

The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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.



北京北大青鸟环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 GRANT OF SHARE OPTIONS AND
AMENDMENT TO THE SECURITIES LENDING AGREEMENT**

As at the date of this announcement, JBU Development is interested in 383,163,400 ordinary shares in SMIC. According to an announcement of the Company dated 15 December 2006, JBU Development had entered into the Securities Lending Agreement with NCL, pursuant to which JBU Development has lent and NCL has borrowed the Loan Shares. On 18 May 2007, JBU Development entered into the Supplemental Letter Agreement with NCL, pursuant to which the parties thereto agreed to certain amendments to the terms of the Securities Lending Agreement including, inter alia, extension of the duration of the transaction under the Securities Lending Agreement for three more years following its expiration, and adjustment to the rate of interest on the Collateral and the maximum amount of Collateral to be deposited by NCL with JBU Development.

Furthermore, JBU Development and NCL entered into the Share Options Agreement on 18 May 2007, pursuant to which JBU Development agreed to grant to NCL the Share Options on 50% of the Loan Shares, on the basis of one Loan Share per Share Option and expiring on the Expiration Date. The Share Options are automatically exercisable by reference to the Options Relevant Price on each of the 40 Scheduled Trading Days preceding and ending on the Expiration Date, or the Expiration Date, depending on the method of settlement to be chosen by JBU Development.

To the best knowledge of the Directors, as of the date of this announcement, 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 transaction under the Securities Lending Agreement (as supplemented by the Supplemental Letter Agreement) 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. The grant of the Share Options by JBU Development under the Share Options Agreement constitutes a major transaction pursuant to rule 19.73 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 Supplemental Letter Agreement and Share Options Agreement 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 Supplemental Letter Agreement and Share Options Agreement. 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 Supplemental Letter Agreement and Share Options Agreement 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 Supplemental Letter Agreement and Share Options Agreement pursuant to rule 19.46 of the GEM Listing Rules by reason that it has a material interest in the Supplemental Letter Agreement and Share Options Agreement.

A circular containing, among other things, further details of the Supplemental Letter Agreement and the Share Options Agreement, together with a notice to convene the SGM, will be dispatched to all Shareholders within 21 days after publication of this announcement.

BACKGROUND

On 15 December 2006, JBU Development had entered into the Securities Lending Agreement with NCL, pursuant to which JBU Development has lent and NCL has borrowed the Loan Shares for a term of six months ending on 18 June 2007. Pursuant to the Securities Lending Agreement, NCL had deposited with JBU Development the Collateral in the initial amount of US\$28,295,723.63 (equivalent to approximately HK\$221,334,809.38), to be adjusted from time to time in accordance with the terms of the Securities Lending Agreement. Details of the Securities Lending Agreement had been disclosed in the announcement and circular of the Company dated 15 December 2006 and 24 January 2007 respectively.

On 18 May 2007, JBU Development entered into the Supplemental Letter Agreement with NCL, pursuant to which the parties thereto agreed to certain amendments to the terms of the Securities Lending Agreement including, inter alia, extension of the duration of the transaction under the Securities Lending Agreement for three more years following its expiration, and adjustment to the rate of interest on the Collateral and the maximum amount of Collateral to be deposited by NCL with JBU Development.

Furthermore, JBU Development and NCL entered into the Share Options Agreement on 18 May 2007, pursuant to which JBU Development agreed to grant to NCL the Share Options on 50% of the Loan Shares, on the basis of one Loan Share per Share Option and expiring on the Expiration Date. The Share Options are automatically exercisable by reference to the Options Relevant Price on each day of the Exercise Period, or on the Expiration Date, depending on the method of settlement to be chosen by JBU Development.

The principal terms and conditions of the Supplemental Letter Agreement and Share Options Agreement are detailed as follows:

THE SUPPLEMENTAL LETTER AGREEMENT

Agreement Date

18 May 2007

Parties

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

Borrower : Nexgen Capital Limited

Duration

Pursuant to the Supplemental Letter Agreement, the parties thereto agreed to extend the term of the transaction under the Securities Lending Agreement from a period of six months ending on 18 June 2007 to a period of 42 months ending on the Termination Date. Contrary to the Securities Lending Agreement which may be terminated upon the expiry of a notice of not less than two Business Days to be given by JBU Development, under the Supplemental Letter Agreement, JBU Development is not entitled to terminate the Securities Lending Agreement prior to the Termination Date.

Collateral

Pursuant to the Supplemental Letter Agreement, the maximum amount of Collateral shall not at any time exceed US\$32,761,271.20 (equivalent to approximately HK\$256,265,215.58), representing the amount of Collateral as adjusted pursuant to and on the date of Supplemental Letter Agreement. All of the Collateral to be deposited with JBU Development will be repaid to NCL on the Termination Date from the Group's internal resources.

The maximum amount of Collateral as adjusted by the Supplemental Letter Agreement 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.

Interest on the Collateral

Under the Securities Lending Agreement, JBU Development is required to pay to NCL an interest on the Collateral at US\$ LIBOR one-month rate plus 4.00%. Pursuant to the Supplemental Letter Agreement, the aforesaid interest rate was amended to US\$ LIBOR three-month rate plus 4.00%.

THE SHARE OPTIONS AGREEMENT

Agreement Date

18 May 2007

Parties

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

Purchaser : Nexgen Capital Limited

Subject Matter

161,944,000 Share Options on 50% of the Loan Shares, on the basis of one Loan Share per Share Option

Exercise of the Share Options

The Share Options are automatically exercisable by NCL by reference to the Options Relevant Price on each day of the Exercise Period as compared to the Strike Price which is fixed at the amount of US\$0.2168 (equivalent to approximately HK\$1.6959), and will expire on the Expiration Date. There are two methods of settlement provided under the Share Options Agreement at the option of JBU Development, being physical settlement and cash settlement.

In the case of physical settlement, on each day of the Exercise Period, if the Options Relevant Price is greater than the Strike Price, 4,048,600 Share Options (representing 1/40 of the total number of Share Option) will be automatically exercised at the Strike Price; if the Options Relevant Price is equal to or less than the Strike Price, no Share Option will be exercised. On the Termination Date, NCL shall pay to JBU Development an amount equal to the aggregate number of Share Options exercised during the Exercise Period multiplied by the Strike Price, while JBU Development shall deliver to NCL such number of the Loan Shares equal to the aggregate number of Share Options exercised during the Exercise Period.

In the case of cash settlement, on the Expiration Date, if the arithmetic average of the Options Relevant Price over the Exercise Period (the “**Cash Settlement Final Price**”) is greater than the Strike Price, 161,944,000 Share Options will be automatically exercised at the Strike Price; otherwise, no Share Option will be exercised. On the Termination Date, JBU Development shall pay to NCL an amount equal to 161,944,000 Share Options multiplied by the difference between the Strike Price and the Cash Settlement Final Price.

The Strike Price was determined after arm’s length negotiations between JBU Development and NCL.

Premium

Pursuant to the Share Options Agreement, the amount of premium payable by NCL to JBU Development comprises an upfront premium amount and quarterly premium amounts. The upfront premium in the amount of US\$270,730.69 (equivalent to approximately HK\$2,117,709.60) and payable on 22 May 2007 (the “**Effective Date**”) is determined with reference to the amount of Collateral deposited by NCL on 18 December 2006 multiplied by a premium rate of 2.2% per annum for the period commencing from 18 December 2006 to the Effective Date.

The quarterly premium amounts are payable on the 19th day of each quarter after the Effective Date up to and including the Termination Date and shall be an amount determined with reference to the amount of Collateral deposited by NCL as at the date on which the relevant quarterly premium amount is payable multiplied by a premium rate of 2.2% per annum for the period commencing from the preceding date on which a premium was payable up to but excluding the date on which such relevant quarterly premium amount is payable.

The premium rate of 2.2% per annum was determined after arm’s length negotiations between JBU Development and NCL.

The Company will publish an announcement, if necessary, as soon as reasonably practicable after the Termination Date or termination of the Share Options Agreement in accordance with its terms, whichever is the earlier.

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 Share Options 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 Share Options Agreement arising from any obligation on JBU Development thereunder being or becoming void, invalid, illegal or unenforceable.

INFORMATION ON SMIC

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. 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 2006 and the net asset value of SMIC as at 31 December 2006 and 31 December 2005 are set out below:

	For the year ended/as at 31 December 2005 (US\$ '000)	For the year ended/as at 31 December 2006 (US\$ '000)
Net profit/(loss) before taxation and extraordinary items	(110,121)	(69,971)
Net profit/(loss) after taxation and extraordinary items	(111,534)	(44,109)
Net asset value	3,687,378	3,863,930

The Company's investment in the shares in SMIC was booked into the Company's accounts as an available-for-sale financial asset. 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 TRANSACTIONS AND USE OF PROCEEDS

The Directors consider that the terms of the Supplemental Letter Agreement are fair and reasonable and will allow the Group to obtain short-term working capital to fund its operations and therefore are in the interest of the Company and the Shareholders as a whole. The Collateral (the amount of which as adjusted by the Supplemental Letter Agreement) deposited by NCL pursuant to the Securities Lending Agreement will continue to be used by the Group for general working capital purposes.

The Directors consider that the terms of the Share Options Agreement are fair and reasonable and that the grant of the Share Options will allow the Group to have the future opportunity to realise part of its investment in SMIC at a profit and therefore is in the interest of the Company and the Shareholders as a whole. Moreover, the premium to be received by the Group pursuant to the Share Options Agreement will be used by the Group for general working capital purposes. Based on the aggregate carrying value of a Loan Share as reflected in the audited results of the Company as at 31 December 2006 and the Strike Price, JBU Development is expected to record a gain of approximately US\$9.8 million (equivalent to approximately HK\$77 million) should the Share Options be fully exercised pursuant to the Share Options Agreement.

GEM LISTING RULES IMPLICATIONS

The transaction under the Securities Lending Agreement (as supplemented by the Supplemental Letter Agreement) 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.

The grant of the Share Options by JBU Development under the Share Options Agreement by the physical settlement method constitutes a major transaction pursuant to rule 19.73 of the GEM Listing Rules and is subject to approval by the Shareholders.

To the best knowledge of the Directors, as of the date of this announcement, 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. To the best knowledge of the Directors, NCL and its associates are also not interested in any members of the Group.

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 Company, 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 Supplemental Letter Agreement and Share Options Agreement 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 Company (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, 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 and the securities lending transaction under the Securities Lending Agreement. As confirmed by the Directors, Beijing Beida Jade Bird Limited, Beijing Beida Jade Bird Software System Company 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 Supplemental Letter Agreement and Share Options Agreement pursuant to rule 19.46 of the GEM Listing Rules by reason that it has a material interest in the Supplemental Letter Agreement and Share Options Agreement.

As written confirmations from the members of the Closely Allied Group approving the Supplemental Letter Agreement and Share Options Agreement have been obtained, in accordance with rule 19.44 of the GEM Listing Rules, the Company need not hold an SGM to consider the Supplemental Letter Agreement and Share Options Agreement. 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 Supplemental Letter Agreement and Share Options Agreement 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.

GENERAL

The Group is principally engaged in the research, development, production, marketing and sales of embedded system products, including network security products, wireless fire alarm 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 Holdings Limited (“**Nexgen Financial**”), 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 group to whom Nexgen Financial belongs, 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 is a wholly-owned subsidiary of IXIS Corporate & Investment Bank, which is a subsidiary of Natixis.

CIRCULAR

A circular containing, amongst other things, further details of the Supplemental Letter Agreement and Share Options Agreement, 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:

“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 paid to JBU Development by NCL on 18 December 2006 and to be repaid by JBU Development to NCL on the Termination Date, as adjusted from time to time pursuant to the Securities Lending Agreement (as amended)
“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
“Exercise Period”	the 40 Scheduled Trading Days preceding and ending on the Expiration Date
“Expiration Date”	the date falling two scheduled Trading Days before 18 June 2010
“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)”	any or all of 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 Price”	in connection with the valuation of the Loan Shares, the volume-weighted average price of a Loan Share on the previous Business Day, as published by Bloomberg, and if not available, the market quotation for the bid price of a Loan Share as derived from a reputable pricing information service or (if unavailable) the prices or rates bid by a reputable dealer for a Loan Share 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
“Options Relevant Price”	the volume-weighted average price of a Loan Share published by Bloomberg or its successor on any day converted into US\$ by the US\$/HK\$ foreign exchange rate published by Bloomberg or its successor at the relevant time on such day
“PRC”	the People’s Republic of China

“Scheduled Trading Day(s)”	day(s) on which the Stock Exchange is scheduled to be open for trading during its regular trading session
“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
“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
“Share Option(s)”	any or all of the 161,944,000 physically settled call option(s), on the basis of one Loan Share per option, granted by JBU Development to NCL pursuant to the Share Options Agreement
“Share Options Agreement”	International Swaps and Derivatives Association (ISDA) Master Agreement, as supplemented by the Schedule, and the Share Options Transaction Confirmation both entered into between JBU Development and NCL on 18 May 2007
“Shareholder(s)”	the shareholder(s) 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
“Strike Price”	US\$0.2168 (equivalent to approximately HK\$1.6959), representing 150% of the Options Relevant Price on 18 May 2007
“Supplemental Letter Agreement”	the letter agreement dated 18 May 2007 between NCL and JBU Development confirming certain amendments to the Securities Lending Agreement
“Termination Date”	18 June 2010
“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:

$$\text{HK\$7.8222} = \text{US\$1.00}$$

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, 18 May 2007

As at the date of this announcement, Mr. Xu Zhen Dong, Mr. Xu Zhi Xiang and Mr. Zhang Wan Zhong are executive Directors, 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.

This announcement will remain on the GEM website at www.hkgem.com for at least 7 days from the day of its posting.