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This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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.



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

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

(Stock code: 8095)

MAJOR TRANSACTION RELATING TO THE PROVISION OF FINANCIAL ASSISTANCE

As at the date of this announcement, JBU Development is interested in 383,163,400 ordinary shares in SMIC, representing approximately 2.08% of the issued share capital of SMIC. On 15 December 2006, JBU Development entered into the Securities Lending Agreement with NCL, pursuant to which JBU Development has lent and NCL has borrowed the Loan Shares. The Loan Shares were mortgaged by JBU Development in favour of Agricultural Bank. In consideration for JBU Development providing the Securities Loan, NCL agreed to deposit with JBU Development the Collateral in the amount of US\$28,295,723.63 (equivalent to approximately HK\$219,965,296.35) on the date immediately before the Settlement Date. The Collateral will be paid in settlement of a loan of US\$29,000,000.00 (equivalent to approximately HK\$225,440,200.00) owing by the Company to Agricultural Bank and for the release of the mortgage over the Loan Shares, and the shortfall will be made up by the Company from its internal resources. To the best knowledge of the Directors, NCL and its ultimate beneficial owners are third parties independent of the Company and its connected persons as defined under the GEM Listing Rules and therefore are not connected persons to the Group.

The Securities Loan constitutes a provision of financial assistance by the Group and thus a major transaction pursuant to rule 19.06 of the GEM Listing Rules and is subject to approval by the Shareholders. Pursuant to rule 19.44 of the GEM Listing Rules, the approval by the Shareholders may be obtained by means of written approval of the transaction by a Shareholder who holds, or a closely allied group of Shareholders who together hold, more than 50% of the voting rights of the Company. Given that written approvals of the Securities Loan have been given by Shareholders holding approximately 54.86% of the issued share capital of the Company, an SGM need not be held to consider the Securities Loan. However, pursuant to the Company's articles of association, the Company would convene the SGM as a procedural formality for the purpose of formally recording the approval of the Securities Loan by the Shareholders. No Shareholder of the Company is required to abstain from voting if the Company is to convene a general meeting for the approval of the Securities Loan pursuant to rule 19.46 of the GEM Listing Rules by reason that it has a material interest in the Securities Loan.

A circular containing, among other things, further details of the Securities Loan, together with a notice to convene the SGM, will be dispatched to all Shareholders within 21 days after publication of this announcement.

THE SECURITIES LENDING AGREEMENT

Lender:

Beida Jade Bird Universal Sci-Tech (Cayman) Development Company Limited, a wholly owned subsidiary of the Company.

Borrower:

Nexgen Capital Limited

Subject matter:

323,888,000 fully paid ordinary shares of par value US\$0.0004 each in SMIC, representing approximately 1.76% of the issued share capital of SMIC. The aggregate carrying value of the Loan Shares as reflected in the unaudited interim results of the Company as at 30 June 2006 is RMB364.1 million.

Duration of the Securities Loan:

The period commencing on the Settlement Date and ending on the date falling six months after the Settlement Date or the expiry of a notice of not less than two Business Days given by JBU Development (the "**Loan Term**").

Collateral:

Pursuant to the Securities Lending Agreement, NCL is required to deposit with JBU Development the initial Collateral in the amount of US\$28,295,723.63 (equivalent to approximately HK\$219,965,296.35) on the date immediately before the Settlement Date. Depending on the price of a share of the Company, the Collateral shall be equal to a percentage (the "**Applicable Percentage**") of the Market Value of the Loan Shares at the relevant time. When the volume-weighted average price of a share of the Company on

any day during the Loan Term rises to over HK\$0.25, the Applicable Percentage is 70% (being the Applicable Percentage in respect of the initial Collateral). When the volume-weighted average price of a share of the Company on any day during the Loan Term drops to HK\$0.25 or lower, JBU Development will be required to repay such amount of Collateral to NCL such that the Applicable Percentage becomes 60%. All of the Collateral deposited with JBU Development will be repaid to NCL on the last date of the Loan Term from its internal resources.

The amount of Collateral was determined after arm's length negotiations between JBU Development and NCL with reference to the Market Value of the Loan Shares and credit assessment of JBU Development conducted by NCL.

Marking to market of the Collateral:

The amount of Collateral shall be adjusted along with movements in the Market Value of the Loan Shares from time to time. Where, on any Business Day, the Market Value of the Loan Shares has fallen by more than 15% from that on the Settlement Date or the date on which any Collateral was last delivered to NCL or JBU Development (whichever is the later), JBU Development is required to repay to NCL on demand an amount of Collateral equal to the Applicable Percentage times the amount by which the Market Value of the Loan Shares has fallen, provided that such repaid Collateral exceeds US\$1,000,000.00 (equivalent to approximately HK\$7,773,800.00).

Where, on any Business Day, the Market Value of the Loan Shares in the Applicable Percentage has risen above the amount of deposited Collateral at the relevant time, NCL is required to deposit on demand further Collateral equal to the Applicable Percentage times the amount by which the Market Value of the Loan Shares has risen from the amount of deposited Collateral, provided that such further Collateral exceeds US\$1,000,000.00 (equivalent to approximately HK\$7,773,800.00) and the maximum amount of deposited Collateral shall not at any time exceed the amount initially deposited by NCL on the date immediately before the Settlement Date.

Interest on the Collateral:

One-month US\$ LIBOR plus 4.00%, payable by JBU Development to NCL on the same date falling each calendar month after the Settlement Date to and including the date falling six months after the Settlement Date.

OTHER ARRANGEMENTS

Repayment of debt:

The Loan Shares were mortgaged by JBU Development in favour of Agricultural Bank. In consideration for JBU Development providing the Securities Loan, NCL agreed to deposit with JBU Development the Collateral in the amount of US\$28,295,723.63 (equivalent to approximately HK\$219,965,296.35) on the date immediately before the Settlement Date. The Collateral will be paid in settlement of a loan of US\$29,000,000.00 (equivalent to approximately HK\$225,440,200.00) owing by the Company to Agricultural Bank and for the release of the mortgage over the Loan Shares, and the shortfall will be made up by the Company from its internal resources.

Guarantee to be provided by the Company:

Pursuant to a guarantee and indemnity to be entered into between the Company and NCL, the Company guarantees the due and punctual performance of all obligations of JBU Development under the Securities Lending Agreement and will indemnify NCL against all outstanding amounts due and payable by JBU Development thereunder and all losses, costs, damages and expenses (except for consequential losses such as loss of profit or loss of business opportunity) suffered or incurred by NCL directly or indirectly under the Securities Lending Agreement arising from any obligation on JBU Development thereunder being or becoming void, invalid, illegal or unenforceable.

INFORMATION ON SMIC

The principal business of SMIC is its investment in SMIC Shanghai, which is principally engaged in manufacture, probe test and testing of semiconductor (silicon and compound semiconductor), integrated circuit chips, research and development, design, technical services, mask manufacture, testing and packaging and sale of proprietary IC-related products.

The net profit/(loss) of SMIC for the two years ended 31 December 2005 and the net asset value of SMIC as at 31 December 2004 and 31 December 2005 are set out below:

	For the year ended/ as at 31 December	
	2004	2005
	<i>(US\$'000)</i>	<i>(US\$'000)</i>
Net profit/(loss) before taxation and extraordinary items	89,931	(110,121)
Net profit/(loss) after taxation and extraordinary items	89,744	(111,534)
Net asset value	3,653,946	3,687,378

The Company's investment in the shares in SMIC was booked into the Company's accounts as an equity investment. For the two financial years immediately preceding the Securities Loan, no net profit of the Company was attributable to the Loan Shares as no dividend was declared by SMIC during such period.

REASONS FOR THE SECURITIES LOAN AND USE OF PROCEEDS

The Directors consider that the terms of the Securities Loan are fair and reasonable and will allow JBU Development to obtain short-term working capital to repay its outstanding bank loan and therefore is in the interest of the Company and the Shareholders as a whole. The Collateral deposited by NCL will be used by the Company to repay a bank loan of US\$29,000,000.00 (equivalent to approximately HK\$225,440,200.00) owing by the Company to Agricultural Bank.

GENERAL

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, digital video recording 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.

NCL is a wholly-owned subsidiary of Nexgen Financial Holding Limited (the “Nexgen Group”), which is principally engaged in the provision of risk-based financial solutions to corporations, insurance companies, banks and other financial service firms, and high net worth individuals in Europe and Asia. NCL primarily undertakes capital market transactions of the Nexgen Group, which include the provision of financial solutions such as equity derivative linked instruments designed for mergers and acquisitions, treasury management, corporate finance, risk transfer and private financing situations. Nexgen Financial Holding Limited. is a wholly-owned subsidiary of IXIS Corporate & Investment Bank, which is a subsidiary of Natixis.

The Securities Loan constitutes a provision of financial assistance by the Group and thus a major transaction of the Company pursuant to rule 19.06 of the GEM Listing Rules and is subject to approval by the Shareholders. Pursuant to rule 19.44 of the GEM Listing Rules, the approval by the Shareholders may be obtained by means of written approval of the transaction by a Shareholder who holds, or a closely allied group of Shareholders who together hold, more than 50% of the voting rights of the Company. Written confirmations from a closely allied group of the Shareholders (the “Closely Allied Group”), consisting of seven corporate Shareholders, namely Beijing Beida Jade Bird Limited, Beijing Beida Jade Bird Software System Co., Beijing Beida Yu Huan Microelectronics System Engineering Company, Dynamic Win Assets Limited, Hinet Company Limited, Dragon Air Investments Limited and New View Venture Limited, holding approximately 54.86% of the issued share capital of the Company approving the terms and conditions of the Securities Loan have been obtained. The respective shareholding of each of the above seven corporate shareholders are set out as follows:

Name of Shareholder	Number of shares held in the Company	Shareholding in the Company
Beijing Beida Jade Bird Limited (北京北大青鳥有限責任公司)	115,000,000	9.71%
Beijing Beida Jade Bird Software System Co. (北京市北大青鳥軟件系統公司)	110,000,000	9.28%
Beijing Beida Yu Huan Microelectronics System Engineering Company (北京市北大宇環微電子系統工程公司)	85,000,000	7.17%
Dynamic Win Assets Limited (致勝資產有限公司)	205,414,000	17.34%
Hinet Company Limited	20,000,000	1.69%
Dragon Air Investments Limited (龍騰投資有限公司)	30,000,000	2.53%
New View Venture Limited	84,586,000	7.14%
Total	650,000,000	54.86%

All the members of the Closely Allied Group are promoters of the Company and therefore Shareholders since its incorporation. They had also voted unanimously in the past on Shareholders' resolutions in addition to routine resolutions at the Company's annual general meetings, e.g. the subdivision of the shares of the Company in November 2000, the acquisition of 5.29% interest in SMIC in February 2002 and the disposal of 156,842,000 ordinary shares in SMIC pursuant to an offer for sale in connection with the listing of shares in SMIC on the Stock Exchange and the New York Stock Exchange in June 2004. As confirmed by the Directors, Beijing Beida Jade Bird Limited, Beijing Beida Jade Bird Software System Co. and Beijing Beida Yu Huan Microelectronics System Engineering Company are wholly and beneficially owned by Peking University. In addition, Beijing Beida Jade Bird Limited and Dynamic Win Assets Limited have one common director. Save as disclosed above, to the best knowledge of the Directors, the Shareholders of the Closely Allied Group have no shareholding relationship or prior business relationship amongst one another.

As confirmed by the Directors, no Shareholder of the Company is required to abstain from voting if the Company is to convene a general meeting for the approval of the Securities Loan pursuant to rule 19.46 of the GEM Listing Rules by reason that it has a material interest in the Securities Loan.

As written confirmations from the members of the Closely Allied Group approving the Securities Loan have been obtained, in accordance with rule 19.44 of the GEM Listing Rules, the Company need not hold an SGM to consider the Securities Loan. However, Article 99 of its articles of association provides that approval from the Shareholders' meeting is required if the estimated value of the assets to be assigned is over 33% of the value of the fixed assets of the Company. Although PRC counsel to the Company is of the view that such written confirmations are legal and valid, an SGM is advisable to be convened as a procedural formality and for the purpose of formally recording the approval of the Securities Loan by the Shareholders even if written confirmations have been obtained. To fully minimise any risk of non-approval of the Securities Loan at the subsequent SGM, the relevant Shareholder was required under its confirmation to undertake to the Company that it will or will appoint a proxy to attend the SGM.

CIRCULAR

A circular containing, amongst other things, further details of the Securities Loan, together with a notice to convene the SGM, will be dispatched to all Shareholders within 21 days after publication of this announcement.

DEFINITIONS

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

“Agricultural Bank”	Agricultural Bank of China H.O. Banking Department, a fully licensed bank established according to the laws of the PRC and the lender to the Company
“Business Day”	a day other than a Saturday or a Sunday on which banks and securities markets are open for business generally in Hong Kong and Dublin

“Collateral”	the amount of cash collateral deposited with JBU Development by NCL, net of the structuring fee (equal to 0.7% of the Market Value of the Loan Shares on the second date immediately before the Settlement Date) payable by JBU Development to NCL
“Company”	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), a Sino-foreign joint stock limited company incorporated in the PRC with limited liability with its H shares listed on GEM
“Directors”	the directors of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“JBU Development”	Beida Jade Bird Universal Sci-Tech (Cayman) Development Company Limited, a company incorporated in the Cayman Islands and a wholly-owned subsidiary of the Company
“Loan Share(s)”	the 323,888,000 fully paid ordinary share(s) of SMIC listed on the Stock Exchange lent by JBU Development to NCL pursuant to the Securities Lending Agreement
“Market Value”	in connection with the valuation of the Loan Shares, the volume-weighted average price of the Loan Shares on the previous Business Day, as published by Bloomberg, and if not available, the market quotation for the bid price of the Loan Shares as derived from a reputable pricing information service or (if unavailable) the prices or rates bid by a reputable dealer for the Loan Shares reasonably chosen in good faith by JBU Development at close of business on the previous Business Day
“NCL”	Nexgen Capital Limited, a company incorporated in Ireland
“PRC”	the People’s Republic of China
“Securities Lending Agreement”	The Global Master Securities Lending Agreement, as supplemented by the Schedule, and the Securities Lending Transaction Confirmation both entered into between JBU Development and NCL on 15 December 2006
“Securities Loan”	the loan of the Loan Shares by JBU Development to NCL pursuant to the Securities Lending Agreement
“Settlement Date”	19 December 2006

“SGM”	the special general meeting of the Company to be convened for the purpose of formally recording the approval of the Securities Loan by the Shareholders
“Shareholder(s)”	the shareholders of the Company
“SMIC”	Semiconductor Manufacturing International Corporation, a company incorporated in the Cayman Islands with its shares listed on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars
“%”	per cent

Unless otherwise specified in this announcement and for the purpose of illustration only, translation rates have been used as follows:

HK\$7.7738 = US\$1.00

No representation is made that any amounts in US\$ or HK\$ have been or could be converted at the above rates or any other rates or at all.

By Order of the Board of
Beijing Beida Jade Bird Universal Sci-Tech Company Limited
Xu Zhen Dong
Chairman

Beijing, the PRC, 15 December 2006

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

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