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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

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RESULTS

The Board of Directors ("**Board**") is pleased to present the audited consolidated results and financial position of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2007, together with the comparative figures for the year ended 31 December 2006, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Note	**2007** *RMB'000*	2006 *RMB'000*
TURNOVER	*3*	**156,141**	115,689
Cost of sales		**(130,595)**	(93,244)
Gross profit		**25,546**	22,445
Other income	*4*	**16,327**	8,146
Distribution costs		**(24,081)**	(22,892)
Administrative expenses		**(19,947)**	(18,628)
Other operating expenses		**(12,069)**	(2,359)
LOSS FROM OPERATIONS		**(14,224)**	(13,288)
Finance costs	*6*	**(38,884)**	(23,307)
Change in fair value of derivative financial instruments		**(7,064)**	–
Share of loss of an associate		**(861)**	(1,439)
Gain on disposal of an associate		**386,125**	–
Loss on disposal of a subsidiary		**–**	(444)
Loss on deemed disposal of a subsidiary		**(21)**	–
PROFIT/(LOSS) BEFORE TAX		**325,071**	(38,478)
Income tax expense	*7*	**(43,587)**	(982)
PROFIT/(LOSS) FOR THE YEAR	*8*	**281,484**	(39,460)
Attributable to:			
Equity holders of the Company		**282,494**	(39,634)
Minority interests		**(1,010)**	174
		281,484	(39,460)
DIVIDEND	*9*	**23,696**	–
EARNINGS/(LOSS) PER SHARE			
– Basic	*10*	**RMB23.8 cents**	RMB(3.3) cents

CONSOLIDATED BALANCE SHEET
At 31 December 2007

	Note	2007 RMB'000	2006 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**23,896**	24,623
Prepaid land lease payments		**5,693**	5,780
Goodwill		**6,125**	6,125
Other intangible assets		**–**	–
Investment in an associate		**–**	250,336
Available-for-sale financial assets		**377,291**	394,847
		413,005	681,711
CURRENT ASSETS			
Inventories		**13,112**	12,670
Trade receivables	*11*	**20,549**	15,202
Loan receivable		**130,120**	–
Due from a shareholder		**47**	94
Due from an associate		**–**	61,600
Due from related parties		**388**	390
Prepayments, deposits and other receivables		**23,159**	50,581
Non-pledged time deposits with original maturity of more than three months when acquired		**89,488**	139,475
Cash and cash equivalents		**654,107**	91,144
		930,970	371,156
TOTAL ASSETS		**1,343,975**	1,052,867
CURRENT LIABILITIES			
Trade payables	*12*	**20,408**	11,822
Advances from customers		**6,269**	7,815
Accruals and other payables		**46,471**	27,369
Due to a shareholder		**1,050**	612
Due to related parties		**2,029**	2,305
Bank loans		**10,000**	–
Other loan		**–**	220,996
Current tax liabilities		**52,663**	9,076
		138,890	279,995
NET CURRENT ASSETS		**792,080**	91,161
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,205,085**	772,872
NON-CURRENT LIABILITIES			
Bank loans		**–**	20,000
Other loan		**177,711**	–
Derivative financial instruments		**6,783**	–
		184,494	20,000
NET ASSETS		**1,020,591**	752,872
CAPITAL AND RESERVES			
Share capital		**118,480**	118,480
Reserves		**843,985**	630,113
Equity attributable to equity holders of the Company		**962,465**	748,593
Minority interests		**58,126**	4,279
TOTAL EQUITY		**1,020,591**	752,872

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2007

	Attributable to equity holders of the Company									
	Share capital *RMB'000*	Capital reserve *RMB'000*	Reserve funds *RMB'000*	Foreign currency translation reserve *RMB'000*	Investment revaluation reserve *RMB'000*	Retained profits *RMB'000*	Proposed final dividend *RMB'000*	Total *RMB'000*	Minority interests *RMB'000*	Total equity *RMB'000*
At 1 January 2006	118,480	377,720	53,787	(11,556)	68,711	208,568	–	815,710	4,105	819,815
Changes in fair value of available-for-sale financial assets	–	–	–	–	(15,423)	–	–	(15,423)	–	(15,423)
Translation differences	–	–	–	(12,060)	–	–	–	(12,060)	–	(12,060)
Net expense recognised directly in equity	–	–	–	(12,060)	(15,423)	–	–	(27,483)	–	(27,483)
(Loss)/profit for the year	–	–	–	–	–	(39,634)	–	(39,634)	174	(39,460)
Total recognised income and expense for the year	–	–	–	(12,060)	(15,423)	(39,634)	–	(67,117)	174	(66,943)
At 31 December 2006	118,480	377,720	53,787	(23,616)	53,288	168,934	–	748,593	4,279	752,872
At 1 January 2007	118,480	377,720	53,787	(23,616)	53,288	168,934	–	748,593	4,279	752,872
Changes in fair value of available-for-sale financial assets	–	–	–	–	(49,082)	–	–	(49,082)	13,075	(36,007)
Impairment on available-for-sale financial assets	–	–	–	–	522	–	–	522	–	522
Translation differences	–	–	–	(20,551)	–	–	–	(20,551)	–	(20,551)
Net (expense)/income recognised directly in equity	–	–	–	(20,551)	(48,560)	–	–	(69,111)	13,075	(56,036)
Profit/(loss) for the year	–	–	–	–	–	282,494	–	282,494	(1,010)	281,484
Total recognised income and expense for the year	–	–	–	(20,551)	(48,560)	282,494	–	213,383	12,065	225,448
Transfer	–	–	24,187	–	–	(24,187)	–	–	–	–
Loss on deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	21	21
Capital contribution from minority interests	–	489	–	–	–	–	–	489	41,761	42,250
2007 proposed final dividend *(note 9)*	–	–	–	–	–	(23,696)	23,696	–	–	–
At 31 December 2007	118,480	378,209	77,974	(44,167)	4,728	403,545	23,696	962,465	58,126	1,020,591

Notes:

1. Principal Activities

The Group is principally engaged in the research, development, manufacture, marketing and sale of embedded systems, including network security products ("**NET**"), wireless fire alarm systems ("**WFAS**"), and related products. The Group is also engaged in sale of computer products ("**Computer**") and development of travel and leisure business.

2. Basis of Presentation

2.1 Adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has adopted all the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2007. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

2.2 Basis of preparation

These financial statements have been prepared in accordance with HKFRSs issued by HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosure required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**") and by the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and derivatives which are carried at their fair values. These consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the Company's functional and presentation currency, and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the subsidiary which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Inter-company transactions, balances and unrealised profits on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests represent the interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between minority and shareholders of the Company. Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the interests of the Group until the minority's share of losses previously absorbed by the Group has been recovered.

3. Turnover

The Group's turnover which represents the net invoiced value of goods sold to customers, after allowances for returns and trade discounts are as follows:

	2007	2006
	RMB'000	*RMB'000*
Sales of embedded systems and related products	**79,176**	56,699
Sales of Computer	**76,965**	58,990
	156,141	115,689

4. Other income

	2007	2006
	RMB'000	*RMB'000*
Bank interest income	**12,819**	5,648
Interest income from loan receivable	**93**	–
Interest income from loans to others	**285**	982
Net foreign exchange gains	**–**	233
Others	**3,130**	1,283
	16,327	8,146

5. Segment information

Primary reporting format – business segments

The Group is organised into five main business segments:

- the manufacture and sale of NET;
- the manufacture and sale of WFAS;
- the trading of Computer;
- the properties development; and
- the tourism development.

Secondary reporting format – geographical segments

The Group's principal markets are located in two main geographical areas:

- Mainland China
- Hong Kong

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Primary reporting format – business segments

	NET *RMB'000*	WFAS *RMB'000*	Computer *RMB'000*	Properties development *RMB'000*	Tourism development *RMB'000*	Total *RMB'000*
Year ended 31 December 2007						
Revenue	15,279	63,897	76,965	–	–	156,141
Results						
Segment results	(1,377)	108	3,733	–	(1,054)	1,410
Interest income						13,197
Finance costs						(38,884)
Change in fair value of derivative financial instruments						(7,064)
Share of loss of an associate				(861)		(861)
Gain on disposal of an associate						386,125
Loss on deemed disposal of a subsidiary						(21)
Unallocated corporate expenses						(28,831)
Profit before tax						325,071
Income tax expense						(43,587)
Profit for the year						281,484
At 31 December 2007						
ASSETS						
Segment assets	16,563	50,257	13,946	–	93,685	174,451
Less: Intersegment assets	(741)					(741)
Unallocated corporate assets						1,170,265
Total assets						1,343,975
LIABILITIES						
Segment liabilities	13,137	17,985	13,413	–	12,598	57,133
Less: Intersegment liabilities	(741)					(741)
Unallocated corporate liabilities						266,992
Total liabilities						323,384
OTHER SEGMENT INFORMATION						
Capital expenditure	1,695	339	–	–	28	2,062
Depreciation and amortisation expenses	1,315	1,396	21	–	–	2,732
Allowance for doubtful other receivables	–	660	–	–	–	660
Allowance for doubtful trade receivables	207	880	–	–	–	1,087
Allowance for obsolete and slow-moving inventories	–	1,601	–	–	–	1,601
Operating lease charges	87	–	–	–	–	87
Reversal of allowance for doubtful other receivables	(161)	–	–	–	–	(161)
Reversal of allowance for doubtful trade receivables	–	(247)	(1,446)	–	–	(1,693)
Write-off of obsolete and slow-moving inventories	380	–	–	–	–	380
Write-back of trade payables	–	–	(1,161)	–	–	(1,161)

	NET	WFAS	Computer	Properties development	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2006					
Revenue	12,563	44,136	58,990	–	115,689
Results					
Segment results	(3,349)	4,248	37	–	936
Interest income					6,630
Finance costs					(23,307)
Share of loss of an associate				(1,439)	(1,439)
Loss on disposal of a subsidiary					(444)
Unallocated corporate expenses					(20,854)
Loss before tax					(38,478)
Income tax expense					(982)
Loss for the year					(39,460)
At 31 December 2006					
ASSETS					
Segment assets	59,125	38,804	13,542	61,600	173,071
Investment in an associate				250,336	250,336
Less: Intersegment assets					(53,330)
Unallocated corporate assets					682,790
Total assets					1,052,867
LIABILITIES					
Segment liabilities	8,634	60,122	7,525	–	76,281
Less: Intersegment liabilities					(53,330)
Unallocated corporate liabilities					277,044
Total liabilities					299,995
OTHER SEGMENT INFORMATION					
Capital expenditure	83	410	7	–	500
Depreciation and amortisation expenses	1,299	1,397	63	–	2,759
Allowance for doubtful other receivables	9	108	–	–	117
Allowance for doubtful trade receivables	56	–	4,002	–	4,058
Allowance for obsolete and slow-moving inventories	–	–	1,999	–	1,999
Operating lease charges	86	–	–	–	86
Reversal of allowance for doubtful other receivables	(68)	–	(4,227)	–	(4,295)
Reversal of allowance for doubtful trade receivables	(71)	(997)	(2,894)	–	(3,962)
Reversal of allowance for obsolete and slow-moving inventories	(928)	–	–	–	(928)
Write-off of obsolete and slow-moving inventories	911	–	–	–	911

Secondary reporting format – geographical segments

	Revenue		Segment assets		Capital expenditure	
	2007	2006	**2007**	2006	**2007**	2006
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Mainland China	**98,713**	73,034	**504,265**	591,913	**2,062**	493
Hong Kong	**53,121**	37,961	**839,710**	455,021	**–**	7
Others	**4,307**	4,694	**–**	5,933	**–**	–
	156,141	115,689	**1,343,975**	1,052,867	**2,062**	500

6. Finance costs

	2007	2006
	RMB'000	*RMB'000*
Interest on bank loans	**791**	22,478
Interest on other loan	**20,138**	829
Net exchange losses	**17,955**	–
	38,884	23,307

7. Income tax expense

	2007	2006
	RMB'000	*RMB'000*
Current tax – Mainland China	**43,587**	982

No provision for Hong Kong profits tax has been made for the years ended 31 December 2007 and 2006 as the Group did not generate any assessable profits arising in Hong Kong during the years.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the country in which the Group operates, based on existing legislation, interpretations, and practices in respect thereof.

The Company is registered in the Beijing New Technology Enterprise Development Zone and has been certified by the relevant People's Republic of China ("**PRC**") authorities as a high technology enterprise. Pursuant to the Income Tax Law in the PRC, the Company is subject to enterprise income tax at a rate of 15%. In accordance with an approval document issued by the relevant tax bureau, the Company has been granted income tax exemption for the three years ended 31 December 2002 and 50% reduction in enterprise income tax for the three years ended 31 December 2005.

No provision for enterprise income tax was made for the year ended 31 December 2006 as the Company incurred tax loss for that year.

The subsidiaries of the Group established in the PRC are generally subject to income tax on their taxable income at a combined national and local tax rate of 33%. Certain subsidiaries enjoy tax preferential rights and subject to a tax rate of 15% during the year.

The new PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007 introduces various changes which include the unification of the enterprise income tax rate for domestic and foreign enterprises at 25%. The new tax law has been effective from 1 January 2008. The impact of the new tax law on the Group's consolidated financial statements is not material.

8. Profit/(loss) for the year

The Group's profit/(loss) for the year is stated after charging/(crediting) the following:

	2007	2006
	RMB'000	*RMB'000*
Advertising and promotion costs	**11,162**	11,332
Allowance for doubtful other receivables	**660**	117
Allowance for doubtful trade receivables	**1,087**	4,058
Allowance for obsolete and slow-moving inventories (included in other operating expenses)	**1,601**	1,999
Amortisation of other intangible assets	**–**	40
Auditors' remuneration	**1,180**	1,000
Cost of inventories sold	**129,826**	90,508
Depreciation	**2,732**	2,719
Gain on disposal of held-for-trading investments	**(255)**	(6)
Impairment on available-for-sale financial assets	**5,759**	–
Loss on disposal of property, plant and equipment	**35**	12
Net foreign exchange losses/(gains)	**17,955**	(233)
Operating leases charges in respect of land and buildings	**1,918**	1,888
Research and development expenditure	**4,350**	4,418
Reversal of allowance for doubtful other receivables	**(161)**	(4,295)
Reversal of allowance for doubtful trade receivables	**(1,693)**	(3,962)
Reversal of allowance for obsolete and slow-moving inventories (included in other operating expenses)	**–**	(928)
Staff costs (excluding directors' and supervisors' emoluments)		
Retirements benefits scheme contributions	**1,219**	1,086
Social security costs	**1,154**	1,025
Wages, salaries and bonuses	**15,028**	15,292
Write-off of obsolete and slow-moving inventories (included in other operating expenses)	**380**	911

Cost of inventories sold includes staff costs and depreciation of approximately RMB2,650,000 (2006: RMB2,406,000) which are included in the amounts disclosed separately above.

9. Dividend

	2007	2006
	RMB'000	*RMB'000*
Proposed final of RMB 2 cents (2006: RMB Nil) per ordinary share	**23,696**	–

10. Earnings/(loss) per share

Basic earnings/(loss) per share

The calculation of basic earnings (2006: loss) per share attributable to equity holders of the Company is based on the profit for the year attributable to equity holders of the Company of approximately RMB282,494,000 (2006: loss for the year attributable to equity holders of the Company of approximately RMB39,634,000) and the weighted average number of ordinary shares of 1,184,800,000 (2006: 1,184,800,000) in issue during the year.

Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2007.

11. Trade receivables

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is sometimes required. The credit period generally ranges from three to six months, starting from the date on which the significant risks and rewards of ownership of products are transferred by the Group to customers or the date of completion of services provided or the payment due date as defined in the contracts, whichever is the latest. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise the credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforesaid and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

The ageing analysis of the trade receivables, based on the date on which the significant risks and rewards of ownership of products were transferred by the Group to customers or the date of completion of services provided or the payment due date as defined in the contracts, whichever is the latest, is as follows:

	2007	2006
	RMB'000	*RMB'000*
0 to 90 days	**17,940**	12,035
91 to 180 days	**681**	1,641
181 to 365 days	**1,188**	649
Over 365 days	**740**	877
	20,549	15,202

12. Trade payables

The ageing analysis of the trade payables, based on the date on which the significant risks and rewards of ownership of materials were transferred by the suppliers to the Group, is as follows:

	2007	2006
	RMB'000	*RMB'000*
0 to 90 days	**16,669**	7,022
91 to 180 days	**117**	504
181 to 365 days	**133**	212
Over 365 days	**3,489**	4,084
	20,408	11,822

DIVIDEND

The Board has recommended payment of a final dividend of RMB2 cents (2006: RMB Nil) per ordinary share for the year ended 31 December 2007 to shareholders subject to the approval of shareholders of the Company at the forthcoming annual general meeting. The final dividend will be paid to H share's shareholders whose names appear on the register of holders of H shares of the Company on 7 June 2008 on or before 24 June 2008.

CLOSURE OF REGISTER OF HOLDERS OF H SHARES

The register of holders of H shares will be closed from 2 June 2008 to 6 June 2008, 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 4:30 p.m. on 30 May 2008 and have completed the registration process will be qualified for the final dividend. The address of Hong Kong Registrars Limited is 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

Core business

Overall

Turnover of the Group rose to approximately RMB156.1 million for the year ended 31 December 2007, representing an improvement of 35.0% over last year. All business segments experienced growth from 21.6% to 44.8% as compared with last year. Gross profit recorded approximately RMB25.5 million, representing an increase of 13.8% over last year. Gross profit margin dropped from 19.4% to 16.4% for the year ended 31 December 2007. It was mainly because of price drop in WFAS market and the strategy of the Group in expansion of market share in this market by using competitive price strategy and offering price incentives. Other income doubled as compared with last year mainly because of interest income from fixed deposits placed in banks during the year.

Overall operating expenses increased from RMB43.9 million to RMB56.1 million for the year ended 31 December 2007. It was mainly because of an impairment loss on available-for-sale financial assets provided during the year. Finance costs rose by 66.8% to approximately RMB38.9 million mainly because full year interest expenses were incurred in connection with the cash collateral, which is classified as other loan, payable to Nexgen Capital Limited ("**NCL**") as well as net exchange loss resulting from weak US dollars throughout the year.

Change in fair value of derivative financial instruments represented fair value adjustment on the share options granted to NCL during the year ended 31 December 2007. The Group's share of loss of an associate, being 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) ("**CJDH**"), reduced to approximately RMB0.9 million because the Group shared the results of CJDH for a period of approximately 7 months during the year ended 31 December 2007 only. The Group disposed of its entire equity interest in CDJH in early August 2007 at a gain of approximately RMB386.1 million.

As a result, the Group made a profit of approximately RMB281.5 million or 23.8 cents per share for the year ended 31 December 2007, representing a turnaround from loss for last year.

WFAS

WFAS segment contributed to 40.9% of the Group's turnover for the year ended 31 December 2007. The Group emphasized on expansion of market share during the year. As a result of relaxation in credit terms and enhancement in sales promotion, turnover rose by 44.8% as compared with last year despite keen competition. Profit from WFAS segment reduced to approximately RMB0.1 million for the year ended 31 December 2007 despite the growth in turnover. It is mainly the combined result of the allowance made for certain doubtful receivables in an amount of RMB1.5 million and allowance for obsolete and slow-moving inventories in an amount of RMB1.6 million. Should these allowances be considered separately, WFAS segment recorded a profit for the year of approximately RMB3.2 million, representing a decrease of 23.5% over last year. In lieu of management expectation in growing demand in fire alarm products as a whole, the Group expanded through formation and acquisition of joint ventures in the PRC.

NET

NET segment contributed to 9.8% of the Group's turnover for the year ended 31 December 2007. It rose by 21.6% over last year. Segment loss reduced to approximately RMB1.4 million or by 58.9% for the year. Performance of the segment improved mainly because of general increase in demand and the enhancement of the Group's product quality during year 2007.

Computer

Computer segment contributed to 49.3% of the Group's turnover for the year ended 31 December 2007. It rose by 30.5% over last year. Profit from computer segment rose significantly to approximately RMB3.7 million. Performance of the segment improved because customers accelerated their rate of hardware upgrade to keep their pace on evolving technology like the rise in popularity of EMC system.

Tourism development

Tourism development segment is a new business segment of the Group after the Group set up a new subsidiary in the PRC. Loss from the segment came from initial costs incurred for setting up the subsidiary.

Investment in an associate – CJDH

On 21 May 2007, the Company entered into a share transfer agreement with 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) ("**JBSS**"), a connected person of the Company under the GEM Listing Rules, pursuant to which the Company conditionally agreed to sell 44% of the registered capital of CJDH and the shareholder's loan previously advanced to CJDH by the Company in an amount of RMB61.6 million to JBSS for an aggregate cash consideration of RMB697.2 million. All the conditions were fulfilled and the transaction was completed before year end. The Company had received full amount of the consideration before year end.

Available-for-sale financial assets – Semiconductor Manufacturing International Corporation ("SMIC")

According to the results announcement published by SMIC on 29 January 2008, SMIC's revenue rose up to US$395.3 million in the fourth quarter of year 2007 ("**4Q07**"), representing an increase of 3.0% over the fourth quarter of year 2006 ("**4Q06**") and an increase of 1.0% over the third quarter of year 2007 ("**3Q07**"). Gross margin recorded 8.9% in 4Q07. It decreased from 10.8% in 3Q07 primarily due to the continual price decline in the DRAM market. Net loss recorded approximately US$21.2 million in 4Q07 which mainly resulted from the DRAM business. In respect of the year ended 31 December 2007, revenue rose by 5.8% to approximately US$1,549.8 million despite the difficult condition in the DRAM market. Gross profit rose by 20% to approximately US$152.7 million as compared with last year owing to the growth in the non-DRAM business. Gross margin was 9.9% for the year ended 31 December 2007 while the figure was 8.7% last year. Net loss reduced from approximately US$44.1 million to approximately US$40.0 million for the year ended 31 December 2007.

Production capacity increased to 185,250 8-inch equivalent wafers per month with a utilization rate of 94%. Wafer shipment and sales increased by 14.6% and 5.8% respectively in the year 2007. SMIC reduced the size of DRAM foundry services in 4Q07 in order to mitigate from the continuing DRAM pricing erosion in the market. On the other hand, non-DRAM business grew as evidenced by increase in revenue from approximately US$988 million to approximately US$1,121 million for the year ended 31 December 2007. Gross profit rose over one fold from last year. In addition, logic sales from 0.13 micron and 90-nanometer technology nodes significantly increased by 42% over last year after the migration to more advanced technology process nodes by logic customers.

PRC sales showed a remarkable 56% growth in year 2007 after the rapid expansion of overall semiconductor market in the region. SMIC captured 77 new customers worldwide in year 2007 while most of them came from the PRC. Customer base thus expanded by 23.3%.

SMIC has entered into a licensing agreement with IBM in which IBM will license its 45-nanometer bulk CMOS technology to SMIC in order to accelerate technology advancement in logic process technology and provide optimal solutions for customers at the 12-inch facilities.

In the coming year 2008, SMIC plans to start a new IC production project in Shenzhen, the PRC. It plans to set up an IC technology research and development center, an 8-inch wafer production line and a 12-inch fab. The 12-inch fab will introduce advanced process technology licensed from IBM pursuant to the licensing agreement.

The Group did not receive any dividend income from SMIC during the year.

Capital commitment

The Group had a capital commitment on certain property, plant and equipments contracted for purchase but not provided for in an amount of approximately RMB1,170,000 as at 31 December 2007 (2006: RMB Nil).

Save as aforesaid, the Group did not have material capital commitment as at 31 December 2007 (2006: RMB Nil).

Major events during the year

Apart from the disposal of CJDH as mentioned in the section headed "Investment in an associate – CJDH", the Group carried out 5 other significant transactions during the year ended 31 December 2007.

On 18 May 2007, Beida Jade Bird Universal Sci-Tech (Cayman) Development Company Limited ("**JB Cayman**"), a wholly owned subsidiary of the Company, entered into a supplemental letter agreement with NCL pursuant to which the parties thereto agreed to certain amendments to the terms of the securities lending agreement entered into last year. The amendments included an extension of the duration of the securities lending transaction for a period of 42 months ending on 18 June 2010, an adjustment to the rate of interest on any cash collateral paid to JB Cayman by NCL to US$ LIBOR three-month plus 4% and an adjustment on the maximum amount of such collateral to approximately US$32.8 million from time to time. The transaction was completed before year end.

On 18 May 2007, JB Cayman and NCL entered into a share options agreement pursuant to which JB Cayman agreed to grant to NCL 161,944,000 call options of the SMIC shares held by JB Cayman on a one to one basis. In return of this grant, NCL had paid an unfront premium of approximately US$0.3 million to JB Cayman. NCL was required to pay a subsequent quarterly premium to JB Cayman in an amount of 2.2% per annum for the period commencing from 18 December 2006 to two Stock Exchange trading days before 18 June 2010. The grant was completed before year end.

On 22 October 2007, the Company together with JB Cayman entered into a joint venture agreement with 北京中億創一科技發展有限公司 (Beijing Zong Yi Chuang Yi Technological Development Company Limited) ("**ZYCY**") pursuant to which all parties agreed to form a joint venture in the PRC named 衡陽南嶽瀟湘旅遊發展有限公司 (Hengyang Nanyue Xiaoxiang Tourism Development Limited) ("**XX Tourism**"). XX Tourism has a registered capital of RMB200 million in which the Group contributes to 60% equity interests. The principal activities of XX Tourism are exploration and development of travel and leisure business and relating infrastructure construction, in particular, the construction of Hengshan Terminal. Hengshan Terminal will situate at Hengyang City in Hunan Province and comprises a car terminal and tourist information centre. XX Tourism was registered before year end. Half of the registered capital had been contributed by all parties before the year end.

On 11 December 2007, XX Tourism entered into a share transfer agreement with 湖南省天通商貿有限公司 (Hunan Tian Tong Trading Co., Ltd.) ("**Hunan TT**") and 張家界市經濟發展投資集團有限公司 (Zhang Jie Jie Tourism Development Investment (Group) Co., Ltd.) ("**ZJJ Investment**") pursuant to which Hunan TT agreed to sell its 4.9% equity interests in 張家界旅遊開發股份有限公司 (Zhang Jie Jie Tourism Development Co., Ltd.) to XX Tourism by way of a judicial sale at an aggregate cash consideration of approximately RMB50.3 million. These shares were originally legally freezed by court after financial dispute between Hunan TT and ZJJ Investment. The shares were legally transferred to XX Toursim by Hunan TT before year end.

On 28 December 2007, JB Cayman entered into an agreement with Jinsheng International Group (Hong Kong) Limited ("**Jinsheng HK**") pursuant to which JB Cayman agreed to provide Jinsheng HK with a US$ senior secured term loan facility in a maximum amount of US$18 million at an annual interest rate of 30% for a period of 4 months ending on 30 April 2008. The facility is secured by a first fixed share charge on 36 issued shares of Jinsheng HK. The facility was fully drawn by Jinsheng HK before year end.

Major events subsequent to year end

The Group carried out 3 significant transactions subsequent to 31 December 2007.

On 23 January 2008, 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**") entered into a joint venture agreement with Halma International Limited ("**Halma**") pursuant to which both parties agreed to form a joint venture in the PRC named Apollo Universal Fire Detection Products Ltd. ("**Apollo Universal**"). Apollo Universal has a registered capital of RMB50 million in which Hebei Fire Alarm contributes to 70% equity interests. The principal activities of Apollo Universal are research, development, manufacture, marketing and sale of fire detection, safety and surveillance products. After completion of registered capital contribution and inclusion of Apollo Universal in the List of Fire Fighting Product Manufacturer of China Certification Centre for Fire Products of the Ministry of Public Security of the PRC, Hebei Fire Alarm conditionally agreed to sell 21% equity interest in Apollo Universal to Halma at a consideration of RMB20 million.

On 22 February 2008, JB Cayman entered into a limited partnership agreement with MS Fund Management Holdings, LLP and SBI & BDJB Management Limited pursuant to which all parties agreed to set up an investment fund in the form of exempted limited partnership named SBI & BDJB China Fund, LP. (the "**Fund**"). The size of the Fund is US$100 million in which JB Cayman is required to contribute up to a maximum amount of US$50 million. The commitment period of the Fund is 3 years. The main purpose of the Fund is to seek capital gain by making equity and equity related investments in unlisted companies and businesses operating in the PRC and real-estates in the PRC.

On 7 March 2008, Hebei Fire Alarm entered into a share transfer agreement with 四川久遠投資控股有限公司 (Si Chuan Jiu Yuan Investment Holding (Group) Co., Ltd.) ("**SCJY**") pursuant to which SCJY agreed to sell its 75% equity interest in 四川久遠智能監控有限責任公司 (Si Chuan Jiu Yuan Intelligent Surveillance Co., Ltd.) ("**SCIS**") to Hebei Fire Alarm at a cash consideration of approximately RMB2.4 million. SCIS is principally engaged in design, manufacture and sale of fire alarm system, security and fire equipment products and relating installation and consultation service.

Liquidity and financial resources

Net asset value of the Group increased by 35.6% to RMB1,020.6 million or RMB0.86 per share as compared with last year. It was mainly the result of increase in cash and cash equivalent after cash consideration received from the disposal of CJDH during the year. The Group had cash and cash equivalents of approximately RMB654.1 million as at year end which represented an increase of over 6 times as compared with last year. Current ratio, being the ratio of current assets to current liabilities, improved significantly from approximately 1.3 to approximately 6.7 for the year ended 31 December 2007. As mentioned in the section "Major events during the year", the duration of other loan regarding cash collateral received from NCL was extended. Corresponding amount of RMB177.7 million (2006: RMB221.0 million) was reclassified from current to non-current liabilities as at 31 December 2007. Gearing ratio, being the ratio of total interest bearing debts to equity, reduced from approximately 32.0% to approximately 18.4% as at 31 December 2007. It was mainly a combined result of partial repayment of bank loans and cash collateral during the year and increase in profit for the year.

Human resources

The Group employed a total of approximately 360 staff as at 31 December 2007. Over 40% of them possessed bachelor degree or above and 3 of them are doctorates. The Group always keeps track of market development and offers competitive remuneration package to the staff including medical coverage and traveling insurance. The Group strictly follows the requirements both in Hong Kong and the PRC regarding provident fund. Employer contributions to the fund were made timely.

Future development

The Group had initiated several investment projects during the year ended 31 December 2007 and subsequent to year end. The Group will closely monitor the development and performance of them in coming year. The Group will continue with the current business strategies but will be much cautious in expanding market share as well as selecting investment proposals giving the volatile market condition in the first quarter of year 2008.

EXTRACTS OF INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Basis for qualified opinion

As stated in note 20 to the financial statements, the directors of the Company considered that no goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost should be recognised in the consolidated financial statements for the acquisition of Beijing Chengjian Donghua Real Estate Development Company Limited ("**Chengjian Donghua**") for the year ended 31 December 2005. However, we have not been provided with sufficient evidence to satisfy ourselves that the net fair value of the identifiable assets, liabilities and contingent liabilities of Chengjian Donghua as at the acquisition date is same as the cost of acquisition. There are no other satisfactory audit procedures that we could adopt to determine whether no goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost is fairly stated in the financial statements. Any adjustment to the above might have a consequential effect on the gain on disposal of Chengjian Donghua for the year ended 31 December 2007; results for the years ended 31 December 2007 and 2006; and net assets as at 31 December 2007 and 2006.

Qualified opinion arising from limitation of audit scope

In our opinion, except for any adjustment that might have been determined to be necessary had we been able to obtain sufficient evidence concerning Chengjian Donghua as described above, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2007 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Report on the Other Matters

In respect alone of the limitation on our work relating to Chengjian Donghua, we have not obtained all the information and explanations that we have considered necessary for the purpose of our audit.

EXTRACTS OF NOTE 20 TO THE FINANCIAL STATEMENTS

Investment in an associate

	2007	2006
	RMB'000	*RMB'000*
Unlisted investments:		
Share of net assets	**–**	250,336

Details of the Group's associate at 31 December 2006 are as follows:

Name	**Place of registration**	**Paid up capital**	**Percentage of equity interests**	**Principal activities**
Beijing Chengjian Donghua Real Estate Development Company Limited ("**Chengjian Donghua**")	The PRC	Registered capital of RMB50,000,000	44%	Properties development

The associate had been disposed of during the year ended 31 December 2007.

Summarised financial information in respect of the Group's associate is set out below:

	2007	2006
	RMB'000	*RMB'000*
At 31 December		
Total assets *(note (a))*	**–**	2,639,042
Total liabilities *(note (b))*	**–**	(2,648,354)
Net liabilities	**–**	(9,312)
Year ended 31 December		
Total revenue	**–**	–
Total loss up to the date of disposal/for the year	**(1,958)**	(3,271)
Group's share of associate's loss up to the date of disposal/for the year	**(861)**	(1,439)

In 2005, the Company entered into a share transfer agreement (the "**Agreement**") with Beijing Beida Jade Bird Limited ("**Beida Jade Bird**"), one of the shareholders of the Company, to acquire 44% equity interest in Chengjian Donghua of RMB314.19 million which comprised the acquisition cost of the equity interest amounted to RMB252.59 million and the book value of the shareholder loan of RMB61.6 million. According to the property valuation report issued by Chesterton Petty Limited on 30 June 2005 included in the circular of the Company issued on 30 June 2005 in relation to the "Major and connected transaction relating to the proposed acquisition of 44% equity interest in Chengjian Donghua" (the "**Circular**"), the market value of the property interest held by Chengjian Donghua ("**Property**") as at 30 April 2005 was

RMB3,290,000,000 (details please refer to Appendix IV of the Circular). In addition, according to the accountants' report of Chengjian Donghua issued by Grant Thornton on 30 June 2005 included in the Circular, the net asset value of Chengjian Donghua as at 31 December 2004 was approximately RMB10,203,000. In preparing the consolidated financial statements of the Company for the year ended 31 December 2006 and 2007, the directors of the Company considered that there was neither goodwill nor excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost should be recognised as the fair value of Chengjian Donghua was same as the acquisition cost of Chengjian Donghua after consideration of the effect on (i) scale down on the current development plan on the Property of Chengjian Donghua; (ii) the delay on the development plan on the Property of Chengjian Donghua; and (iii) Shenzhen Development Bank intended to take the legal action to sue Chengjian Donghua.

(a) Consisting mainly of the following:

	2007	2006
	RMB'000	*RMB'000*
Property development costs	–	2,154,696
Other receivables	–	483,643

(b) Consisting mainly of the following:

	2007	2006
	RMB'000	*RMB'000*
Amount due to Beida Jade Bird	–	2,141,694
Amount due to the Company	–	61,600
Amount due to Beijing Donghua Company, a fellow subsidiary of the Company	–	42,448
Payable to contractors	–	398,408

COMPETING INTERESTS

None of the Directors, supervisors, the management shareholders of the Company and 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.

AUDIT COMMITTEE

The Company established its audit committee (the "**Audit Committee**") with terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee include review and supervision of the financial reporting process and internal control and corporate governance issues of the Company and make relevant recommendations to the Board.

The Audit Committee comprises three members, namely, Prof. Nan Xiang Hao, Prof. Chin Man Chung, Ambrose and Mr. Cai Chuan Bing. All are independent non-executive directors. Prof. Nan Xiang Hao is the chairman of the Audit Committee. The Audit Committee had held a meeting and reviewed the Group's annual results for the year ended 31 December 2007.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules during the year under review.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S H SHARES

For the year ended 31 December 2007, the Company did not purchase, sell or redeem any of the Company's H shares.

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

Beijing, the PRC, 25 March 2008

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

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