



青鸟环宇
JADE BIRD UNIVERSAL

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



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FIRST QUARTERLY RESULTS REPORT

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FOR THE THREE MONTHS ENDED 31 MARCH 2005



北京北大青鸟环宇科技股份有限公司
Beijing Beida Jade Bird Universal Sci-Tech Company Limited
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 8095)

**FIRST QUARTERLY RESULTS REPORT
FOR THE THREE MONTHS ENDED 31 MARCH 2005**

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The Stock Exchange takes no responsibility for the contents of this report, 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 report.

This report, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FIRST QUARTERLY RESULTS (UNAUDITED)

The board of directors (the “Board”) of Beijing Beida Jade Bird Universal Sci-Tech Company Limited (the “Company”) and its subsidiaries (collectively as the “Group”) is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2005 together with the unaudited comparative figures for the corresponding period in 2004 as follows:

	<i>Notes</i>	For the three months ended	
		31 March 2005	31 March 2004
		<i>RMB'000</i>	<i>RMB'000</i>
Turnover	2	16,090	22,212
Investment income, other revenue and gains	3	100	289,223
Operating expenses:			
Materials and equipment		(12,468)	(17,560)
Employee costs		(4,822)	(5,331)
Depreciation of property, plant and equipment		(471)	(467)
Amortisation of goodwill and intangible assets		(60)	(1,472)
Other operating expenses		(1,662)	(2,766)
Total operating expenses		(19,483)	(27,596)
(LOSS)/PROFIT FROM OPERATING ACTIVITIES		(3,293)	283,839
Finance income/(costs)			
Interest income		813	508
Interest expense		(3,624)	(2,875)
Exchange loss		(485)	(1,288)
(Loss)/profit before tax		(6,589)	280,184
Tax	4	–	–
(Loss)/profit before minority interests		(6,589)	280,184
Minority interests		982	1,236
(Loss)/profit attributable to shareholders		(5,607)	281,420
(Loss)/earnings per share – basic (RMB cents)	5	(0.5)	25.5

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, wireless fire alarm systems, application specific integrated circuits, smart card application systems, remote automatic meter-reading systems and related products. The Group is also engaged in the sales of computer products and the provision of total solution services through application of its existing embedded system products.

The Unaudited Quarterly Results of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKAS”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited. They have been prepared under historical cost convention, except for available-for-sale financial assets that have been measured at fair value. The principal accounting policies used in the preparation of the Unaudited Quarterly Results are consistent with those adopted in the preparation of the consolidated annual financial statements of the Group for the year ended 31 December 2004, except for those mentioned below.

In the first quarter of 2005, the Group has adopted, for the first time, a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, herein collectively referred to as the new HKFRSs, which are generally effective for the accounting periods beginning on or after 1 January 2005.

The major effects of the new HKFRSs, which have had a material impact on the Unaudited Quarterly Results, are set out below:

The adoption of HKAS 39 “Financial Instruments: Recognition and Measurement” requires the Group’s long term investment be classified as available-for-sale financial asset which is measured at fair value instead of measuring at historical cost according to the Group’s accounting policy adopted before. The fair value amount is estimated using the market information and valuation methodologies considered appropriate. However, considerable judgement is required to interpret market data to develop the estimates of fair value amount. Accordingly, the estimates made by the Group are not necessarily indicative of the amounts the Group could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amount. The effect of adopting HKAS 39 was to increase the consolidated investment revaluation reserve as at 1 January 2005 by approximately RMB286 million. As at 31 March 2005, the fair value of the long term investment was decreased by approximately RMB60 million as compared to that on 1 January 2005.

The adoptions of HKFRS 3 “Business Combinations” and HKAS 36 “Impairment of Assets” have resulted in ceasing goodwill amortisation and to test for impairment annually at the cash generating unit level (unless an event occurs during the year which requires the goodwill to be tested more frequently) from 1 January 2005. The transitional provisions of HKFRS 3 have required the Group to eliminate the carrying amount of accumulated amortisation of RMB17,342,000 with a corresponding decrease in goodwill.

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.

	For the three months ended	
	31 March 2005	31 March 2004
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover		
Sales of embedded systems and related products	6,933	20,721
Sales of computer products	9,136	893
Provision of total solution services	21	598
	<u>16,090</u>	<u>22,212</u>

3. Investment income, other revenue and gains

	For the three months ended	
	31 March 2005	31 March 2004
	<i>RMB'000</i>	<i>RMB'000</i>
Gain on disposal of long term investment (<i>Note a</i>)	–	289,214
Others	100	9
	<u>100</u>	<u>289,223</u>

Note (a) Gain on disposal of long term investment for the three months ended 31 March 2004 represents the gain of approximately RMB289,214,000 on disposal of 156,842,000 ordinary shares in Semiconductor Manufacturing International Corporation ("SMIC") in March 2004.

4. Taxation

Hong Kong profits tax has not been provided as the Group has no assessable profits arising in Hong Kong during the period (2004: Nil). 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 three months ended 31 March 2005 (2004: Nil).

There was no material unprovided deferred tax for the three months ended 31 March 2005 (2004: Nil).

5. (Loss)/earnings per share

The calculation of loss per share of RMB0.5 cents (2004: earnings per share of RMB25.5 cents) for the three months ended 31 March 2005 was based on loss attributable to shareholders of RMB5,607,000 (2004: profit attributable to shareholders of RMB281,420,000) and on the weighted average number of 1,184,800,000 shares (2004: 1,104,000,000 shares) in issue.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2005 (2004: RMB1 cent per share).

MOVEMENTS OF RESERVES

There was no movements of the Group's reserves for the relevant periods in 2005 and 2004 except those disclosed as below:

	Investment		Retained Profits	
	Revaluation Reserve			
	2005	2004	2005	2004
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January:				
As previously reported	–	–	269,247	83,421
First adoption of HKAS39	285,927	–	–	–
	285,927	–	269,247	83,421
Net (loss)/profit for the period	–	–	(5,607)	281,420
Decrease in fair value of long term investment for the period	(59,996)	–	–	–
As at 31 March	225,931	–	263,640	364,841

FINANCIAL REVIEW

Turnover

The unaudited consolidated turnover of the Group for the three months ended 31 March 2005 amounted to RMB16,090,000, representing a decrease of 28% as compared to the corresponding period in 2004.

The decrease in turnover was mainly due to the decrease in sales of embedded system products.

For the three months period ended 31 March 2005, the turnover from the sales of embedded system products and related products and sales of computer products were approximately 43% and 57% respectively.

Operating Loss

The operating loss of the Group for the three months ended 31 March 2005 amounted to RMB3,293,000 (2004: operating profit of RMB283,839,000). The significant profit in the corresponding period in 2004 was mainly attributable to the gain on disposal of part of its shares investment in SMIC in March 2004 which was amounted to RMB289,214,000. The operating loss resulted for the period was primarily due to the competitive IT market in the PRC.

Finance Cost

The interest expenses increased from RMB2.9 million in the corresponding period in 2004 to RMB3.6 million for the current period as a result of the rise in market interest rate in the PRC.

Loss Attributable to Shareholders

The loss attributable to shareholders and loss per share of the Group for the three months ended 31 March 2005 were RMB5,607,000 and RMB0.5 cents respectively.

BUSINESS REVIEW

Network Security Products

The Group has completed the research and development of the embedded virus protection technology and continue develop centralised control channel technology. The Group has completed 18 sets of Beida Jade Bird net gate firewall JB-FW1/100 and 4 sets of net gate firewall JB-FW1/1000. The Group has participated in commerce information security industry meeting of Chinese Information Industry Chamber which was held by the Chinese Information Industry Association.

Wuhan Beida Jade Bird Netsoft Company Limited ("Wuhan Netsoft"), a subsidiary of the Group, has completed the research and development of IP address management system. Wuhan Netsoft is developing the network management platform system software NetSureExpert 5.3.0.1 version products. During the period, Wuhan Netsoft has signed up service agreements with Sinosoft Group, Wuhan Yuanheng Technology Ltd, Beijing Oriental Xietong Information Ltd, Beijing Oriental Liangdian Network Technology Ltd, Wuhan Tongchuang Technology Ltd and Henan Ideal Technology Ltd.

Wireless Fire Alarm System

The Group has completed the research and development of anti-explosion technology in fire disaster and is developing the application of embedded system in fire control domain, the infrared light string survey technology and conducted research and development of low pressure carbon dioxide controller technology. The company has completed the research and development of the explosion-proof feeling smoke detector and the explosion-proof feeling warm detector. The company now researches and develops the feeling smoke detector (the PIC16F676 chip), the liquid crystal floor monitor and the non-address feeling smoke detector.

During the period, the Group completed the Beijing Youansheng Fire Protection Technology Ltd's Zhongtiejian General Hospital Project, Beijing Qingkai Property Development Ltd's Wangjiayuan Building Project, the Dongguan Municipal Public Security Bureau and Beihai Jia Lai Hotel Project.

In addition, the Group also participated in 2005 International Static Electricity Conferences in Beijing held by China Physics Society.

Semiconductor Manufacturing International Corporation (“SMIC”)

SMIC reported an increase in capacity to 131,172 8-inch equivalent wafers per month and a utilization rate of 85% in the first quarter of 2005.

At the same time, SMIC has received its TL9000 Quality Management System certification from the British Standard Institute, demonstrating SMIC’s commitment to provide only the highest quality products and services.

Besides, in January 2005, SMIC has resolved its pending patent and trade secret litigations with Taiwan Semiconductor Manufacturing Company Limited. The settlement terms provide the dismissal of all pending legal actions without prejudice between the two companies and these two companies will cross license to each other’s patent portfolio through December 2010. This peaceful settlement is in the best interests of the SMIC’s long term development.

GOVERNMENT APPROVALS AND AWARDS

In March 2005, JTW-ZD-LN2110-Ex 24VDC fixed temperature fire detector, JTY-GD-LN2110-Ex 24VDC optics and electron feeling smoke fire detector and J-SAP-M-JBF-101F-Ex 24VDC manual fire alarm button has obtained, respectively, the explosion-proof certificates which were issued by the National Explosion-Proof Electricity Product Quality Surveillance Test Center.

MARKETING ACTIVITIES

During the period, Wuhan Netsoft has held various exhibitions relating to network management software in Beijing, Shanghai, Hangzhou, Nanjing and Suzhou.

OUTLOOK

The Group continues to optimize its existing business operating structure in light of the competitive IT marketplace in the PRC. On taking its first move to extend the Group’s business into the property sector in Beijing in March 2005, the Group strives to secure this opportunity by completing the acquisition of 44% interest in such transportation hub property project in city centre of Beijing as soon as possible. The Board is confident that, on one hand, the project will bring in significant contribution to the Group; and on the other hand, the Group will strengthen the relationship with Peking University through the close cooperation among those companies related to the Peking University in this property development consortium.

DIRECTORS’ AND SUPERVISORS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2005, the interests and short positions of the directors, supervisors and chief executive in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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, were as follows:

Long positions in ordinary shares of the Company:

			Number of shares held, capacity and nature of beneficiary interest of a trust	Approximate percentage of the Company's total issued domestic share capital	Approximate percentage of the Company's total issued share capital
	<i>Note</i>				
Name of director					
1.	Mr. Xu Zhen Dong	(a)	205,414,000	29.34%	17.34%
2.	Mr. Xu Zhi Xiang	(a)	205,414,000	29.34%	17.34%
3.	Mr. Zhang Wan Zhong	(a)	205,414,000	29.34%	17.34%
4.	Mr. Liu Yong Jin	(a)	205,414,000	29.34%	17.34%
5.	Mr. Wu Min Sheng	(a)	205,414,000	29.34%	17.34%
Name of supervisor					
1.	Mr. Zhang Yong Li	(a)	205,414,000	29.34%	17.34%
2.	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 of the Company 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.

Save as disclosed above, none of the directors, supervisors and chief executive had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE H SHARES

Save as disclosed above, during the three months ended 31 March 2005, none of the directors or supervisors was granted options to subscribe for H shares of the Company. As at 31 March 2005, none of the directors or the supervisors had any rights to acquire H shares in the Company.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2005, the following interests of 5% or more of the issued share capital of the Company (except for Asian Technology Investment Company Limited which has only 4.22% of issued share capital of the Company) were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Approximate percentage of the Company's domestic issued share capital	Approximate percentage of the Company's issued share capital
1. Peking University	(a)	Through a controlled corporation	310,000,000	44.28%	26.16%
2. Beijing Beida Yu Huan Microelectronics System Engineering Company	(a)	Directly beneficially owned	85,000,000	12.14%	7.17%
3. Beijing Beida Jade Bird Software System	(a)	Directly beneficially owned	110,000,000	15.71%	9.28%
4. Beijing Beida Jade Bird Limited	(a)	Directly beneficially owned	115,000,000	16.43%	9.71%
5. Heng Huat	(b)	Through a controlled corporation	205,414,000	29.34%	17.34%
6. Dynamic Win	(b)	Directly beneficially owned	205,414,000	29.34%	17.34%
7. New World CyberBase Limited	(c)	Interest of controlled corporation	84,586,000	12.08%	7.14%
8. New View Venture Limited	(c)	Directly beneficially owned	84,586,000	12.08%	7.14%
9. Asian Technology Investment Company Limited		Directly beneficially owned	50,000,000	7.14%	4.22%

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 shares (representing approximately 7.17% of the Company's total share capital) held by Beijing Beida Yu Huan Microelectronics System Engineering Company, which is beneficially wholly-owned by Peking University;
 - (ii) 110,000,000 shares (representing approximately 9.28% of the Company's total share capital) held by Beijing Beida Jade Bird Software System Co., which is beneficially wholly-owned by Peking University;
 - (iii) 115,000,000 shares (representing approximately 9.71% of the Company's total share capital) held by Beijing Beida Jade Bird Limited, which is approximately 46% owned by Peking University; and

- (b) The shares of the Company are held by Dynamic Win, which is wholly-owned by Heng Huat.
- (c) The shares of the Company are held by New View Venture Limited, which is wholly-owned by New World CyberBase Limited.

Save as disclosed above, no person, other than the directors and supervisors of the Company, whose interests are set out in the section "Directors', supervisors and chief executive's interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

COMPETING INTERESTS

None of the directors, supervisors, 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 Group.

AUDIT COMMITTEE

Pursuant to the Rule 5.28 of the GEM Listing Rules, the Company has set up an audit committee. In compliance with the 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 and internal control system of the Company. The audit committee has three members namely, the three independent non-executive directors, Mr. Wang Chao Yong, Professor Nan Xiang Hao and Professor Chin Man Chung, Ambrose. The audit committee has reviewed the first quarterly results for the three months ended 31 March 2005.

BOARD PRACTICES AND PROCEDURES

Throughout the three months ended 31 March 2005, the Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules.

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

For the three months ended 31 March 2005, 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 May 2005

As at the date of this report, Mr. Xu Zhen Dong, Mr. Xu Zhi Xiang and Mr. Zhang Wan Zhong are executive directors, Mr. Lo Lin Shing, Simon, Mr. Liu Yong Jin, Mr. Hao Yi Long, Mr. Wu Min Sheng and Mr. Li Li Xin are non-executive directors and Mr. Wang Chao Yong, Professor Nan Xiang Hao and Professor Chin Man Chung, Ambrose are independent non-executive directors.