



**青鸟环宇**  
JADE BIRD UNIVERSAL

北京北大青鸟环宇科技股份有限公司  
Beijing Beida Jade Bird Universal Sci-Tech Company Limited



**INTERIM RESULTS REPORT**  
FOR THE PERIOD ENDED 30 JUNE 2003



北京北大青鸟环宇科技股份有限公司  
**Beijing Beida Jade Bird Universal Sci-Tech Company Limited**

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

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**Highlights**

- **Turnover is approximately RMB87,401,000, an increase of 2% as compared to the corresponding period last year.**
- **Operating profit is approximately RMB4,147,000, a decrease of 80% as compared to the corresponding period last year.**
- **Profit before interest, tax, depreciation, amortisation and minority interest is approximately RMB10,761,000, a decrease of 61% as compared to the corresponding period last year.**
- **Profit attributable to shareholders is approximately RMB358,000.**
- **Earnings per share is approximately RMB0.04 cents.**
- **Interest expense is approximately RMB6,719,000, a decrease of 47% as compared to the corresponding period last year.**

## FINANCIAL REVIEW

### Turnover

The unaudited consolidated turnover of the Group for the six months ended 30 June 2003 amounted to RMB87,401,000, representing an increase of RMB1,432,000 or 2% as compared to the corresponding period last year.

For the six months ended 30 June 2003, the turnover from the sales of embedded system products and related products, sales of computer products and provision of total solution services were approximately 48%, 50% and 2% respectively.

During the outbreak of atypical pneumonia in Beijing, the Group has delayed most of the projects according to the request of the customers so as to avoid the possibility of committing atypical pneumonia. Moreover, the first quarter is the slack season of the Group's business. Therefore, the income derived from the provision of total solution services, which was a high margin business, was substantially decreased. The increase in turnover was due to the increase in the sales of Security ICs products for the related system integration service projects.

### Operating Profit

The unaudited consolidated operating profit of the Group for the six months ended 30 June 2003 was RMB4,147,000.

Since there were slight improvements in the sales of embedded system products and computer products in the second quarter, the operating results of the second quarter turned from loss to profit.

### Finance Cost

The unaudited interest expense of the Group for the six months ended 30 June 2003 was RMB6,719,000, representing a decrease of RMB5,957,000 or 47% as compared to the corresponding period last year.

To minimize interest expense, the Company had repaid the short-term bank loan of RMB360,000,000 drawn down in year 2001 to finance the investment in Semiconductor Manufacturing International Corporation and replaced it by a foreign currency short-term bank loan of USD47.5 million (approximately RMB393 million) with a lower interest rate in January 2003. As a result, the interest expense was substantially decreased.

### Profits Attributable to Shareholders

The unaudited profits attributable to shareholders of the Group for the three and six months ended 30 June 2003 were RMB5,184,000 and RMB358,000 respectively.

## BUSINESS REVIEW

### Network Security Products

In the first half of this year, the Company has completed various upgrades of its network security products. The Company has now proceeded to the research and development of network security products integrated with VPN function. In the second quarter, the Company has completed the high performance information security gateway project for Beijing Municipal Commission of Development Planning and the electronic data verification technology and grading assessment tools technology for the Public Security Bureau.

The Company is planning to develop the 1000M line-speed firewall and the firewall products combined with IDS function. It is expected that the technical functions of its firewall products could be further upgraded upon successful development.

Wuhan Beida Jade Bird Netsoft Company Limited (“Jade Bird Netsoft”), a subsidiary of the Company, has completed the technical development of SNMP API (applying in collection of data from network device) and the upgrading of network management platform system software products (Enterprise Version: NetSureExpert 5.0). Jade Bird Netsoft has proceeded with the development of the telecommunication network management platform system software and the specialized projects for Wuhan Municipal and Wuhan Telecommunication Bureau.

### Wireless Fire Alarm System

The Company has completed the development of the bus-type audible and visible alarm apparatus and the addressable display technology for bus-type fire alarm system. The Company has proceeded to apply the new PCI16F630 and PIC16F767 ICs application technology of Microchip Technology Inc. (“MICROCHIP”) for the development of the hydrant alarm button and alarm and control module so as to convert to bus-type on-site devices design and hence to reduce the cost of products. Moreover, the LN1010 type monitor has been integrated with the on-site encoding function.

The Company has cooperated with a German company to develop the conversion design of certain products and has realized the Chinese display function for bus-type devices which was compatible with the State standards.

The Company has manufactured approximately 74,000 units of LN2100 and LN2110 type detectors and has produced approximately 300 units of 11S series LN1010 type monitors. The Company has also completed the specialized project for the Xian An Shun Plaza in Shanxi Province.

The Company is planning to commence the in-depth standardization of the 11S series monitors, including both the software and hardware, so as to standardize the engineering application of the Company's products. In addition, the Company's smoke detector and temperature detector would be modified to apply the PCI16F630 and PIC16F767 ICs application technology of MICROCHIP to convert to bus-type on-site devices so as to reduce the cost of products.

### Security ICs

Beijing Beida Jade Bird Silicon Innovation Company Limited (“BJSI”), a subsidiary of the Company, provides solution services relating to wireless telecommunication products to customers. BJSI has completed the research and development of USB interface mousedriver ICs technology and home network SOC platform. BJSI has established partnership with international and domestic wireless telecommunication product design houses and manufacturers, such as the China agents of the famous telecommunication product suppliers, Simplified Computer System & Training Inc. (“SIMCOM”) and Bellave Company Limited. SIMCOM is a world famous wireless telecommunication module design house and supplier. SIMCOM manufactures GSM/GPRS module products and CDMA module products which have comparative advantage in functions and price. As such, BJSI would be able to provide a better solution services and better products with comparative advantage in performance and price to customers. BJSI now mainly provides wireless telecommunication module product GB1 to new and high technology enterprises in Beijing, Xiamen and Guangzhou.

### GPS Application System

The Company is developing the realization of GPRS technology in its GPS application system and planning to further apply the CDMAIX technology in information transmission.

### Smart Card Application System

The Company is improving the network door access control products and has completed the specialized projects of the network system for Juran Furniture Shop and the door access management system for the dormitory of Peking University.

### Remote Meter Reading System

Beijing Jade Bird Haodi Electric System Company Limited (“Jade Bird Haodi”), a subsidiary of the Company, has commenced the second phrase research and development of data acquisition and supervisory system for distribution transformer and terminal.

### Digital Video Recording System

The Company has completed the development of digital video recording system based on PC platform and the digital video recording system improvement project for Shenyang Industrial and Commercial Bank.

### Semiconductor Manufacturing International Corporation (“SMIC”)

In May this year, Monolithic System Technology Inc (“MoSys”) has completed the silicon verification of 1T-SRAM memory technology on SMIC’s 0.18-micron standard logic process. It is expected that the 1T-SRAM process technology and products will be directly provided to the customers in Mainland China in the second half of this year. As a result, SMIC’s customers can confidently select MoSys’ 1T-SRAM technology to meet the memory requirements of their System-on-Chip (SoC) designs.

In July this year, SMIC has signed a licensing agreement with Virage Logic, a leading provider of best-in-class semiconductor IP platforms, for Virage Logic's Technology-Optimized Semiconductor IP Platform on SMIC's advanced 0.18-micron CMOS process. Such agreement has provided SMIC's customers access to Virage Logic's Technology-Optimized Platform for high-volume, high-density and high-performance complex and mainstream System-on-Chip (SoC) designs. SMIC has previously obtained several IP licenses from various licensors. Together with Virage Logic's extensive quality assurance efforts through its FirstPass-Silicon Characterization Program, SMIC would have silicon-proven IP that is not only reliable and ready to manufacture, but also compatible to customer's required specifications.

## GOVERNMENT APPROVALS AND AWARDS

The spot-type combination rate-of-rise and fixed temperature heat detector and the spot-type photoelectric smoke detector jointly developed by the Company and a German company have passed the examination by the State Fire Electronic Product Quality Examination Centre. The LN1010 type monitor integrated with the on-site encoding function has been sent to the State Fire Electronic Product Quality Examination Centre for examination.

Moreover, SMIC Shanghai has been awarded "Top Fab of the Year for 2003", which is a prestigious award presented annually by "Semiconductor International" journal to top-of-the-line fab facilities, in May 2003. The other top fab named by the journal for this year is Intel's Fab 11X. This has enabled SMIC to position itself as a high-quality foundry in the global IC manufacturing landscape.

In the "2003 China IT Integrated Circuits Provider Conference", Beijing Tianqiao Beida Jade Bird Sci-Tech Company Limited ("Beijing Tianqiao"), a promoter shareholder of the Company, was awarded the "The 10 China Best Integrated Service Provider", "The Best China IT Service Provider For Banking Industry" and "The Best China IT Service Provider For Electronic Public Administration" and was the most prized winner. The network security products used by Beijing Tianqiao were provided by the Company and applied by Beijing Tianqiao in its system integration services to customers. The "2003 China IT Integrated Circuits Provider Conference" is a professional assessment activity organized by the State Council Information Office and the Computer World Group which were participated by over 50 domestic and international famous software and system integration and IT service providers in competing for the prestigious awards in the industry.

## MARKETING ACTIVITIES

The Company has advertised in various network security magazines to promote the Jade Bird firewall products, such as "Information Network Security", "Electronic Designer & Application World", "China Information Security" and "Information Security Trends" so as to expand its market and increase the brand name awareness in the industry.

In addition, Jade Bird Netsoft has participated in the "China South Region Telecommunication (Boardcasts) Equipment and Software Roadshow" and has entered into contracts with the memory network equipment companies such as Legend Group (Brand name: Lenovo) for the provision of network management and fee charging software developed by Jade Bird Netsoft. Jade Bird Netsoft would gradually increase the sales network so as to acquire a larger market share.

## STAFF

At present, the Group employs approximately 220 employees. Among the employees, 6 of them possess the doctor degree, 23 of them possess the master degree and 119 of them possess the bachelor degree. In addition, the research and development and technical support team of the Group has over 113 members.

## PLACING OF 140,000,000 NEW H SHARES

On 20 June 2003, the Company entered into a placing agreement with a placing agent for the placing, on a best effort basis, of an aggregate of up to 140,000,000 new H Shares at a price of HK\$0.6 per H share ("the Placing"). On 4 July 2003, the Company completed the Placing and obtained the approval from GEM Listing Committee for the listing of and permission to deal in the 140,000,000 new H Shares. The proceeds from the Placing were credited to the books of the Company in July 2003 and will be used to partially repay the Company's short-term bank loan.

## OUTLOOK

For the network security technology, the Company will continue to develop the VLAN technology. Moreover, the Company has recently signed an information network security project and the Quanzhou telecommunication project for Huawei Technology Limited. Such projects will be commenced in the third quarter.

Jade Bird Netsoft will continue to improve the Enterprise Version of the network management software and complete the development of the Telecommunication Version of the network management software. Furthermore, Jade Bird Netsoft will also expand the sales network in the existing major sales regions such as Beijing, Shanghai and Guangzhou.

The technology of the Company's fire alarm products has been well developed. The Company will commence the standardization of the two newly developed softwares in the next quarter and improve the stability of the hardware of LN1010 system. The Company is planning to apply for the ISO90001: 2000 quality management system certification to enhance the product recognition and its brand name. The Company has newly contracted the Hebei Zhangjiakou Dongsang Commercial City and the Guangzhou Nanhai Haiye Chuiyuan third phase projects.

SMIC currently has three 8 inches fabs and reaches a production capacity of 40,000 wafers per month. It is expected that the production capacity will reach to 60,000 wafers by the end of this year. Among the 3 fabs in operation, almost one third of the production is using the 0.18 um technology. With the certification of MoSys, it is expected that up to half of the production will be using the 0.18 um technology. Moreover, SMIC is building a 8 inches fab and a small-scale 12 inches fab in Beijing.

With the rapid development in the world electronic information technology and the faster development of the China open door policy as well as the increasing demand for integrated circuits products, China is becoming one of the major country in providing electronic information products in the world. As such, it is expected that the Company may receive income contribution from the investment in SMIC.



Due to the outbreak of atypical pneumonia in Beijing in March this year and the second quarter, the Company's business activities were adversely affected. Most of the business activities originally planned to commence in the second quarter have been delayed to the next quarter. The Company would use its best endeavours to ensure the smooth operation of the original projects and would ensure that it would continue to attract more new customers. The Company hopes that the business activities could resume to normal in the third quarter.

In addition, the Group is planning to restructure its non-performing business activities through business reorganization and to enhance its investment in those business activities with remarkable return in order to increase the profitability of the Group.

## UNAUDITED CONSOLIDATED INCOME STATEMENT

	Notes	1/4/2003 to 30/6/2003 RMB'000	1/4/2002 to 30/6/2002 RMB'000	1/1/2003 to 30/6/2003 RMB'000	1/1/2002 to 30/6/2002 RMB'000
Turnover	2	41,855	58,236	87,401	85,969
Other revenue		1,655	630	1,970	630
Operating expenses:					
Materials and equipment		(26,802)	(35,136)	(66,737)	(45,049)
Employee costs		(3,876)	(5,104)	(8,479)	(8,905)
Depreciation of fixed assets		(849)	(944)	(1,796)	(1,855)
Amortisation of goodwill and intangible assets		(1,600)	(1,425)	(3,200)	(2,590)
Other operating expenses		(3,164)	(5,293)	(5,012)	(7,634)
Total operating expenses		(36,291)	(47,902)	(85,224)	(66,033)
Profit from operations		7,219	10,964	4,147	20,566
Finance income/(cost)					
Interest income		320	1,205	1,042	2,270
Interest expense		(2,816)	(6,393)	(6,719)	(12,676)
Exchange income		51	-	576	-
Profit (Loss) before taxation and minority interests		4,774	5,776	(954)	10,160
Taxation	3	-	-	-	-
Profit (Loss) before minority interests		4,774	5,776	(954)	10,160
Minority interests		410	(607)	1,312	(522)
Profit attributable to shareholders		5,184	5,169	358	9,638
Retained earnings, beginning of period		72,677	45,633	77,503	41,164
Retained earnings, end of period		77,861	50,802	77,861	50,802
Earnings per share – basic (RMB cents)	4	0.54	0.54	0.04	1.00

## CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 30 June 2003 RMB'000	Audited 31 December 2002 RMB'000
<b>Non-current assets</b>			
Fixed assets	5	7,838	9,404
Long-term investments	6	510,998	510,968
Intangible assets		640	760
Goodwill		21,286	24,366
Total non-current assets		540,762	545,498
<b>Current assets</b>			
Inventories	7	15,771	16,648
Trade receivables	8	82,684	73,075
Due from shareholders		29,576	9,372
Due from related parties		20,240	6,670
Prepayments and other receivables		22,539	19,991
Cash and bank deposits		196,587	206,701
Total current assets		367,397	332,457
<b>Current liabilities</b>			
Short-term bank loans	9	396,237	363,060
Trade payables	10	20,966	16,359
Advance from customers		6,317	7,649
Accrued liabilities and other payables		21,362	25,407
Due to shareholders		9,949	11,304
Due to related parties		2,461	2,300
Taxes payable		1,239	1,294
Total current liabilities		458,531	427,373
Net current liabilities		(91,134)	(94,916)
Total assets less current liabilities		449,628	450,582
Minority interests		(7,447)	(8,759)
<b>Net assets</b>		<b>442,181</b>	<b>441,823</b>
<b>Represented by:</b>			
Share capital		96,400	96,400
Reserves	11	267,920	267,920
Retained profit		77,861	77,503
<b>Shareholders' equity</b>		<b>442,181</b>	<b>441,823</b>

**CONDENSED UNAUDITED CONSOLIDATED CASH FLOW STATEMENT**

	<b>30 June 2003</b> <i>RMB'000</i>	<b>30 June 2002</b> <i>RMB'000</i>
Net cash (outflow)/inflow from operating activities	(35,506)	12,697
Net cash inflow from investing activities	4,366	87,987
Net cash inflow/(outflow) from financing activities	<u>24,322</u>	<u>(12,725)</u>
(Decrease) Increase in cash and cash equivalents	(6,818)	87,959
Cash and cash equivalents, beginning of period	<u>109,955</u>	<u>114,623</u>
Cash and cash equivalents, end of period	<u><b>103,137</b></u>	<u><b>202,582</b></u>
<b>Analysis of Balances of Cash and Cash Equivalents</b>		
Cash and cash equivalents presented in the balance sheet	196,587	299,282
Less: Time deposits with banks with original maturity of more than three months when acquired	<u>(93,450)</u>	<u>(96,700)</u>
<b>Cash and cash equivalents for the purpose of the cash flow statement</b>	<u><b>103,137</b></u>	<u><b>202,582</b></u>

## 1. Principal Activities and Basis of Presentation

The Group is principally engaged in the research, development, production, marketing and sales of embedded systems, including network security products (“NET”), wireless fire alarm systems (“WFAS”), application specific integrated circuits (“ASIC”), Global Positioning System application systems (“GPS”), smart card application systems (“IC”), digital video recording systems (“DVR”), remote automatic meter-reading systems (“RMR”) and related products. The Group is also engaged in the sales of computer products (“Computer”) and the provision of total solution services through application of its existing embedded system products.

The principal accounting policies adopted by the Group conform to Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants and accounting principles generally accepted in Hong Kong.

## 2. Turnover

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts; and the value of services rendered, net of sales surtaxes. All significant intra-group transactions have been eliminated on consolidation.

	<b>1/4/2003 to 30/6/2003</b>	<b>1/4/2002 to 30/6/2002</b>	<b>1/1/2003 to 30/6/2003</b>	<b>1/1/2002 to 30/6/2002</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of embedded systems and related products	27,861	15,885	42,074	23,576
Sales of computer products	12,575	32,599	43,908	41,242
Provision of total solution services	1,419	9,752	1,419	21,151
	<u>41,855</u>	<u>58,236</u>	<u>87,401</u>	<u>85,969</u>
Total turnover	<u>41,855</u>	<u>58,236</u>	<u>87,401</u>	<u>85,969</u>

## 3. Taxation

Hong Kong profits tax is charged at the rate of 16% (2002: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations, and practices in respect thereof. No profits tax or income tax has been provided for the six months ended 30 June 2003 (2002: Nil).

There was no material unprovided deferred tax for the period ended 30 June 2003 (2002: Nil).

## 4. Earnings Per Share

The calculation of earnings per share for the three and six months ended 30 June 2003 were based on the profit attributable to shareholders of approximately RMB5,184,000 and RMB358,000 (2002: RMB5,169,000 and RMB9,638,000) and on the weighted average number of 964,000,000 shares in issue.

On 20 June 2003, the Company entered into a placing agreement with a placing agent for the placing, on a best effort basis, of an aggregate of up to 140,000,000 new H Shares at a price of HK\$0.6 per H share. On 4 July 2003, the Company completed the placing and obtained the approval from GEM Listing Committee for the listing of and permission to deal in the 140,000,000 new H Shares. The diluted earnings per share for the three and six months ended 30 June 2003 were approximately RMB0.47 cents and RMB0.03 cents based on the aggregate weighted average number of shares of 964,000,000 in issue and the dilutive potential ordinary shares of 140,000,000 new H Shares.

**5. Fixed Assets**

	<i>RMB'000</i>
<b>Cost</b>	
Cost, as at 1 January 2003	30,899
Additions	261
Disposals	(11)
	<u>31,149</u>
Cost, as at 30 June 2003	<u>31,149</u>
<b>Accumulated Depreciation</b>	
Accumulated depreciation, as at 1 January 2003	21,495
Charge for the period	1,817
Disposals	(1)
	<u>23,311</u>
Accumulated depreciation, as at 30 June 2003	<u>23,311</u>
<b>Net Book Value</b>	
Net book value, as at 30 June 2003	<u>7,838</u>
Net book value, as at 1 January 2003	<u>9,404</u>

**6. Long-term Investment**

Long-term investment represents the approximately 5% equity interest in SMIC. SMIC is a company incorporated in the Cayman Islands and principally engaged in holding an interest in Semiconductor Manufacturing International (Shanghai) Corporation, a wholly foreign-owned enterprise established in Mainland China engaging in the manufacturing and marketing of advanced-technology semiconductors in Mainland China. As at 30 June 2003, the total cost of investment in SMIC aggregated RMB511 million, representing the capital contribution of approximately RMB497 million (USD60 million) and the related charges of approximately RMB14 million.

**7. Inventories**

	<b>30/6/2003</b>	<b>31/12/2002</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	2,022	3,403
Work-in-progress	5,080	3,226
Finished goods	8,877	10,227
	<u>15,979</u>	<u>16,856</u>
Less: Provision for obsolete and slow-moving inventories	(208)	(208)
	<u>15,771</u>	<u>16,648</u>

As at 30 June 2003, no inventories (2002: nil) of the Group were stated at net realizable value.

**8. Trade Receivables**

The Group normally grants to its customers credit periods ranging from three to six months. Aging analysis of trade receivables is as follows:

	<b>30/6/2003</b>	<b>31/12/2002</b>
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 3 months	25,301	49,755
3 to 6 months	8,135	17,907
6 to 12 months	48,909	9,121
Over 12 months	3,561	718
	<u>85,906</u>	<u>77,501</u>
Less: Provision for doubtful accounts	<u>(3,222)</u>	<u>(4,426)</u>
	<u><b>82,684</b></u>	<u><b>73,075</b></u>

**9. Short-term Bank Loans**

Short-term bank loans bear interest at approximately 2.98% to 5.31% per annum at 30 June 2003 (2002: 5.31% to 6.16%).

Short-term bank loans of the Group of RMB3,060,000 were secured by mortgages over certain of the Group's buildings, machinery and equipment with a net book value of approximately RMB1,165,000 as at 30 June 2003 (2002: RMB1,268,000).

A shareholder of the Company and a subsidiary of Peking University, the ultimate controlling shareholder of the Company, have jointly guaranteed certain of the Company's bank loans of USD47.5 million (2002: RMB360 million) as at 30 June 2003.

**10. Trade Payables**

Aging analysis of trade payables is as follows:

	<b>30/6/2003</b>	<b>31/12/2002</b>
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 3 months	12,037	9,396
3 to 6 months	1,497	1,515
6 to 12 months	4,103	3,166
Over 12 months	3,329	2,282
	<u>20,966</u>	<u>16,359</u>

**11. Movements in Consolidated Reserves**

	<b>Share premium</b> <i>RMB'000</i>	<b>Statutory reserves</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
Balances as at 31 December 2002 and 30 June 2003	<u>251,271</u>	<u>16,649</u>	<u>267,920</u>

**12. Related Party Transactions**

Particulars of significant transactions between the Group and related parties are summarised below:

	<b>Six months ended 30/6/2003</b> <i>RMB'000</i>	<b>Six months ended 30/6/2002</b> <i>RMB'000</i>
Sales of embedded systems products and provision of total solution services to:		
Peking University	328	196
Beijing Tianqiao	448	5,973
Aptec Beida Jade Bird Information Sci-Tech Co Ltd	–	948
Hunan Beida Jade Bird Sci-Tech Co Ltd	–	26
	<u>776</u>	<u>7,143</u>
Technical service fee paid/payable to Beijing Tianqiao	–	120
Rental expense for equipment paid/payable to The Institute of Microelectronics	315	630
Rental income for equipment received/receivable to The Institute of Microelectronics	<u>315</u>	<u>630</u>

**INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the period (2002 – Nil).



## SEGMENT INFORMATION

(a) Analysis by business segment (consolidated) is as follows:

	Six months ended 30 June 2003								Total RMB'000
	NET RMB'000	WFAS RMB'000	ASIC RMB'000	GPS RMB'000	IC RMB'000	DVR RMB'000	RMR RMB'000	Computer RMB'000	
<b>REVENUE</b>									
Sales to external customers	<u>11,270</u>	<u>10,880</u>	<u>17,583</u>	<u>-</u>	<u>2,548</u>	<u>1,212</u>	<u>-</u>	<u>43,908</u>	<u>87,401</u>
<b>RESULTS</b>									
Segment results	4,192	740	(1,717)	(175)	1,801	(216)	(1,588)	2,274	5,311
Interest income									1,042
Interest expense									(6,719)
Exchange income									576
Unallocated corporate expenses									<u>(1,164)</u>
Profit before tax									(954)
Tax									<u>-</u>
Loss before minority interests									(954)
Minority interests									<u>1,312</u>
Net profit from ordinary activities attributable to shareholders									<u>358</u>

	Six months ended 30 June 2002								Total RMB'000
	NET RMB'000	WFAS RMB'000	ASIC RMB'000	GPS RMB'000	IC RMB'000	DVR RMB'000	RMR RMB'000	Computer RMB'000	
<b>REVENUE</b>									
Sales to external customers	<u>15,310</u>	<u>15,910</u>	<u>4,997</u>	<u>445</u>	<u>1,733</u>	<u>3,199</u>	<u>3,133</u>	<u>41,242</u>	<u>85,969</u>
<b>RESULTS</b>									
Segment results	9,765	8,555	2,283	(351)	593	2,238	72	3,491	26,646
Interest income									2,270
Interest expense									(12,676)
Exchange income									-
Unallocated corporate expenses									<u>(6,080)</u>
Profit before tax									10,160
Tax									<u>-</u>
Profit before minority interests									10,160
Minority interests									<u>(522)</u>
Net profit from ordinary activities attributable to shareholders									<u>9,638</u>

**(b) Analysis by geographical location (consolidated) is as follows:**

	Six months ended 30/6/2003 RMB'000	Six months ended 30/6/2002 RMB'000
<b>Turnover*</b>		
Mainland China	64,179	64,714
Hong Kong	19,382	21,255
Others	3,840	–
	87,401	85,969

\* Turnover by geographical location is determined mainly on the basis of the destination of delivery of merchandise and rendering of services.

**DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES****(a) Interests and short positions of the Directors and supervisors of the Company in the total issued Promoter Shares in the share capital of the Company and its associated corporations**

As at 30 June 2003, the interests (including interests in shares and short positions) of the Directors 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 Securities and Futures Ordinance (“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 5.40 to 5.58 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:

Name	Capacity	Number of Promoter Shares held by Heng Huat	Percentage shareholding in the Promoter Shares	Percentage shareholding in the issued share capital
<b>Director</b>				
Mr. Xu Zhen Dong	Beneficiary of a trust	220,000,000	31.43%	22.82%
Mr. Xu Zhi Xiang	Beneficiary of a trust	220,000,000	31.43%	22.82%
Mr. Zhang Wan Zhong	Beneficiary of a trust	220,000,000	31.43%	22.82%
Mr. Liu Yong Jin	Beneficiary of a trust	220,000,000	31.43%	22.82%
Mr. Wu Min Sheng	Beneficiary of a trust	220,000,000	31.43%	22.82%
<b>Supervisor</b>				
Mr. Zhang Yong Li	Beneficiary of a trust	220,000,000	31.43%	22.82%
Ms. Dong Xiao Qing	Beneficiary of a trust	220,000,000	31.43%	22.82%

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 approximately 93.37% in the issued share capital of Dynamic Win Assets Limited (“Dynamic Win”), and is taken to be interested in 220,000,000 Promoter 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 out of 100 shares in the issued share capital of Heng Huat.

**(b) Interests in share options**

As at 30 June 2003, no options have been granted by the Group pursuant to the share option scheme adopted by the Company on 5 July 2000.

**DIRECTORS’ AND SUPERVISORS’ RIGHTS TO ACQUIRE H SHARES**

Save as disclosed above, during the period ended 30 June 2003, none of the Directors or Supervisors was granted options to subscribe for H shares of the Company. As at 30 June 2003, none of the Directors or the Supervisors had any rights to acquire H shares in the Company.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2003, the persons other than a Director or chief executive or supervisor of the Company who have interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO are as follows:

<b>Shareholder (Holders of Promoter Shares)</b>	<b>Capacity</b>	<b>No. of Promoter Shares (Long position)</b>	<b>% in total Promoter Shares</b>
Peking University (Note 1)	Interest of controlled corporation	310,000,000	44.28%
Heng Huat Investments Limited (Note 2)	Interest of controlled corporation	220,000,000	31.43%
Dynamic Win Assets Limited	Beneficial Owner	220,000,000	31.43%
New World Cyberbase Limited	Interest of controlled corporation	70,000,000	10.00%
New View Venture Limited	Beneficial Owner	70,000,000	10.00%
Asian Technology Investment Company Limited	Beneficial Owner	50,000,000	7.14%

<b>Shareholder (Holders of H Shares) (Note 3)</b>	<b>Capacity</b>	<b>No. of H Shares (Long position)</b>	<b>% in total H Shares</b>
Multi-Treasure Investments Limited	Beneficial Owner	39,377,000	14.92%
Sun-Glory Investments Limited	Beneficial Owner	21,789,000	8.25%
China Merchants Bank	Interest of controlled corporation	20,000,000	7.58%
CMB International Capital Corporation Limited	Beneficial Owner	20,000,000	7.58%
E-life International Limited	Interest of controlled corporation	14,109,000	5.34%
Heatwave Industries Limited	Beneficial Owner	14,109,000	5.34%

## Notes:

- (1) Peking University is taken to be interested in 44.28% of the total Promoter Shares through the following companies:
- (a) 85,000,000 Promoter Shares (representing approximately 12.14% of the Company's total Promoter Shares) held by Beijing Beida Yu Huan Microelectronics System Engineering Company, which is beneficially wholly-owned by Peking University;
  - (b) 110,000,000 Promoter Shares (representing approximately 15.71% of the Company's total Promoter Shares) held by Beijing Beida Jade Bird Software System Co., which is beneficially wholly-owned by Peking University;
  - (c) 40,000,000 Promoter Shares (representing approximately 5.71% of the Company's total Promoter Shares) held by Beijing Beida Jade Bird Limited, which is approximately 46% owned by Peking University; and
  - (d) 75,000,000 Promoter Shares (representing approximately 10.71% of the Company's total Promoter Shares) held by Beijing Tianqiao Beida Jade Bird Sci-Tech Company Limited, the board of which is controlled by Beijing Beida Jade Bird Limited.
- (2) Heng Huat Investments Limited is beneficially interested in 93.37% of the issued share capital of Dynamic Win Assets Limited and is taken to be interested in 220,000,000 Promoter Shares held by Dynamic Win Assets Limited in the issued capital of the Company.
- (3) The information disclosed is based on the Substantial Shareholder Notices given by the holders of H Shares to the Stock Exchange and received by the Company as at 30 June 2003.

Save as disclosed above, so far as is known to the Directors there are no persons, other than the Company, who are interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

### COMPETING INTERESTS

None of the Directors, the management shareholders of the Company and their respective associate (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the businesses of the Company.

### AUDIT COMMITTEE

The Company established an audit committee on 5 July 2000 with terms of reference in compliance with Rules 5.23, 5.24 and 5.25 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the financial reporting process and internal control system of the Company. As at 30 June 2003, the Audit Committee has two members namely, the two independent non-executive Directors, Prof. Nan Xiang Hao and Mr. Ambrose Chin Man Chung.

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

For the period ended 30 June 2003, the Company did not purchase, sell or redeem any of the Company's H shares.

By order of the Board  
**Xu Zhen Dong**  
 Chairman

Beijing, the PRC, 13 August 2003