Yu Huan is one of the promoters of the Company. Thus, Beida Yu Huan is a connected person of the Company under the GEM Listing Rules.

The disposal of the Company’s entire 60% equity interest of RMB3,600,000 (approximately HK\$3,396,226) constitutes a discloseable transaction under Chapter 19 of the GEM Listing Rules and the disposal of 20% equity interest to Beida Yu Huan of RMB1,200,000 (approximately HK\$1,132,076) constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As the Percentage Ratios (where applicable) under the disposal of 20% equity interest to Beida Yu Huan exceeds 2.5% but less than 25% and the consideration is less than HK\$10,000,000, no independent shareholders’ approval is required in respect of the Agreement pursuant to Rule 20.32 of the GEM Listing Rules but subject to reporting and announcement requirements set out in Rules 20.45 to 20.47 of GEM Listing Rules. As the disposal of the Company’s entire 60% equity interest constitutes a discloseable transaction of the Company pursuant to Chapter 19 of the GEM Listing Rules, a circular containing details of the transaction will be dispatched to the shareholders of the Company within 21 days after the publication of this announcement.

The Directors announce that on 29 December 2004, the Company entered into the Agreement, pursuant to which the Company has agreed to dispose of 20% and 40%, respectively, of the equity interest in Beijing Silicon Innovation to Beida Yu Huan and Zhang Tian Yi, an independent third party not connected persons (as defined in the GEM Listing Rules) at a cash consideration of RMB1,200,000 (approximately HK\$1,132,076) and RMB2,400,000 (approximately HK\$2,264,150), respectively. The disposal recorded a gain of approximately RMB1.2 million (approximately HK\$1.1 million) after deducting the total considerations of RMB3.6 million (approximately HK\$3.4 million) by the carrying value of the Group's interest in Beijing Silicon Innovation as at 30 November 2004 of RMB2.4 million (approximately HK\$2.3 million). The Agreement has been effective and completed on 29 December 2004.

Information on Beijing Silicon Innovation

Beijing Silicon Innovation is company established in the PRC in August 2002 and is 60% directly owned by the Company and 40% owned by Beijing Yi Dian Investment Co., Ltd., an independent third party not connected persons (as defined in the GEM Listing Rules). Beijing Silicon Innovation is principally engaged in research, development, production and sale of the security integrated circuits business.

Based on the management accounts of Beijing Silicon Innovation, the unaudited turnover for the period ended 31 December 2002 and year ended 31 December 2003 was RMB3,372,621 (approximately HK\$3,181,718) and RMB21,387,652 (approximately HK\$20,177,030), respectively; the unaudited loss before and after tax for the period ended 31 December 2002 and year ended 31 December 2003 was RMB1,312,518 (approximately HK\$1,238,225) and RMB2,473,657 (approximately HK\$2,333,639), respectively; and the unaudited net tangible assets as at 30 November 2004 was RMB3,910,282 (approximately HK\$3,688,945).

Consideration

The total considerations of the Agreement of RMB3,600,000 (approximately HK\$3,396,226) are determined on an arm's length basis and with reference to the valuation of 100% equity interest of Beijing Silicon Innovation at RMB6,143,500 (approximately HK\$5,795,755) as of 30 November 2004 by an independent qualified PRC valuer (北京文信會計師事務所有限公司). The total considerations are payable to the Company in cash by two instalments. The first instalment of 80% of the total consideration is payable within three days from 29 December 2004, the effective date of the Agreement after the approval from the equity owners' meeting of Beijing Silicon Innovation was granted, whereas the second instalment of 20% of the total consideration is payable within three days from the finalization of the necessary ownership transfer procedures with the relevant PRC governmental authorities. Effective from 29 December 2004, Beijing Silicon Innovation will cease to be a subsidiary of the Company and will no longer be consolidated in the accounts of the Group. The proceeds from the disposal will be used for general working capital purpose.

Discloseable and Connected transaction

Beida Yu Huan is one of the promoters of the Company. Thus, Beida Yu Huan is a connected person of the Company under the GEM Listing Rules and the conclusion of the Agreement which includes the disposal of 20% equity interest to Beida Yu Huan of RMB1,200,000 (approximately HK\$1,132,076) constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As the Percentage Ratios (where applicable) under the Disposal exceeds 2.5% but less than 25% and the consideration is less than HK\$10,000,000, no independent shareholders' approval is required in respect of the Agreement pursuant to Rule 20.32 of the GEM Listing Rules but subject to reporting and

announcement requirements set out in Rules 20.45 to 20.47 of GEM Listing Rules. As the disposal of the Company's entire 60% equity interest of RMB3,600,000 (approximately HK\$3,396,226) constitutes a discloseable transaction of the Company pursuant to Chapter 19 of the GEM Listing Rules, a circular containing details of the transaction will be dispatched to the shareholders of the Company within 21 days after the publication of this announcement.

The Directors, including the independent non-executive directors, consider that the Agreement is entered into on normal commercial terms and is fair and reasonable and in the interests of the Company so far as the shareholders of the Company are concerned.

Reasons for the disposal

Beijing Silicon Innovation was set up in August 2002 and its operating results were below the Directors' expectation. In order to streamline the Company's operations and control costs, the Directors consider the disposal of the Company's entire 60% equity interest in Beijing Silicon Innovation is an appropriate measure to improve resources utilization.

Information on the Group

The Group is principally engaged in the research, development, production, marketing and sales of embedded systems, including network security products, wireless fire alarm systems, application specific integrated circuits, global positioning system applications, smart card application systems, remote automatic meter-reading systems and related products. The Group is also engaged in the sales of computer products and the provision of total solution services through application of its existing embedded system products.

Definitions

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Agreement”	the agreement entered into among the Company, Beida Yu Huan and Zhang Tian Yi for the disposal of 20% and 40%, respectively, of the Company's equity interest in Beijing Silicon Innovation to Beida Yu Huan and Zhang Tian Yi, respectively
“Beida Yu Huan”	Beijing Beida Yu Huan Microelectronics System Engineering Company, a stated-owned enterprise established in the PRC
“Beijing Silicon Innovation”	Beijing Beida Jade Bird Silicon Innovation Company Limited, a limited liability company incorporated in the PRC
“Board”	the board of Directors of the Company
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

Conversion of RMB to HK\$ is based on the exchange rate of RMB1.06 = HK\$1.00

By order of the Board
Xu Zhen Dong
Chairman

Beijing, the PRC, 30 December 2004

As at the date of this announcement, Mr. Xu Zhen Dong, Mr. Xu Zhi Xiang and Professor Zhang Wan Zhong are executive Directors, Mr. Lo Lin Shing, Simon, Mr. Liu Yong Jin, Mr. Hao Yi Long, Mr. Wu Min Sheng and Mr. Li Li Xin are non-executive Directors and Mr. Wang Chao Yong, Professor Nan Xiang Hao and Professor Chin Man Chung, Ambrose are independent non-executive Directors.

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