

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Beijing Beida Jade Bird Universal Sci-Tech Company Limited, you should at once hand this circular, together with the enclosed form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, 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 circular.



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 AND CONNECTED TRANSACTION
RELATING TO THE DISPOSAL OF 44% EQUITY INTEREST IN
BEIJING CHENGJIAN DONGHUA REAL ESTATE
DEVELOPMENT COMPANY LIMITED**

Financial adviser to Beijing Beida Jade Bird Universal Sci-Tech Company Limited



CIMB-GK Securities (HK) Limited

Independent financial adviser to the Independent Board Committee
and the Independent Shareholders



A notice convening a special general meeting of the Company to be held at Conference Room 310, 3rd Floor Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC on Friday, 3 August 2007 at 11:00 a.m. is set out on pages 39 to 40 of this circular. For holders of H Shares, whether or not you are able to attend the meeting, please complete and return the enclosed reply slip to the office of the Company's H share registrar in Hong Kong, Hong Kong Registrars Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 4:30 p.m. on Friday, 13 July 2007 and the form of proxy in accordance with the instructions printed thereon to the office of Hong Kong Registrars Limited not less than 24 hours before the time appointed for the holding of the special general meeting. For holders of the Promoter Shares, whether or not you are able to attend the meeting, please complete and return the enclosed reply slip and form of proxy in accordance with the instructions printed thereon to the principal place of business of the Company in Beijing at 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC as soon as practicable but in any event, for the reply slip, on or before 4:30 p.m. on Friday, 13 July 2007 and for the form of proxy, not less than 24 hours before the time appointed for the holding of the special general meeting. Completion of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

A letter from the Board is set out on pages 4 to 11 of this circular and a letter from the Independent Board Committee is set out on page 12 of this circular. A letter from Access Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 22 of this circular.

This circular will remain on the "Latest Company Announcements" page on the GEM website at www.hkgem.com for at least 7 days from the date of this circular.

18 June 2007

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	4
The Share Transfer Agreement	5
Information of the Group	7
Information of Chengjian Donghua	7
Gain on Disposal	9
Reasons for the Disposal and proposed use of proceeds	9
Prospects	9
Implication under the GEM Listing Rules	10
Independent Board Committee and Independent Financial Adviser	10
Special General Meeting	10
Procedures for demanding a poll at a general meeting	11
Recommendations	11
Additional Information	11
Letter from the Independent Board Committee	12
Letter from Access Capital	13
Appendix I – Property Valuation	23
Appendix II – General Information	28
Notice of Special General Meeting	39

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Access Capital”	Access Capital Limited, a licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as set out in Schedule 5 to the SFO, and appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Share Transfer Agreement
“Beida Jade Bird”	北京北大青鳥有限責任公司 (Beijing Beida Jade Bird Limited), a company incorporated with limited liability in the PRC and a promoter of the Company
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong and the PRC are required to be and are generally open for business (other than any Saturday, Sunday and public holiday)
“Chengjian Donghua”	北京城建東華房地產開發有限責任公司 (Beijing Chengjian Donghua Real Estate Development Company Limited), a company incorporated with limited liability in the PRC
“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
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Company to the Purchaser pursuant to the Share Transfer Agreement

DEFINITIONS

“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Guoco Announcement”	the announcement of Guoco Group Limited (stock code: 53) dated 16 April 2007 in relation to its proposed acquisition of 90% interest in Chengjian Donghua
“H Share(s)”	overseas-listed foreign share(s) in the ordinary share capital of the Company, with a nominal value of RMB0.1 each and which are listed on GEM and traded in Hong Kong dollars
“Independent Board Committee”	the committee of the independent non-executive Directors established to advise the Independent Shareholders in respect of the terms of the Share Transfer Agreement
“Independent Shareholders”	Shareholders other than the Purchaser and its associates
“Land”	A parcel of land located at Dong Zhi Men Wai, Dongcheng District, Beijing (北京市東城區東直門外)
“Latest Practicable Date”	13 June 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“PRC”	the People’s Republic of China
“Promoter Share(s)”	ordinary share(s) issued by the Company with a nominal value of RMB0.1 each which are subscribed for by the promoters of the Company
“Purchaser”	北京北大青鳥安全系統工程技術有限公司 (Beijing Beida Jade Bird Security System Engineering Technology Company Limited), a company incorporated in the PRC and a non wholly-owned subsidiary of Beijing Jade Bird
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	the shareholder’s loan advanced by the Company to Chengjian Donghua to be disposed of by the Company pursuant to the Share Transfer Agreement, which balance was RMB61.6 million as at the Latest Practicable Date

DEFINITIONS

“Sale Shares”	44% of the registered capital of Chengjian Donghua to be disposed of by the Company pursuant to the Share Transfer Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“SGM”	the special general meeting of the Company to be convened for the purpose of approving the Share Transfer Agreement and the transactions contemplated therein by the Independent Shareholders
“Shareholder(s)”	shareholder(s) of the Company
“Share Transfer Agreement”	the conditional share transfer agreement dated 21 May 2007 and entered into between the Company and the Purchaser in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vigers Appraisal”	Vigers Appraisal & Consulting Limited, an independent qualified property surveyor appointed by the Company

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Xu Zhen Dong (*Chairman*)
Mr. Xu Zhi Xiang
Mr. Zhang Wan Zhong

Non-executive Directors:

Mr. Liu Yong Jin
Mr. Hao Yi Long
Mr. Li Li Xin

Independent non-executive Directors:

Professor Nan Xiang Hao
Professor Chin Man Chung, Ambrose
Mr. Cai Chuan Bing

Legal address:

Rooms 1117/1119
Zhongcheng Building
Haidian Road
Beijing 100080
PRC

*Principal place of business
in the PRC:*

3rd Floor, Beida Jade Bird Building
No. 207 Chengfu Road
Haidian District
Beijing 100871
PRC

*Principal place of business
in Hong Kong:*

Unit 02, 7th Floor
Asia Pacific Centre
8 Wyndham Street
Central
Hong Kong

18 June 2007

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
RELATING TO THE DISPOSAL OF 44% EQUITY INTEREST IN
BEIJING CHENGJIAN DONGHUA REAL ESTATE
DEVELOPMENT COMPANY LIMITED**

INTRODUCTION

Reference is made to the Company's announcement dated 21 May 2007. On 21 May 2007, the Company and the Purchaser entered into the Share Transfer Agreement pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed

LETTER FROM THE BOARD

to purchase the Sales Shares, representing 44% of the registered capital of Chengjian Donghua, and the Sale Loan for an aggregate cash consideration of RMB697.2 million.

The purposes of this circular are:

- (i) to provide you with further details of the Share Transfer Agreement and other information as required under the GEM Listing Rules;
- (ii) to set out the recommendations from the Independent Board Committee and the advice of Access Capital to the Independent Board Committee and the Independent Shareholders on the terms of the Share Transfer Agreement; and
- (iii) to give you the notice of the SGM.

THE SHARE TRANSFER AGREEMENT

Date

21 May 2007

Parties

Vendor : The Company

Purchaser : Beijing Beida Jade Bird Security System Engineering Technology Company Limited

The Purchaser is an 80% beneficially-owned subsidiary of Beida Jade Bird, which is one of the promoters of the Company. The business scope of the Purchaser includes design and provision of security system engineering and construction of intelligent integrated systems.

As at the Latest Practicable Date, Beida Jade Bird and its associates collectively hold approximately 26.16% of the total issued share capital of the Company.

Assets to be disposed of

44% of the registered capital of Chengjian Donghua and the Sale Loan.

Based on the Directors' best knowledge, the remaining 56% of the registered capital of Chengjian Donghua is held as to 14.5% by the Purchaser, as to 10% by The Beijing Dong Cheng District Residential Development Centre (北京市東城區住宅發展中心) ("Beijing Dong Cheng"), and as to 31.5% by Hainan Jing Hao Asset Limited (海南京灝實業有限公司) ("Hainan Co"). As at the Latest Practicable Date, both Beijing Dong Cheng and Hainan Co are independent third parties of the Company.

LETTER FROM THE BOARD

Consideration

The aggregate consideration for the Disposal is RMB697.2 million, comprising RMB635.6 million for the Sale Shares and RMB61.6 million for the Sale Loan. The consideration for the Disposal payable in cash in the following manner:

- (i) a deposit of RMB200 million shall be payable by the Purchaser within 3 Business Days after signing of the Share Transfer Agreement; and
- (ii) the balance of RMB497.2 million shall be payable by the Purchaser within 7 Business Days after completion of the Share Transfer Agreement.

As disclosed in the Guoco Announcement, Beida Jade Bird and its related companies have agreed to sell or procure to sell to Guoco Group Limited, a company listed on the main board of the Stock Exchange, 90% interest in Chengjian Donghua for an aggregate consideration of RMB5.8 billion. As disclosed in the Guoco Announcement, the payment schedule for the total consideration payable by Guoco Group Limited is follows:

1. RMB500 million paid on 11 April 2007 upon the transfer to Guoco Group Limited of 100% of Hainan Co which then held 31.5% interests in Chengjian Donghua;
2. RMB220 million payable upon shareholders, board and other requisite government approvals for the transfer to Guoco Group Limited of an aggregate of 58.5% interests in Chengjian Donghua;
3. RMB580 million payable after setting off valid claims against the interests in Chengjian Donghua; and
4. RMB2.5 billion to be injected into Chengjian Donghua upon completion of the transfer as described in paragraph 2 above and government approval on the capital increase and up to RMB2.0 billion to be injected into Chengjian Donghua before 30 November 2007.

The aggregate consideration paid or payable under paragraphs 1 to 3 above of approximately RMB1,300 million represents the consideration payable by Guoco Group Limited for its acquisition of 90% of the registered capital of Chengjian Donghua (the **“Guoco Share Consideration”**).

The consideration for the Sale Shares has been agreed between the parties by making reference to and is equal to 44% of the pro-rata amount of the Guoco Share Consideration and the consideration for the Sale Loan has been agreed between the parties by making reference to and is equal to the face value of the Sale Loan.

LETTER FROM THE BOARD

Pursuant to the Share Transfer Agreement, in the event that the Purchaser and/or its associates disposes of the Sale Shares and the Sale Loan to Guoco Group Limited or any other party at a consideration which is higher than the consideration for the Disposal, the Purchaser will pay to the Company the amount which is in excess of the consideration for the Disposal. There is no downward adjustment clause in the Share Transfer Agreement.

Conditions to completion

Completion of the Share Transfer Agreement is conditional upon:

- (1) the Share Transfer Agreement being duly approved by the Company and the Purchaser;
- (2) the transfer of the Sale Shares being duly approved by the shareholders and directors of Chengjian Donghua;
- (3) the Share Transfer Agreement being duly approved by the Directors and Independent Shareholders; and
- (4) if applicable, approval of the Disposal by the Stock Exchange.

Completion

In the event the Share Transfer Agreement is not completed on or before the date following 90 days following the date of the Share Transfer Agreement, the deposit paid by the Purchaser shall be refunded to the Purchaser without interest.

INFORMATION OF THE GROUP

The Group is principally engaged in the research, development, manufacture, marketing and sale of embedded systems products, including network security products, wireless fire alarm systems and related products. The Group is also engaged in the sale of computer products and provision of total solution services through the application of its existing embedded system products.

INFORMATION OF CHENGJIAN DONGHUA

The Company acquired 44% equity interest in Chengjian Donghua together with the Sale Loan for an aggregate consideration of RMB314.2 million in August 2005. Chengjian Donghua has been accounted for in the Company's financial statements as an associate since August 2005.

Chengjian Donghua is principally engaged in the property development of the Land, which is located at Dong Zhi Men Wai, Dongcheng District, Beijing (北京市東城區東直門外). Chengjian Donghua owns the land use and development rights to the Land. According to the land use and development rights to the Land issued by the relevant PRC government authority in 2005, the Land, having a site area of approximately 91,000 square metres is

LETTER FROM THE BOARD

currently being development into an integrated retail, hotel, office, residential and transportation terminal hub comprising two metro stations, a bus interchange and an express rail link with flight check-in services (the “Project”). Up to the Latest Practicable Date, the main structure of the Project has been substantially completed and part of the hotel has also been built. The Directors expect that the Project will be substantially completed in late 2007.

As at 31 December 2006, the assets of Chengjian Donghua principally consist of the property development costs incurred of approximately RMB2,154.7 million. Major liabilities of Chengjian Donghua mainly include construction costs payable to various contractors (including amount due to Beida Jade Bird being principally construction costs paid/payable on behalf of Chengjian Donghua) of approximately RMB2,258.7 million.

Set out below is the unaudited results of Chengjian Donghua for the two years ended 31 December 2006 and the unaudited net assets value of Chengjian Donghua as at 31 December 2005 and 2006, as extracted from its unaudited financial statements, which are prepared in accordance with accounting principles generally accepted in the PRC:

	For the year ended	
	31 December	
	2005	2006
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover (<i>Note 1</i>)	–	–
Net loss before taxation	3,139	3,271
Net loss after taxation	3,139	3,271
	As at 31 December	
	2005	2006
	<i>RMB'000</i>	<i>RMB'000</i>
Net liabilities (<i>Note 2</i>)	6,041	9,312

Notes:

1. As the Project being developed by Chengjian Donghua is still in the development stage, it has not recorded any revenue for each of the two years ended 31 December 2006.
2. The increase in net liabilities of Chengjian Donghua as at 31 December 2006 was mainly attributable to the losses recorded by Chengjian Donghua.

Based on the valuation of the Land as at 30 April 2007 as set out in Appendix I to this circular, there is an increase in value (including construction costs incurred for the four-month ended 30 April 2007) of the Land of approximately RMB145.3 million as compare to its book value as at 31 December 2006. The unaudited net assets of Chengjian Donghua as at 31 December 2006 as adjusted for the above increase in value of the Land is approximately RMB136.0 million.

LETTER FROM THE BOARD

GAIN ON DISPOSAL

Upon completion of the Share Transfer Agreement, the Company expects to record a gain arising from the Disposal calculated with reference to the book value of its investment in Chengjian Donghua as at the date of completion. Based on the audited book value of its investment in Chengjian Donghua as at 31 December 2006 and the book value of the Sale Loan, the Company expects to record a gain arising from the Disposal and an increase in net asset of approximately RMB385.3 million. The actual gain on disposal to be recorded by the Company will depend on the net assets value of Chengjian Donghua attributable to the Company at the date of completion.

REASONS FOR THE DISPOSAL AND PROPOSED USE OF PROCEEDS

The Directors consider the terms of the Share Transfer Agreement, of which (i) the consideration of the Sale Shares has been agreed between the parties by making reference to and is equal to 44% of the pro-rata amount of the Guoco Share Consideration, and (ii) the consideration for the Sale Loan has been agreed between the parties by making reference to and is equal to the face value of the Sale Loan, fair and reasonable and in the interests of the Shareholders as a whole. The Directors also consider that the Disposal will allow the Company to realise its investment in Chengjian Donghua at a significant gain and provide additional resources to the Company for its existing businesses.

The net proceeds from the Disposal is approximately RMB696 million. The Directors currently intend to apply the net proceeds from the Disposal of an amount of approximately RMB140 million for general working capital purpose, approximately RMB83 million for expansion of the Group's existing network security products business, approximately RMB125 million for expansion of the Group's wireless fire alarm systems business and approximately RMB348 million for investment in businesses, projects or assets which the Directors believe to have good potential. As at the Latest Practicable Date, the Directors have not yet identified any such investment opportunities nor do they have any concrete proposals relating to such investment opportunities.

PROSPECTS

Under escalating market competition, the development of the Group will be divided into two aspects. On one hand, the Group will put more efforts in marketing by focusing on promotion in key industries and regional construction to increase the Group's market share. On the other hand, the Group will enhance its after-sales services for the existing high-quality customers and provide new customised products and solutions in order to establish a high-quality customer base. The Group will continue to control cost strictly in order to improve the margin. The Group will receive substantial cash proceeds upon the completion of the Disposal. Together with the improvement in the Group's principal activities, financial position of the Group will be strengthened.

LETTER FROM THE BOARD

IMPLICATION UNDER THE GEM LISTING RULES

The Purchaser is an associate of Beida Jade Bird, which is one of the promoters of the Company. Both the asset test ratio and the consideration test ratio of the Disposal exceed 25% but are below 75%. Pursuant to Rule 20.13(1)(a) and Rule 19.08 of the GEM Listing Rules, the Disposal constitutes a major and connected transaction of the Company and is subject to the approval by the Independent Shareholders, voting by way of poll, at the SGM. Beida Jade Bird, the Purchaser and their respective associates will abstain from voting at the SGM.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Share Transfer Agreement. Access Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

SPECIAL GENERAL MEETING

The Company will convene the SGM at at Conference Room 310, 3rd Floor Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC on Friday, 3 August 2007 at 11:00 a.m. at which ordinary resolution will be proposed for the purpose of considering and, if thought fit, approving the Share Transfer Agreement in relation to the Disposal.

A notice convening the SGM is set out on pages 39 to 40 of this circular. For holders of H Shares, whether or not you are able to attend the meeting, please complete and return the enclosed reply slip to the office of the Company's H share registrar in Hong Kong, Hong Kong Registrars Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 4:30 p.m. on Friday, 13 July 2007 and the form of proxy in accordance with the instructions printed thereon to Hong Kong Registrars Limited not less than 24 hours before the time appointed for the holding of the special general meeting. For holders of the Promoter Shares, whether or not you are able to attend the meeting, please complete and return the enclosed reply slip and form of proxy in accordance with the instructions printed thereon to the principal place of business of the Company in Beijing at 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC as soon as practicable but in any event, for the reply slip, on or before 4:30 p.m. on Friday, 13 July 2007 and for the form of proxy, not less than 24 hours before the time appointed for the holding of the special general meeting. Completion of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

LETTER FROM THE BOARD

PROCEDURES FOR DEMANDING A POLL AT A GENERAL MEETING

Pursuant to article 75 of the articles of association of the Company, a resolution put to the vote in a general meeting of the Shareholders shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of the meeting; or
- (b) at least two Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than 10% or more of the total voting rights of all Shareholders having the right to vote at the meeting.

RECOMMENDATIONS

The Directors consider that the terms of the Share Transfer Agreement are in the interests of the Company and the Shareholders and are fair and reasonable so far as the Shareholders are concerned and recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM for approving the Share Transfer Agreement.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

Yours faithfully,
By order of the Board
**Beijing Beida Jade Bird Universal
Sci-Tech Company Limited**
Xu Zhen Dong
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

18 June 2007

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
RELATING TO THE DISPOSAL OF 44% EQUITY INTEREST IN
BEIJING CHENGJIAN DONGHUA REAL ESTATE
DEVELOPMENT COMPANY LIMITED**

We refer to the letter from the Board set out on pages 4 to 11 of the circular dated 18 June 2007 (the “**Circular**”) of which this letter forms part. Capitalised terms used herein shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the Disposal and to advise the Independent Shareholders as to whether or not it would be fair and reasonable and in the interests of the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Share Transfer Agreement and the transactions contemplated therein. Access Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal.

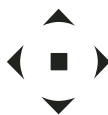
We wish to draw your attention to the letter from the Board and the letter from Access Capital to the Independent Board Committee and the Independent Shareholders which contains its advice to us in relation to the Disposal as set out in the Circular.

Having taken into account the principal factors and reasons considered by and the opinion of Access Capital as stated in its letter of advice as set out on pages 13 to 22 of the Circular, we consider that it would be fair and reasonable and in the interests of the Independent Shareholders to approve the Disposal. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution approving the Share Transfer Agreement to be proposed at the SGM.

Yours faithfully,
Professor Nan Xiang Hao
Professor Chin Man Chung, Ambrose
Mr. Cai Chuan Bing
Independent Board Committee

LETTER FROM ACCESS CAPITAL

Set out below is the text of the letter of advice from Access Capital Limited to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this Circular.



ACCESS
CAPITAL
Suite 606, 6th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

18 June 2007

*To the Independent Board Committee and
the Independent Shareholders of
Beijing Beida Jade Bird Universal Sci-Tech Company Limited*

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders of Beijing Beida Jade Bird Universal Sci-Tech Company Limited (the “**Company**”) in respect of the Disposal, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 18 June 2007 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

On 21 May 2007, the Company announced that it entered into the Share Transfer Agreement with the Purchaser on 21 May 2007, pursuant to which the Company has conditionally agreed to sell to the Purchaser the Sale Shares (which represent 44% of the registered capital of Chengjian Donghua) and the Sale Loan (which represents the shareholder’s loan advanced by the Company to Chengjian Donghua and amounted to approximately RMB61.6 million as at the date of the Share Transfer Agreement) for an aggregate cash consideration of approximately RMB697.2 million.

Pursuant to the GEM Listing Rules, the Disposal constitutes a major transaction for the Company. In addition, since the Purchaser is an associate of Beida Jade Bird, which is one of the promoters of the Company, the disposal also constitutes a connected transaction for the Company under the GEM Listing Rules and is subject to, among other things, the approval of the Independent Shareholders at a general meeting of the Company.

LETTER FROM ACCESS CAPITAL

The Independent Board Committee comprising all the independent non-executive Directors, namely Professor Nan Xiang Hao, Professor Chin Man Chung, Ambrose and Mr. Cai Chuan Bing, has been established to advise the Independent Shareholders as to whether the Disposal is in the interests of the Company and the Shareholders as a whole and whether the terms of the Share Transfer Agreement are fair and reasonable.

As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether or not the Disposal is in the interests of the Company and the Shareholders as a whole; (ii) whether or not the terms of the Share Transfer Agreement are fair and reasonable; and (iii) whether the Independent Shareholders should vote in favour of the resolution to approve the Share Transfer Agreement and the transactions contemplated thereunder at the SGM.

Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company. We are independent of the Company for the purposes of the GEM Listing Rules.

II. BASIS AND ASSUMPTIONS OF OUR ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Company and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations made or provided by the Directors and/or the senior management staff of the Company contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Company or any of its subsidiaries.

LETTER FROM ACCESS CAPITAL

III. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the Disposal, we have taken into consideration the following principal factors and reasons:

1. Background information and reasons for the Share Transfer Agreement

The Group is principally engaged in the research, development, manufacture, marketing and sale of embedded systems products, including network security products, wireless fire alarm systems and related products. The Group is also engaged in the sale of computer products and provision of total solution services through the application of its existing embedded system products. Set out below is a summary of the financial results and position of the Group extracted from the Company's annual report for 2006 (the "Annual Report") and the first quarterly results report for the three months ended 31 March 2007 (the "1st Quarter Report"):

	For the year ended		For the three months	
	31 December		ended 31 March	
	2006	2005	2007	2006
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Turnover				
- Sale of embedded systems and related Products	56,699	47,494	7,414	4,400
- Sale of computer products	58,990	95,045	19,498	6,764
- Rendering of total solution services	-	1,194	95	8
	<u>115,689</u>	<u>143,733</u>	<u>27,007</u>	<u>11,172</u>
Loss from operations	<u>(13,288)</u>	<u>(39,463)</u>	<u>(3,812)</u>	<u>(9,614)</u>
Loss for the year/period	<u>(39,460)</u>	<u>(59,208)</u>	<u>(10,523)</u>	<u>(14,137)</u>

LETTER FROM ACCESS CAPITAL

	As at 31 December	
	2006	2005
	(Audited)	(Audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets	681,711	770,800
Current assets	371,156	363,997
	<u>1,052,867</u>	<u>1,134,797</u>
Total assets		
Current liabilities	279,995	294,982
Non-current liabilities	20,000	20,000
	<u>299,995</u>	<u>314,982</u>
Total liabilities		
Net current assets	<u>91,161</u>	<u>69,015</u>
Net assets	<u>752,872</u>	<u>819,815</u>

As shown in the above table, for each of the two years ended 31 December 2006 and the three months ended 31 March 2007, the Group's turnover mainly included sale of embedded systems and related products and sale of computer products. For the year ended 31 December 2005, the Group also recorded turnover in respect of rendering of total solution services though such turnover of approximately RMB1.2 million represented less than 1% of the total turnover for 2005.

For the year ended 31 December 2006, the total turnover of the Group was approximately RMB115.7 million, representing a decrease of approximately 19.5% from the Group's total turnover of approximately RMB143.7 million for 2005. As noted in the Annual Report, such decrease in turnover was primarily due to the drop in the Group's sales of computer products as a result of the keen competition in the computer product retailing market. Despite the drop in its total turnover, the Group was able to narrow its loss from operations for 2006 by approximately RMB26.2 million, or about 66.3%, to approximately RMB13.3 million from approximately RMB39.5 million for 2005 as a result of the drop in operating expenses contributed by the Group's continuous effort in tightening its resource utilisation. In addition, loss for the year of the Group decreased from approximately RMB59.2 million for 2005 to approximately RMB39.5 million for 2006.

For the three months ended 31 March 2007, the Group recorded an unaudited turnover of approximately RMB27.0 million, representing a significant increase of approximately 141.1% from the turnover of approximately RMB11.2 million for the corresponding period in 2006. As stated in the 1st Quarter Report, such increase in turnover was mainly due to the fact that companies had become more willing to

LETTER FROM ACCESS CAPITAL

purchase new IT equipment and upgrade the existing products given the increase in their profitability and the better economy. Loss from operations for the three months ended 31 March 2007 amounted to approximately RMB3.8 million, representing a substantial improvement from the loss from operations of approximately RMB9.6 million for the three months ended 31 March 2006. In addition to the increase in turnover, the improvement in operating results was also attributable to the recognition of other income of approximately RMB2.0 million which represented VAT tax refund and written off of over-accrued costs in previous years. Loss for the period narrowed to approximately RMB10.5 million.

As at 31 December 2006, the non-current assets of the Group represented mainly (i) available-for-sale financial assets of approximately RMB394.8 million which comprised mainly Hong Kong listed equity securities and (ii) investment in an associate amounted to approximately RMB250.3 million which represented the carrying amount of the Company's existing 44% interest in Chengjian Donghua. The current assets of the Group as at 31 December 2006 comprised mainly the Sale Loan of approximately RMB61.6 million, prepayment, deposits and other receivables of approximately RMB50.6 million, non-pledged time deposits of approximately RMB139.5 million and cash and cash equivalents of approximately RMB91.1 million. The current liabilities of the Group as at 31 December 2006 mainly included other loan of approximately RMB221.0 million which represented a cash collateral paid by a financial institution to the Group in exchange of its lending of certain available-for-sale financial assets to the financial institution. The non-current liabilities of the Group were secured bank loans repayable in two years.

As stated in the Letter from the Board, based on the audited book value of its investment in Chengjian Donghua as at 31 December 2006 and the book value of the Sale Loan, it is expected that the Company would record a gain arising from the Disposal of approximately RMB385.3 million. On the basis that the Disposal will allow the Company to realise its investment in Chengjian Donghua at a significant gain and provide additional resources to the Company for its existing businesses, the Directors are of the view that the Disposal is in the interests of the Company and the Shareholders as a whole.

As discussed above, while the Group has recorded losses for each of the two years ended 31 December 2006 and the three months ended 31 March 2007, there is a sign of improvement in the Group's existing business operations as such losses have been narrowed down substantially. Given that the development project of Chengjian Donghua is yet to be completed (details of Chengjian Donghua are discussed in the section headed "Information on Chengjian Donghua and the Land" below), it is therefore unable to contribute any income to the Group at present. The Disposal, if successfully implemented, will significantly improve the financial results of the Group. As such, we also concur with the view of the Directors that the Disposal is in the interests of the Company and the Shareholders as a whole.

2. Information on Chengjian Donghua and the Land

As advised by the Company, Chengjian Donghua is a limited company incorporated in the PRC with a registered capital of RMB50 million and is currently owned by the Company, Hainan Jing Hao Asset Limited (海南京灝實業有限公司), the Purchaser and The Beijing City Dong Cheng District Residential Development Centre (北京市東城區住宅發展中心) as to 44%, 31.5%, 14.5% and 10%, respectively. The principal asset of Chengjian Donghua is the land use and development rights to the Land, which is a parcel of land having a site area of approximately 91,287 square metres located at Dong Zhi Men Wai, Dongcheng District, Beijing, the PRC (北京市東城區東直門外). The Land is currently being developed into an integrated retail, hotel, office, residential and transportation terminal hub comprising two metro stations, a bus interchange and an express rail link with flight check-in services with a total gross floor area approximately 590,800 square metres. As advised by the Company, such development project of Chengjian Donghua is one of the major infrastructure projects for the Olympic Games in Beijing in 2008. The main structure of the project has been substantially completed and part of the hotel has also been built. As stated in the Letter from the Board, the project is expected to be substantially completed in late 2007. The Company acquired its 44% equity interest in Chengjian Donghua together with the Sale Loan for an aggregate consideration of RMB314.2 million in August 2005.

Based on the information provided by the Company, Chengjian Donghua did not record any revenue for 2006 and had unaudited adjusted net liabilities of approximately RMB9.3 million as at 31 December 2006. As advised by the Company, the existing net-liability position of Chengjian Donghua is mainly due to the fact that except for the development of the Land, Chengjian Donghua has no other business operation and therefore has not yet recorded any revenue, and the accumulated pre-development expenditure and administrative expenses incurred by Chengjian Donghua since its establishment had exceeded its registered capital of RMB50 million.

3. Principal terms of the Share Transfer Agreement

Pursuant to the Share Transfer Agreement, the Company has conditionally agreed to sell to the Purchaser the Sale Shares (which represent 44% of the registered capital of Chengjian Donghua) and the Sale Loan (which represents the shareholder's loan advanced by the Company to Chengjian Donghua and amounted to approximately RMB61.6 million as at the date of the Share Transfer Agreement) at an aggregate cash consideration of RMB697.2 million) (the "**Consideration**"), which will be payable by the Purchaser to the Company in the following manner:

- (i) a deposit of RMB200 million shall be payable by the Purchaser within three Business Days after signing of the Share Transfer Agreement; and

LETTER FROM ACCESS CAPITAL

- (ii) the balance of RMB497.2 million shall be payable by the Purchaser within seven Business Days after completion of the Share Transfer Agreement (the “**Completion**”).

As advised by the Company, the consideration for the Sale Loan has been agreed between the parties by making reference to and is equal to the face value of the Sale Loan, whereas the consideration for the Sale Shares has been agreed between the parties by making reference to the aggregate consideration of approximately RMB1,300 million payable by Guoco Group Limited (which is a company listed on the Main Board of the Stock Exchange) for its acquisition of 90% of the registered capital of Chengjian Donghua under a share acquisition agreement dated 13 April 2007 (i.e. the Guoco Share Consideration). As advised by the Company, pursuant to such share acquisition agreement, Beida Jade Bird and its related companies have agreed to sell or procure to sell to Guoco Group Limited 90% interest in Chengjian Donghua for an aggregate consideration of RMB5.8 billion, of which RMB1,300 million is attributable to the value of 90% of the registered share capital and the remaining balance of RMB4,500 million will be injected into by Guoco Group Limited to Chengjian Donghua so as to provide funding for its operations and repayment of all liabilities including the shareholders’ loan advanced to Chengjian Donghua by its shareholders.

Based on the Guoco Share Consideration of RMB1,300 million payable by Guoco Group Limited for its acquisition of 90% interest in Chengjian Donghua, the whole registered capital of Chengjian Donghua is valued at approximately RMB1,444.44 million by the relevant parties to such share acquisition agreement. On this basis, 44% of the registered capital of Chengjian Donghua will amount to approximately RMB635.6 million (i.e. RMB1,444.44 million x 44%), which equals exactly the consideration for the Sale Shares under the Share Transfer Agreement.

Pursuant to the Share Transfer Agreement, in the event that the Purchaser and/or its associates disposes of the Sale Shares and the Sale Loan to Guoco Group Limited or any other party at a consideration which is higher than the Consideration, the Purchaser will pay to the Company the amount which is in excess of the Consideration.

As stated in the Letter from the Board, the net proceeds from the Disposal is approximately RMB696 million and the Directors currently intend to apply such net proceeds as to approximately RMB140 million for general working capital purpose, approximately RMB83 million for expansion of the Group’s existing network security products business, approximately RMB125 million for expansion of the Group’s wireless fire alarm systems business and approximately RMB348 million for investment in businesses, projects or assets which the Directors believe to have good potential. As advised by the Directors, they have not yet identified any such investment opportunities for the utilisation of the aforesaid portion of the net proceeds.

LETTER FROM ACCESS CAPITAL

4. Valuation of the Sale Shares and the Sale Loan

As mentioned above, the consideration of RMB635.6 million for the Sale Shares has been agreed between the parties to the Share Transfer Agreement by making reference to and is equal to 44% of the pro rata amount of the Guoco Share Consideration. We understand from the Company that Chengjian Donghua is a project company and has not recorded any revenue. As mentioned above, the principal asset of Chengjian Donghua is the land use and development rights to the Land. In addition, it had adjusted net liabilities of approximately RMB9.3 million as at 31 December 2006.

Given the business nature of Chengjian Donghua as a project company for the development of the Land as discussed above, we consider it relevant and appropriate to assess the value of the Sale Shares in terms of the Group's attributable share of the net asset value of Chengjian Donghua. As stated in the Letter from the Board, Chengjian Donghua recorded an unaudited adjusted net liabilities of approximately RMB9.3 million as at 31 December 2006, which incorporated the unaudited adjusted carrying amount of the Land of approximately RMB2,154.7 million.

Based on the property valuation report (the "**Valuation Report**") prepared by Vigers Appraisal & Consulting Limited (the "**Valuer**") as set out in Appendix I to the Circular, the Land was valued, in its existing state at 30 April 2007, at RMB2,300 million. This represents an increase in value of approximately RMB145.3 million over the unaudited carrying amount of the Land of approximately RMB2,154.7 million as mentioned above. Adjusting such increase in value of the Land to the aforesaid unaudited adjusted net liabilities of Chengjian Donghua as at 31 December, 2006, it would result in an implied improvement in the net asset position of Chengjian Donghua to approximately RMB136.0 million, and the Group's attributable 44% share is equivalent to approximately RMB59.8 million (i.e. RMB136.0 million x 44%). On this basis, the consideration of approximately RMB635.6 million for the Sale Share would represent a significant premium over the Group's attributable share in such underlying net asset value of Chengjian Donghua.

We have discussed with the Valuer about the property valuation and understand that the Valuer has adopted the direct comparison approach by making reference to comparable sales transactions as available in the relevant market and has taken into account the expended construction costs and the construction costs that will be expended to complete the development to reflect the quality of the completed development. The Valuer has valued the Land on the basis that the Land will be developed and completed in accordance with the latest development proposal of Chengjian Donghua. Based on our discussion with the Valuer, we are of the view that the methodology applied by the Valuer is consistent with market practice and the underlying basis for valuation of the Land is fair and reasonable.

LETTER FROM ACCESS CAPITAL

Given the above-mentioned significant premium, and that the consideration for the Sale Shares was based on arm's length negotiations between the Purchaser and Guoco Group Limited (as the ultimate purchaser of the Land and an independent third party not connected with the Purchaser or the Company), the Directors are of the view that the consideration of RMB635.6 million for the Sale Shares is fair and reasonable. Based on our analysis above, we also concur with the Directors' view that the consideration for the Sale Shares under the Share Transfer Agreement is fair and reasonable.

As mentioned above, the consideration for the Sale Loan has been agreed between the parties to the Share Transfer Agreement by making reference to and is equal to the face value of the Sale Loan. As such, we do not consider the value of the Sale Loan to be a significant factor in the determination of the Consideration since the Sale Loan will be assigned by the Company to the Purchaser upon Completion on a dollar-for-dollar basis.

5. Financial effects of the Disposal

(i) *Income effect*

As set out in the Letter from the Board, the Company expects to record a gain arising from the Disposal calculated with reference to the book value of its investment in Chengjian Donghua as at the date of Completion. Based on the audited respective carrying amount of the investment in Chengjian Donghua as at 31 December 2006 and the Sale Loan, the Company is expected to record a gain arising from the Disposal of approximately RMB385.3 million. In general, the actual gain on the Disposal to be recorded by the Company will depend on the net asset value of Chengjian Donghua attributable to the Company as at the date of Completion.

Given that the Disposal is expected to have a substantial positive impact on the earnings of the Group upon Completion, we are of the view that the Disposal is in the interests of the Company and the Shareholders as a whole.

(ii) *Liquidity and financial resources*

Based on the audited balance sheet of the Group as at 31 December 2006 set out in the Annual Report, the Group had current assets of approximately RMB371.2 million and current liabilities of approximately RMB280.0 million, representing a net-current-assets position of approximately RMB91.2 million and a current ratio at approximately 1.33 (i.e. RMB371.2 million divided by RMB280.0 million). Besides, the Group's gearing ratio as at 31 December 2006 was approximately 0.32, as represented by the ratio of Group's total interest bearing debts of approximately RMB241.0 million to its total equity of approximately RMB752.9 million.

LETTER FROM ACCESS CAPITAL

As advised by the Company, the net proceeds from the Disposal after deducting the related expenses are estimated to be approximately RMB696 million. Given the substantial amount of such net proceeds, the current assets of the Group is expected to be increased by the same amount and there would be a significant improvement on both the Group's current ratio and gearing ratio as a result of the Disposal. In view of the fact that the net proceeds from the Disposal will significantly strengthen the cash position of the Group and improve its liquidity, we are of the view that the Disposal is in the interests of the Company and the Shareholders as a whole.

(iii) Net assets

Based on the audited balance sheet of the Group as at 31 December 2006 set out in the Annual Report, the audited net assets of the Group as at 31 December 2006 was approximately RMB752.9 million. On the assumption that the Completion had taken place on 31 December 2006, the Group would record a gain arising from the Disposal of approximately RMB385.3 million and its net assets would be increased by substantially the same amount.

In summary, the Disposal is expected to have a substantial positive impact on the financial position of the Group at Completion. In particular, the Group will recognise a substantial gain arising from the Disposal. The net proceeds from the Disposal will significantly strengthen the cash position of the Group and improve its liquidity. Due to the substantial gain on the Disposal, the net assets of the Group will also increase substantially at Completion. Having considered the expected positive financial effects of the Disposal, we are of the view that the Disposal is in the interests of the Company and the Shareholders as a whole.

IV. RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the Disposal is in the interests of the Company and the Shareholders as a whole and the terms of the Share Transfer Agreement are fair and reasonable. Therefore, we would advise the Independent Board Committee and the Independent Shareholders that the Independent Shareholders should vote in favour of the resolution to approve the Share Transfer Agreement and the transactions contemplated thereunder at the SGM.

Yours faithfully,
For and on behalf of
Access Capital Limited
Ambrose Lam
Chairman

The following is the text of the letter and valuation certificate received from Vigers Appraisal, an independent property valuer, prepared for the purpose of incorporation in this circular, in connection with their valuation of the property interest held and to be disposed by the Group as at 30 April 2007.

Vigers Appraisal & Consulting Limited
International Asset Appraisal Consultants



10th Floor
The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

18 June 2007

The Directors
Beijing Beida Jade Bird Universal Sci-Tech Company Limited
Unit 02, 7th Floor
Asia Pacific Centre
No. 8 Wyndham Street
Central
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interest held by Beijing Chengjian Donghua Real Estate Development Company Limited (“**Chengjian Donghua**”) in the People’s Republic of China (“**the PRC**”), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interest as at the 30 April 2007 (“**date of valuation**”) for the purpose of incorporation in the circular.

Our valuation is our opinion of the market value of the property interest which we would define market value as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

In valuing the property interest, we have valued the property interest on the basis that the property will be developed and completed in accordance with the Chengjian Donghua’s latest development proposal as provided to us. We have assumed that approvals for the proposal have been obtained or will be obtained without undue time delay. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the relevant market and

have also taken into account the expended construction costs and the construction costs that will be expended to complete the development to reflect the quality of the completed development. The “capital value when completed” represents our opinion of the aggregate selling prices of the development assuming that it would have been completed at the date of valuation.

Our valuation has been made on the assumption that the owner sells the property interest on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property interest. In addition, no forced sale situation in any manner is assumed in our valuation.

We have not caused title searches to be made for the property interest at the relevant government bureau in the PRC. Under the current real estate registration system in Beijing, only property owners and lawyers can make title searches at the relevant government bureau. Valuers are not entitled to cause title searches. We have been provided with certain extracts of title documents relating to the property interest. However, we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interest, we have relied on the legal opinion (“the **PRC legal opinion**”) provided by the Company’s PRC legal adviser, Kaiwen Law Firm.

We have relied to a considerable extent on information provided by the Company and Chengjian Donghua and have accepted advice given to us by the Company and Chengjian Donghua on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, site and floor areas and in the identification of the property and other relevant matter. We have also been advised by the Company and Chengjian Donghua that no material facts had been concealed or omitted in the information provided to us. All documents have been used for reference only.

All dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Company and Chengjian Donghua and are approximations only. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the property are free from defect. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation is prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in the GEM Listing Rules issued by The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all money amounts stated are in Renminbi (RMB).

We enclose herewith a valuation certificate.

Yours faithfully,
For and on behalf of
Vigers Appraisal & Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor
MRICS MHKIS MSc(e-com)
Executive Director

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), has over nineteen years' experiences in undertaking valuations of properties in Hong Kong and has over twelve years' experiences in valuations of properties in the PRC.

VALUATION CERTIFICATE

Property	Description	Particulars of occupancy	Market Value in existing state as at 30 April 2007
A parcel of land located at Dong Zhi Men Wai Dongcheng District Beijing The PRC	The property comprises a parcel of land having a site area of approximately 91,287.70 sq.m. The property is planned to be developed into a composite development with gross floor area as follows:	The property is currently under construction.	RMB2,300,000,000
	Use	Approximate Gross Floor Area (sq.m.)	
	Apartment	50,764	
	Clubhouse	700	
	Hotel	41,260	
	Commercial arcade	123,607	
	Office	134,035	
	Basement car park	110,951	
	Basement ancillary facilities	51,483	
	Transportation terminal	78,000	
	Total	590,800	

The scheduled date of completion of the whole development is around late 2009.

The property is held with the land use rights for various terms expiring between 28 June 2045 and 28 June 2078 for office, commercial, residential and basement car park uses.

Notes:

1. According to the State-owned Land Use Rights Certificate (Document No.: Jing Dong Guo Yong (2005 Chu) No. A00572), the land use rights of the property with a site area of approximately 91,287.70 sq.m. have been granted to Chengjian Donghua for terms expiring on 28 June 2055, 28 June 2045, 28 June 2078 and 28 June 2055 for office, commercial, residential and basement car park uses respectively.
2. According to the State-owned Land Use Rights Grant Contract (Document No.: Jing Di Chu (He) Zi (2005) No. 0325) entered into between Beijing City State Land Resources Bureau (Part A) and Chengjian Donghua (Party B) dated 24 June 2005, Party A agreed to grant the land use rights of the property with a site area of approximately 91,287.70 sq.m. to Party B for office, commercial, residential and basement carpark uses.
3. According to Chengjian Donghua, the total development cost (including land cost) expended as at 30 April 2007 was approximately RMB2,270,000,000. The outstanding cost to complete the development was estimated to be approximately RMB2,870,000,000. In the course of our valuation, we have taken such construction cost expended into account.

4. The capital value when completed of the proposed development is approximately RMB8,300,000,000.
5. The PRC legal opinion states, inter alia, the following:
- (i) the title of the property is legally held by Chengjian Donghua;
 - (ii) Chengjian Donghua has fully settled the premium for the land use rights;
 - (iii) Chengjian Donghua is entitled to transfer or dispose of the property;
 - (iv) the property is not subject to any mortgages; and
 - (v) the proposed development has been properly approved.
6. According to the PRC legal opinion and the information provided by the Company and Chengjian Donghua, the status of title and grant of major approvals and permits for the property are as follows:
- | | |
|---|-----|
| (i) State-owned Land Use Rights Certificate | Yes |
| (ii) State-owned Land Use Rights Grant Contract | Yes |
| (iii) Planning Permit for Construction Land | Yes |
| (iv) Planning Permit for Construction Works | Yes |
| (v) Permit for Commencement of Works | Yes |

1. RESPONSIBILITY STATEMENT

This circular, 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:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are found on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors, chief executive and supervisors of the Company in the total issued Promoter Shares and its associated corporations

As at the Latest Practicable Date, the interests (including interests in shares and short positions) of the Directors, chief executive or supervisors of the Company in the Promoter Shares of the issued share capital of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to: (a) Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them is taken or deemed to have taken under such provisions of the SFO); or (b) which will be required pursuant to section 352 of the SFO to be entered in the register referred to in that section; or (c) will be required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, will be as follows:

Long positions:

Name of Director	Note	Number of Shares held, capacity and nature of beneficial interest of a trust	Approximate % of the Company's total number of issued Promoter Shares	Approximate % of the Company's total issued share capital
Mr. Xu Zhen Dong	(a)	205,414,000	29.34%	17.34%
Mr. Xu Zhi Xiang	(a)	205,414,000	29.34%	17.34%
Mr. Zhang Wan Zhong	(a)	205,414,000	29.34%	17.34%
Mr. Liu Yong Jin	(a)	205,414,000	29.34%	17.34%

Name of supervisor of the Company	Note	Number of Shares held, capacity and nature of beneficial interest of a trust	Approximate % of the Company's total number of issued Promoter Shares	Approximate % of the Company's total issued share capital
Mr. Zhang Yong Li	(a)	205,414,000	29.34%	17.34%
Ms. Dong Xiao Qing	(a)	205,414,000	29.34%	17.34%

Note:

- (a) The above Directors and supervisors of the Company are taken to be interested in the issued share capital of the Company through their respective interests as beneficiaries, among other beneficiaries, of Heng Huat Trust. By a declaration of trust ("**Heng Huat Trust**") made as a deed on 19 July 2000, Mr. Xu Zhen Dong, Mr. Zhang Wan Zhong and Ms. Liu Yue (who has been replaced by Mr. Xu Zhi Xiang since 9 May 2003 as a trustee) declared that they held the shares of Heng Huat Investments Limited ("**Heng Huat**") as trustees for the benefits of 477 employees of Beijing Beida Jade Bird Software System Company, Beijing Beida Jade Bird Limited, Beijing Beida Yu Huan Microelectronics System Engineering Company and Beijing Tianqiao Beida Jade Bird Sci-Tech Company Limited and their respective subsidiaries and associated companies and the Company. Heng Huat is beneficially interested in the entire issued share capital of Dynamic Win Assets Limited ("**Dynamic Win**"), and is taken to be interested in 205,414,000 Shares which Dynamic Win is interested. Mr. Xu Zhen Dong, Mr. Zhang Wan Zhong and Mr. Xu Zhi Xiang (who replaced Ms. Liu Yue as a trustee on 9 May 2003 upon Ms. Liu's resignation as a trustee on the same date) are trustees holding 60, 20 and 20 shares, respectively, out of 100 shares in the issued share capital of Heng Huat.

Saved as disclosed above, none of the Directors and supervisors of the Company had registered an interest or short position in the Shares or underlying Shares or any of the Company's associated corporations that was required to be recorded pursuant to Divisions 7 and 8 of Part XV of the SFO, or pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules.

(b) Interests in share options

As at the Latest Practicable Date, no options have been granted by the Group pursuant to the share option scheme adopted by the Company on 5 July 2000.

3. DIRECTORS' SERVICE CONTRACTS

Except for Mr. Cai Chuan Bing whose service contract with the Company commenced on 20 October 2006, each of the Directors and supervisors of the Company has entered into a service contract with the Company for a term of three years commencing from 30 June 2006 until the date of the annual general meeting to be convened in 2009.

Save as disclosed above, none of the Directors has any existing or proposed service contracts with any member of the Group, excluding contracts expiring or determinable by the Company or any of its subsidiaries within one year without payment of compensation other than statutory compensation as at the Latest Practicable Date.

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Long positions:

	<i>Note</i>	Capacity and nature of interest	Number of ordinary Shares held	Approximate % of the Company's total number of issued Promoter Shares	Approximate % of the Company's total number of issued H Shares	Approximate % of the Company's total issued share capital
Peking University	(a)	Through controlled corporations	310,000,000	44.28%	Not applicable	26.16%
Beijing Beida Yu Huan Microelectronics System Engineering Company	(a)	Directly beneficially owned	85,000,000	12.14%	Not applicable	7.17%
Beijing Beida Jade Bird Software System Company	(a)	Directly beneficially owned	110,000,000	15.71%	Not applicable	9.28%
Beijing Beida Jade Bird Limited	(a)	Directly beneficially owned	115,000,000	16.43%	Not applicable	9.71%
Heng Huat Investments Limited	(b)	Through a controlled corporation	205,414,000	29.34%	Not applicable	17.34%
Dynamic Win Assets Limited	(b)	Directly beneficially owned	205,414,000	29.34%	Not applicable	17.34%

	Note	Capacity and nature of interest	Number of ordinary Shares held	Approximate % of the Company's total number of issued Promoter Shares	Approximate % of the Company's total number of issued H Shares	Approximate % of the Company's total issued share capital
Mongolia Energy Corporation Limited (formerly known as "New World CyberBase Limited")	(c)	Through a controlled corporation	84,586,000	12.08%	Not applicable	7.14%
New View Venture Limited	(c)	Directly beneficially owned	84,586,000	12.08%	Not applicable	7.14%
Tai Fook Securities Company Limited	(d)	Directly beneficially owned	80,800,000	Not applicable	16.67%	6.82%
Tai Fook Finance Company Limited	(d)	Through a controlled corporation	80,800,000	Not applicable	16.67%	6.82%
Tai Fook (BVI) Limited	(d)	Through a controlled corporation	80,800,000	Not applicable	16.67%	6.82%

Notes:

- (a) Peking University is taken to be interested in 26.16% of the total issued share capital of the Company through the following companies:
- (i) 85,000,000 Promoter Shares (representing approximately 7.17% of the Company's total share capital) held by 北京市北大宇環微電子系統工程公司 (Beijing Beida Yu Huan Microelectronics System Engineering Company), which is beneficially wholly-owned by Peking University;
 - (ii) 110,000,000 Promoter Shares (representing approximately 9.28% of the Company's total share capital) held by 北京市北大青鳥軟件系統公司 (Beijing Beida Jade Bird Software System Company), which is beneficially wholly-owned by Peking University; and
 - (iii) 115,000,000 Promoter Shares (representing approximately 9.71% of the Company's total share capital) held by 北京北大青鳥有限責任公司 (Beijing Beida Jade Bird Limited), which is approximately 46% owned by Peking University.
- (b) The Shares are held by Dynamic Win Assets Limited, which is wholly owned by Heng Huat Investments Limited.

- (c) The Shares are held by New View Venture Limited, which is wholly-owned by Mongolia Energy Corporation Limited (formerly known as “**New World CyberBase Limited**”).
- (d) The Shares are held by Tai Fook Securities Company Limited, which is directly wholly owned by Tai Fook Finance Company Limited and indirectly wholly owned by Tai Fook (BVI) Limited.

Save as disclosed above, no person, other than the Directors and supervisors of the Company, whose interests are set out in the previous paragraphs, had registered an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to section 336 of the SFO.

5. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, the management shareholders and substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the businesses of the Group, or may have any conflicts of interest with the Group pursuant to the GEM Listing Rules.

6. WORKING CAPITAL

The Directors, including the independent non-executive Directors, are of the opinion that, following completion of the Share Transfer Agreement, taking into account the financial resources available to the Group, including internally generated funds and the present available bank facilities, and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its requirements within 12 months from the Latest Practicable Date.

7. INDEBTEDNESS

As at the close of business on 30 April 2007, being the latest practicable date for ascertaining information regarding this indebtedness statement, the Group had total outstanding borrowings of approximately RMB10 million which represent long-term interest-bearing bank loans and an amount due to Nexgen Capital Limited (“**NCL**”) of approximately US\$28,295,723.63 (equivalent to approximately HK\$221,334,809.38) which represents a collateral deposited by NCL with Beida Jade Bird Universal Sci-Tech (Cayman) Development Company Limited (“**JBU Development**”) in consideration of the lending of any or all of the 323,888,000 fully paid ordinary share(s) of Semiconductor Manufacturing International Corporation (“**SMIC**”) (Stock Code: 981) by JBU Development to NCL pursuant to a securities lending agreement (as supplemented by a supplemental letter agreement). The Group’s long term interest-bearing bank loans were secured by mortgage over certain of the Group’s property, plant and equipment and prepaid land lease payments with net book values of approximately RMB13.9 million and nil amount respectively.

Contingent liabilities

Chengjian Donghua, a connected person of the Company within the meaning of the GEM Listing Rules, is currently a defendant in a civil litigation in Beijing involving the land use rights of the Land located in Beijing which is currently registered under the name of Chengjian Donghua. Shenzhen Development Bank (“SDB”) is the plaintiff in such civil proceedings. The Land is used for the development of the Project. The development right of the Project was vested in Chengjian Donghua from a joint venture company established by Chengjian Donghua and Strong Ground Investment Limited (“Strong Ground”) in 2002, namely 北京東華廣場置業有限公司 (“Beijing Donghua Company”), by the cancellation of the cooperation between Chengjian Donghua and Strong Ground.

Beijing Donghua Company is the guarantor of a principal sum of RMB1,500 million together with interest accrued thereon lent by SDB to Zhongcai State-owned Enterprise Investment Company Limited and Shouchuang Network Company Limited. Based on documents filed with the People’s High Court of Beijing, SDB alleges that the cancellation of the cooperation between Beijing Donghua Company and Strong Ground has infringed the right of SDB by removing such a main asset from Beijing Donghua Company and in turn has reduced the repaying power of Beijing Donghua Company and its claim comprised, among other things, an order that Beijing Donghua Company be adjudged liable as guarantor for the principal sum of RMB1,500 million (together with interest accrued thereon up to 31 October 2005 in the amount of RMB30.74 million) lent by SDB to Zhongcai State-owned Enterprise Investment Company Limited and Shouchuang Network Company Limited and an order for the transfer of the Land from Chengjian Donghua to Beijing Donghua Company.

On 17 November 2005, SDB obtained an order from the People’s High Court of Beijing to freeze the assets of Beijing Donghua Company and Chengjian Donghua for a value equivalent to RMB1,530 million. The assets forming the subject of the order included the Land.

On 21 August 2006, in view of the provision of a guarantee by 北大資產經營有限公司 (Peking University Asset Management Company Limited) (a company wholly owned by the Peking University which is the ultimate controlling shareholder of three existing promoters of the Company and is therefore a connected person of the Company under the GEM Listing Rules), the People’s High Court of Beijing discharged the freeze order upon application by Chengjian Donghua on the ground that the guarantee was able to satisfy the requirements of the relevant laws and regulations relating to the provision of guarantees by small- to mid-sized enterprises.

Under the above circumstances, although the above claim by SDB against Beijing Donghua Company and Chengjian Donghua is still pending adjudication by the People’s High Court of Beijing, the Directors are of the view that Chengjian Donghua has a valid defence against the aforesaid claim by SDB. Therefore, no provision for the above claim was made in the financial statements of Chengjian Donghua.

Save as aforesaid and apart from intragroup liabilities, the Directors confirmed that no company in the Group had any outstanding, as at the close of business of the Latest Practicable Date, any mortgages, charges, pledges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, acceptance liabilities or acceptance credits, any guarantees or other material contingent liabilities.

Save as aforesaid, the Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since the close of business on 30 April 2007 being the latest practicable date for ascertaining information regarding this indebtedness statement.

8. LITIGATION

Save as disclosed in the paragraph headed “Indebtedness – contingent liabilities” in this appendix, as at the Latest Practicable Date, no member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

9. MATERIAL ADVERSE CHANGE

The Directors have confirmed that, as at the Latest Practicable Date, they are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2006, being the date to which the latest published audited financial statements of the Company were made up.

10. QUALIFICATION AND CONSENT

The following is the qualification of the expert whose advice or opinion is contained in this circular:

Name	Qualification
Access Capital Limited	a licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as set out in Schedule 5 to the SFO
Vigers Appraisal & Consulting Limited	Chartered surveyor and property valuer
Kaiwen Law Firm	PRC legal advisor

Each of Access Capital, Vigers Appraisal and Kaiwen Law Firm has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, each of Access Capital, Vigers Appraisal and Kaiwen Law Firm was not interested in any share of the Company or share in any member of the Group nor did it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Share or share in any member of the Group.

As at the Latest Practicable Date, each of Access Capital, Vigers Appraisal and Kaiwen Law Firm did not have any direct or indirect interest in any asset which had been, since 31 December 2006, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

11. GENERAL

- (a) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.
- (b) The principal place of business of the Company in the PRC is at 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC.
- (c) The place of business of the Company in Hong Kong is at Unit 02, 7th Floor, Asia Pacific Centre, 8 Wyndham Street, Central, Hong Kong.
- (d) The share register and transfer office of the Company is Hong Kong Registrars Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The compliance officer of the Company is Mr. Zhang Wan Zhong ("**Mr. Zhang**"). Mr. Zhang graduated from Peking University with a master degree in science.
- (f) The qualified accountant and secretary of the Company is Mr. Leung Wai Man ("**Mr. Leung**"). Mr. Leung is a fellow member of The Association of Chartered Certified Accountants and an associate member of each of The Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (g) Pursuant to rule 5.28 of the GEM Listing Rules, the Company has set up an audit committee. In compliance with rule 5.29 of the GEM Listing Rules, the authority and responsibility of the audit committee has been properly written out. The primary duties of the audit committee are to review the financial reporting process, internal control and corporate governance issues of the Company and make relevant recommendations to the Board. The audit committee has three members, namely the three independent non-executive Directors, Professor Nan Xiang Hao ("**Prof. Nan**"), Professor Chin Man Chung, Ambrose ("**Prof. Chin**") and Mr. Cai Chuan Bing ("**Mr. Cai**"). Prof. Nan has

been awarded various science awards such as 國家科技進步二等獎 (the Second Prize of State Technological Achievement). He is currently a part-time professor in the Graduate University of Chinese Academy of Science. Prof. Chin graduated from the Department of Oriental Language and Cultures of Peking University with a master degree in Literature. He is currently a professor of the History Department of the Fudan University and a researcher of morality and religion research centre of Tsinghua University. Mr. Cai graduated from Anhui University of Finance and Trade. He is currently the chairman of the Communications Branch of the China Institute of Internal Audit. He is also a non-executive director of Yue Da Holdings Limited whose shares are listed on the Stock Exchange.

- (h) Save as disclosed in this circular, none of the Directors is, directly or indirectly, interested in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2006, the date to which the latest published audited financial statements of the Company were made up.
- (i) Save as disclosed in this circular, there is no other contract or arrangement subsisting at the date of this circular in which a Director is materially interested and which is significant in relation to the business of the Group.

12. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately preceding the date of this circular which are or may be material:

1. Share Transfer Agreement;
2. Supplemental Letter Agreement entered into between JBU Development, and NCL on 18 May 2007 in relation to certain amendments to the terms of a Global Master Securities Lending Agreement, as supplemented by a Schedule thereto, and a Securities Lending Transaction Confirmation confirming certain terms in the aforementioned Global Master Securities Lending Agreement (collectively "**Securities Lending Agreement**") including, *inter alia*, (i) extension of the duration of the transaction under the Securities Lending Agreement to a period of 42 months ending on 18 June 2010; (ii) adjustment to the rate of interest on the collateral to be deposited by NCL with JBU Development (the "**Collateral**"); and (iii) adjustment to the maximum amount of Collateral;
3. International Swaps and Derivatives Association (ISDA) Master Agreement, as supplemented by a Schedule, and Share Options Transaction Confirmation both entered into between JBU Development and NCL on 18 May 2007 in relation to grant of any or all of the 161,944,000 physically settled call option(s), on the basis of one fully paid ordinary share of SMIC per option at an upfront

premium in the amount of approximately US\$271,000 (equivalently to approximately HK\$2,120,000) and quarterly premium determined with reference to the amount of Collateral at a premium rate of 2.2% per annum. Details of the determination of premiums are disclosed in the Company's circular dated 11 June 2007;

4. the supply agreement dated 15 May 2007 between 河北北大青鳥環宇消防設備有限公司 (Hebei Beida Jade Bird Universal Fire Alarm Device Company Limited) ("**Hebei Fire Alarm**"), a non wholly-owned subsidiary of the Company, and 上海北大青鳥消防設備銷售有限公司 (Shanghai Beida Jade Bird Fire Equipment Marketing Company Limited) ("**Shanghai Jade Bird Fire**"), a connected person of the Company, pursuant to which Hebei Fire Alarm agreed to supply fire alarm system products to Shanghai Jade Bird Fire at an annual cap in a estimate aggregate amount of approximately RMB6,600,000 for each of the two years ending 31 December 2007 and 2008;
5. the supply agreement dated 15 May 2007 between 武漢北大青鳥網軟有限公司 (Wuhan Beida Jade Bird Netsoft Company Limited) ("**Wuhan Netsoft**"), a non wholly-owned subsidiary of the Company, and 北京青鳥信息系統有限公司 (Beijing Jade Bird Information System Company Limited) ("**BJ IS**"), pursuant to which Wuhan Netsoft agreed to supply network management products and firewall products to BJ JS at an annual cap in a estimate aggregate amount of approximately RMB2,800,000 for each of the two years ending 31 December 2007 and 2008; and
6. Securities Lending Agreement entered into between JBU Development and NCL on 15 December 2006 in relation to the lending of any or all of the 323,888,000 fully paid ordinary shares of SMIC by JBU Development to NCL. In consideration for JBU Development providing the securities loan, NCL deposited with JBU Development a collateral in the amount of approximately US\$28,295,000 (equivalent to approximately HK\$221 million).

13. DOCUMENTS FOR INSPECTION

Copies of the following documents (and English translations thereof, if appropriate) will be available for inspection at Unit 02, 7th Floor, Asia Pacific Centre, 8 Wyndham Street, Central, Hong Kong during normal business hours from the date of this circular up to and including the date of the SGM:

- (a) the articles of association of the Company;
- (b) the annual report of the Company for each of the two years ended 31 December 2006;
- (c) the letter of recommendation from the Independent Board Committee of the Company to the Independent Shareholders as set out in this circular;

- (d) the letter from Access Capital, the text of which is set out in this circular;
- (e) the letter and valuation certificate issued by Vigers Appraisal, the text of which is set out in Appendix I of this circular;
- (f) the consent letter of Access Capital, Vigers Appraisal and Kaiwen Law Firm referred to in the section headed "Qualification and consent" in this appendix;
- (g) the material contracts referred to in the section headed "Material Contracts" in this appendix;
- (h) the circular dated 24 January 2007 in relation to the lending of 323,888,000 fully paid ordinary shares in SMIC by JBU Development to NCL;
- (i) the circular dated 11 June 2007 in relation to the grant of share options and amendment to the Securities Lending Agreement; and
- (j) this circular.

NOTICE OF SPECIAL GENERAL MEETING



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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Special General Meeting**”) of the holders of the shares of Beijing Beida Jade Bird Universal Sci-Tech Company Limited (the “**Company**”) will be held at Conference Room 310, 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing, the PRC on Friday, 3 August 2007 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following as ordinary resolution:

ORDINARY RESOLUTION

THAT:

- (a) the sale of 44% of the registered capital of Beijing Chengjian Donghua Real Estate Development Company Limited (“**Chengjian Donghua**”) and shareholders’ loan advanced by the Company to Chengjian Donghua by the Company to 北京北大青鳥安全系統工程技術有限公司 (Beijing Beida Jade Bird Security System Engineering Technology Company Limited) (the “**Purchaser**”) for an aggregate cash consideration of RMB697.2 million pursuant to the conditional share transfer agreement entered into between the Company and the Purchaser on 21 May 2007 (details of which have been set out in an announcement of the Company dated 21 May 2007 and a circular to the shareholders of the Company dated 18 June 2007) (“**Share Transfer**”) be and is hereby approved, ratified and confirmed; and
- (b) the acts of the board of directors of the Company on behalf of the Company for the purpose of or in connection with the implementation and completion of the Share Transfer and the transactions thereunder be and are hereby approved, ratified and confirmed.

By order of the board of directors
Xu Zhen Dong
Chairman

Hong Kong, 18 June 2007

Place of business in Hong Kong:

Unit 02, 7th Floor
Asia Pacific Centre
8 Wyndham Street
Central
Hong Kong

NOTICE OF SPECIAL GENERAL MEETING

Notes:

- (A) The register of holders of H shares of the Company (“**H Shares**”) will be closed from Tuesday, 3 July 2007 to Friday, 3 August 2007 (both days inclusive) during which period no transfer of H shares will be registered. Any holder of the H Shares and whose name appearing in the Company’s register of holders of H Shares with Hong Kong Registrars Limited at the close of business hours on Friday, 29 June 2007 and have completed the registration process, will be entitled to attend the Special General Meeting.

The address of Hong Kong Registrars Limited is as follows:
46th Floor, Hopewell Centre, 183 Queens Road East, Hong Kong (Fax no: 852-2865-0990)

- (B) Holders of promoter shares of the Company (“**Promoter Shares**”) or H Shares who intend to attend the Special General Meeting must complete the reply slips for attending the Special General Meeting and return them to Hong Kong Registrars Limited at the address set out above (for holders of H Shares) or to the place of business of the Company in Beijing (for Promoter Shares) not later than 20 days before the date of the Special General Meeting, i.e. no later than 4:30 p.m. on Friday, 13 July 2007.

The place of business of the Company in Beijing is as follows:
3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC (Fax no: 86-10-6275-8434)

- (C) Each holder of H Shares who has the right to attend and vote at the Special General Meeting is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on his behalf at the Special General Meeting. A proxy of a shareholder who has appointed more than one proxy may only vote on a poll.
- (D) The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing. If that instrument is signed by an attorney of the appointer, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be notarially certified.
- (E) To be valid, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company’s H Share registrar, Hong Kong Registrars Limited, the address of which is set out in Note (A) above, not less than 24 hours before the time for holding the Special General Meeting or any adjournment thereof in order for such documents to be valid.
- (F) Each holder of Promoter Shares is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on its behalf at the Special General Meeting. Notes (C) to (D) also apply to holders of Promoter Shares, except that the proxy form or other documents of authority must be delivered to the place of business of the Company in Beijing, the address of which is set out in Note (B) above, not less than 24 hours before the time for holding the Special General Meeting or any adjournment thereof in order for such documents to be valid.
- (G) If a proxy attends the Special General Meeting on behalf of a shareholder, he/she should produce his identity card and the instrument signed by the proxy or his legal representative, and specifying the date of its issuance. If a legal person shareholder appoints its corporate representative to attend the Special General Meeting, such representative should produce his/her identity card and the notarised copy of the resolution passed by the board of directors or other authorities or other notarised copy of the licence issued by such legal person shareholder.
- (H) The Special General Meeting is expected to last for half a day. Shareholders attending the Special General Meeting are responsible for their own transportation and accommodation expenses.