



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

[Stock Code : 8095]

THIRD QUARTERLY RESULTS REPORT

For the nine months ended 30 September 2007



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)

**THIRD QUARTERLY RESULTS REPORT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007**

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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.

THIRD QUARTERLY RESULTS (UNAUDITED)

The board of directors (the "Board") of Beijing Beida Jade Bird Universal Sci-Tech Company Limited (the "Company") announced the unaudited consolidated results of the Company and its subsidiaries (collectively as the "Group") for the nine months ended 30 September 2007 together with the unaudited comparative figures for the corresponding period in 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 September 2007

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000 (Restated)	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000 (Restated)
REVENUE	3	35,025	32,403	85,862	73,238
Cost of sales		(26,601)	(26,974)	(69,561)	(62,213)
Gross profit		8,424	5,429	16,301	11,025
Other income	4	388,555	1,417	393,271	3,443
Distribution expenses		(5,745)	(6,016)	(15,811)	(17,489)
Administrative expenses		(4,565)	(2,615)	(12,098)	(10,955)
Other expenses		(1,110)	(1,733)	(3,703)	(3,971)
PROFIT/(LOSS) FROM OPERATIONS		385,559	(3,518)	377,960	(17,947)
Finance costs – interest on bank and other loans		(5,405)	(6,977)	(18,225)	(15,720)
Other gain/(loss)	5	7,569	–	(10,430)	–
Share of loss of an associate		(75)	(364)	(861)	(1,023)
PROFIT/(LOSS) BEFORE TAX		387,648	(10,859)	348,444	(34,690)
Income tax expense	6	(44,890)	–	(44,890)	–
PROFIT/(LOSS) FOR THE PERIOD	7	342,758	(10,859)	303,554	(34,690)
Attributable to:					
Equity holders of the Company		341,667	(11,116)	302,810	(34,595)
Minority interests		1,091	257	744	(95)
		342,758	(10,859)	303,554	(34,690)
EARNINGS/(LOSS) PER SHARE					
– basic (RMB)	8	28.84 cents	(0.94) cent	25.56 cents	(2.92) cents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2007

Attributable to equity holders of the Company

	Share capital	Capital reserve	Reserve funds	Investment revaluation reserve	Retained profits	Foreign currency translation reserve	Total	Minority interests	Total equity
	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000 (restated)	Unaudited RMB'000
At 1 January 2006	118,480	377,720	53,787	68,711	208,568	(11,556)	815,710	4,105	819,815
Changes in fair value of available-for-sale financial assets	-	-	-	(15,299)	-	-	(15,299)	-	(15,299)
Translation differences	-	-	-	-	-	(928)	(928)	-	(928)
Net expense recognised directly in equity	-	-	-	(15,299)	-	(928)	(16,227)	-	(16,227)
Loss for the period	-	-	-	-	(34,595)	-	(34,595)	(95)	(34,690)
Total recognised expense for the period	-	-	-	(15,299)	(34,595)	(928)	(50,822)	(95)	(50,917)
At 30 September 2006	118,480	377,720	53,787	53,412	173,973	(12,484)	764,888	4,010	768,898
At 1 January 2007	118,480	377,720	53,787	53,288	168,934	(23,616)	748,593	4,279	752,872
Changes in fair value of available-for-sale financial assets	-	-	-	(33,392)	-	-	(33,392)	-	(33,392)
Translation differences	-	-	-	-	-	(11,442)	(11,442)	-	(11,442)
Net expense recognised directly in equity	-	-	-	(33,392)	-	(11,442)	(44,834)	-	(44,834)
Profit for the period	-	-	-	-	302,810	-	302,810	744	303,554
Total recognised income and expense for the period	-	-	-	(33,392)	302,810	(11,442)	257,976	744	258,720
Issue of ordinary shares to minority shareholders	-	-	-	-	-	-	-	1,500	1,500
Change in capital reserve	-	489	-	-	-	-	489	261	750
Transfer to/(from) reserve funds	-	-	(893)	-	197	-	(696)	696	-
At 30 September 2007	118,480	378,209	52,894	19,896	471,941	(35,058)	1,006,362	7,480	1,013,842

Note:

1. Principal Activities

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

2. Basis of Presentation

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

In the current period, 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 (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); 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 periods and prior periods.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

2.2 Basis of preparation

These unaudited consolidated financial statements have been prepared in accordance with 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 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 which are carried at their fair values. These financial statements are presented in Renminbi (“RMB”), which is the same as the functional and presentation currency of the Company, and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

The accounting policies adopted in preparing these unaudited consolidated financial statement are consistent with those used in the Company’s annual audited consolidated financial statements for the year ended 31 December 2006.

2. Basis of Presentation (Continued)

2.2 Basis of preparation (Continued)

Basis of consolidation

The unaudited consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 September. 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 period 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. Revenue

The Group's revenue represents the net invoiced value of goods sold to customers after allowances for returns and trade discounts, and the value of services rendered, net of sales taxes.

An analysis of revenue is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Sale of embedded systems and related products	21,991	15,585	46,764	34,341
Sale of computer products	12,831	16,808	38,697	38,849
Rendering of total solution services	203	10	401	48
	<u>35,025</u>	<u>32,403</u>	<u>85,862</u>	<u>73,238</u>

4. Other income

	Three months ended 30 September		Nine months ended 30 September	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000 (Restated)	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000 (Restated)
Interest income	4,239	1,414	9,026	3,284
Net foreign exchange loss	(3,400)	(316)	(6,288)	(551)
Gain on disposal of an associate	386,126	–	386,126	–
Others	1,590	319	4,407	710
	<u>388,555</u>	<u>1,417</u>	<u>393,271</u>	<u>3,443</u>

5. Other gain/(loss)

	Three months ended 30 September		Nine months ended 30 September	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Change in fair value of share options granted	7,317	-	(10,682)	-
Amortisation of upfront premium received	252	-	252	-
	<u>7,569</u>	<u>-</u>	<u>(10,430)</u>	<u>-</u>

On 18 May 2007, Beida Jade Bird Universal Sci-Tech (Cayman) Development Company Limited ("JBU Development"), a wholly-owned subsidiary of the Company, entered into a share options agreement with Nexgen Capital Limited ("NCL"), pursuant to which JBU Development agreed to grant to NCL share options on 50% of any of the 323,888,000 fully paid ordinary shares of Semiconductor Manufacturing International Corporation ("SMIC") lent by JBU Development to NCL ("Loan Shares") pursuant to the Securities Lending Agreement on a one-to-one basis. The share options are automatically exercisable by NCL by reference to the options relevant price on each day of the exercise period as compared to the strike price which is fixed at the amount of US\$0.2168 (equivalent to approximately HK\$1.6959) per share, and will expire on the date falling 2 days on which the Stock Exchange is scheduled to be opened for trading during its regular trading session before 18 June 2010. The share options are exercisable by two methods, being physical settlement and cash settlement methods.

6. Income tax expense

	Three months ended 30 September		Nine months ended 30 September	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Current tax – PRC	44,890	–	44,890	–

Hong Kong profits tax has not been provided as the Group has no assessable profits arising in Hong Kong during the period (2006: RMB Nil). 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 corporate 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 corporate income tax for the three years ended 31 December 2005.

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 period.

At 30 September 2007, there was no significant unrecognised deferred tax liability (2006: RMB Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, as the directors do not have intention to remit such earnings to the Company in the foreseeable future.

7. Profit/(loss) for the period

The Group's profit/(loss) for the period is arrived at after charging/(crediting):

	Three months ended 30 September		Nine months ended 30 September	
	2007 Unaudited RMB'000	2006 Unaudited RMB'000	2007 Unaudited RMB'000	2006 Unaudited RMB'000
Advertising and promotion costs	2,542	3,168	7,348	9,548
Depreciation of property, plant and equipment	694	692	1,996	2,119
Amortisation of prepaid land lease payments	21	21	64	64
Operating lease rentals in respect of land and buildings	461	530	1,312	1,447
Research and development costs	1,054	1,135	3,181	3,337
Staff costs	5,019	4,354	13,156	13,295
Write-off of obsolete and slow-moving inventories	–	636	380	636
Change in fair value of share options granted	(7,317)	–	10,682	–
Amortisation of upfront premium received	(252)	–	(252)	–
Reversal of allowance for doubtful other receivables	–	–	(160)	–
Reversal of allowance for doubtful trade receivables	(3)	(523)	(748)	(523)
Gain on disposal of an associate	(386,126)	–	(386,126)	–

8. Earnings/(loss) per share

The calculation of earnings per share attributable to equity holders of the Company of RMB28.84 cents and RMB25.56 cents for the three and nine months ended 30 September 2007 (2006: loss of RMB0.94 cent and RMB2.92 cents) respectively were based on profits attributable to equity holders of the Company of approximately RMB341,667,000 and RMB302,810,000 (2006: loss of approximately RMB11,116,000 and RMB34,595,000) and the weighted average number of 1,184,800,000 and 1,184,800,000 ordinary shares (2006: 1,184,800,000 and 1,184,800,000 ordinary shares) in issue during the period respectively.

9. Related party transactions

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

	Three months ended 30 September		Nine months ended 30 September	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Sales of embedded systems products and provision of total solution services to:				
Beijing Beida Jade Bird BIS Company Limited	–	2	105	17
Shanghai Jade Bird Fire Equipment Marketing Company Limited	1,036	2,308	2,107	4,262
Shanghai Beida Jade Bird BIS Company Limited – Nanjing Branch	3	71	342	107
Loan from Beijing Beida Jade Bird BIS Company Limited	500	–	500	–
Rental expense of an office building charged by Beida Jade Bird Limited	177	492	435	764
Deposit received from Beijing Beida Jade Bird Security System Engineering Technology Company Limited in relation to the disposal of an associate	–	–	202,201	–

Loan from Beijing Beida Jade Bird BIS Company Limited is unsecured, interest free and has no fixed term of payment.

10. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2007 (2006: RMB Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Principal activities

The third quarter continued to perform satisfactorily following the Group's strategic move over risk-assessed credit sales. Revenue amount of RMB35,025,000 represented 8.1% increase as compared to the three month period ended 30 September 2006 ("3Q06") and a gigantic jump of 47.0% over the three month period ended 30 June 2007 ("2Q07"). Gross profit margin reduced slightly to 24.1% as compared with 25.5% in 2Q07 but still improved greatly by 7.3% as compared with 3Q06 owing to improvement in unit price of network security products. Despite of the increase in administration expenses by 74.6% over 3Q06 and 14.5% over 2Q07 respectively as a result of incurring more professional service fees in 3Q07 and the reversal of certain bad debts in 3Q06, the three month period ended 30 September 2007 ("3Q07") recorded a huge profit before tax of RMB387,648,000 thanked to the recognition of gain on disposal of 北京城建東華房地產開發有限公司 (Beijing Chengjian Donghua Real Estate Development Company Limited) ("Chengjian Donghua") of RMB386,126,000 which was completed in this quarter. Should this not be taken into account, the Group still made a profit before tax of RMB1,522,000 for 3Q07, representing 105.3% and 114.0% improvement from loss in 2Q07 and 3Q06 respectively.

Embedded systems and related products were still the major products among the product mix of the Group. Sales of them recorded at RMB21,991,000 for 3Q07, being 26.7% increase over 2Q07 and 41.1% increase over 3Q06. Sales of computer products amounted to RMB12,831,000, representing a boost of 101.5% over 2Q07 but a decrease of 23.7% over 3Q06.

Overall, revenue of the Group for the nine month period ended 30 September 2007 ("Review 07") surged by 17.2% to RMB85,862,000 over the nine month period ended 30 September 2006 ("Review 06"). Review 07 made a profit before tax of RMB348,444,000 while Review 06 made a loss of RMB34,690,000. Review 07 would made a loss before tax of RMB37,682,000 should the gain on disposal of Chengjian Donghua not be recognised, representing a slight increase of 8.6% over Review 06 mainly due to loss from the recognition of fair value of share options granted in 2007.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

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

According to the results of SMIC for 3Q07, revenue rose up by 6.1% to US\$391.4 million over 3Q06, representing 4.4% up from the 2Q07. Gross margin was 10.8% in 3Q07 representing an increase of 0.5% from 2Q07 primarily due to higher utilization and a higher proportion of logic shipments. Gross profit increased by 57.2% to US\$42.3 million over 3Q06, representing 9.8% increase from 2Q07. SMIC made a net loss of US\$25.6 million in 3Q07 as compared with a net loss of US\$2.1 million in 2Q07 due to severe price declines in the DRAM market. Revenue at 90-nanometer increased to 26.7%, representing an increase of 4.7% from 2Q07.

The 200-millimeter Chengdu fab is progressing smoothly. Pilot production began in 2Q07 with mass production expected to start by the end of 2007. The 300-millimeter Wuhan fab is planned to start the equipment move-in during the fourth quarter. 65-nanometer technology development was in steady progress. Commercial production of 2GB NAND flash products started in September 2007 while 8GB NAND flash products was under development.

SMIC has entered into a strategic agreement with Spansion whereas Spansion will transfer its 65nm flash technology to SMIC. This move will allow SMIC to enter selected segments of the flash memory market with a license to manufacture and sell 90nm, 65nm and potentially future Spansion MirrorBit® Quad products.

Liquidity and financial resources

Net asset value of the Group boosted up 38.1% to RMB1,006.3 million or RMB0.85 per share as compared with the last quarter after the recognition of gain on disposal of Chengjian Donghua. It represented an increase of 33.7% from the end of 2006. Liquidity of the Group remained strong as the current ratio, being the ratio of current assets to current liabilities rose up to 7.4 at the end of 3Q07 as compared with 2.0 at the end of 2Q07 resulting from the recognition of the consideration receivable from the disposal of Chengjian Donghua. Gearing ratio, being the ratio of total interest bearing debts to equity, improved to 21.9% as compared with 31.4% at the end of 2Q07.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency debt. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure when it is necessary to do so.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Review *(Continued)*

Capital commitment

The Group did not have material capital commitment as at 30 September 2007 (31 December 2006: RMB nil).

Contingent liabilities

The Group had no contingent liabilities as at 30 September 2007 (31 December 2006: RMB nil).

Human Resources

The Group employed around 256 staff as at 30 September 2007. Over 63% of them possess bachelor degree or above and 7 of them are doctorates. The Group develops its remuneration policy with reference to market practice. The Group also provides medical insurance and on-the-job training to its staff.

OUTLOOK

The results of 3Q07 reveal the continuing improvement of the Group's performance throughout the year. It proves that the Group has moved to right direction after adjustment in sales strategy this year. The Group believes this encouraging performance will continue in the last quarter of 2007. The Group aims at enriching shareholders' value not only through concentration on the principal activities but also diversification of business. The huge gain on disposal of Chengjian Donghua is a live example. The current investment in Xiaoxiang Traveling followed by the construction of Hengshan Terminal will become another income stream to the Group. The Group will continue to search for potential profitable investment opportunity in the future and act at the best interest of shareholders.

DIRECTORS, SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2007, the interests (including interests in shares 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	<i>(a)</i>	205,414,000	29.34%	17.34%
2.	Mr. Xu Zhi Xiang	<i>(a)</i>	205,414,000	29.34%	17.34%
3.	Mr. Zhang Wan Zhong	<i>(a)</i>	205,414,000	29.34%	17.34%
4.	Mr. Liu Yong Jin	<i>(a)</i>	205,414,000	29.34%	17.34%
Name of supervisor					
1.	Mr. Zhang Yong Li	<i>(a)</i>	205,414,000	29.34%	17.34%
2.	Ms. Dong Xiao Qing	<i>(a)</i>	205,414,000	29.34%	17.34%

DIRECTORS, SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

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 notified pursuant to Divisions 7 and 8 of Part XV of the SFO, recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed in the section "Employee Share Option Scheme" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in the Company granted to any director and supervisor or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors and supervisors to acquire such rights in any other body corporate. As at 30 September 2007, none of the directors or the supervisors had any rights to acquire H Shares in the Company.

EMPLOYEE SHARE OPTION SCHEME

The Company conditionally approved a share option scheme on 5 July 2000, pursuant to which the Board may, at its discretion, grant share option to any full-time employees of the Group to subscribe for shares in the Company, subject to a maximum of 30% of the Company's shares in issue at the date of grant. No options have been granted by the Company to any employees of the Group since the date of establishment of the share option scheme.

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

At 30 September 2007, the following interests and short positions of the 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 total number of issued H shares	Approximate percentage of the Company's issued share capital
1. Peking University	(a)	Through a controlled corporation	310,000,000	44.28%	Not applicable	26.16%
2. Beijing Beida Yu Huan Microelectronics System Engineering Company	(a)	Directly beneficially owned	85,000,000	12.14%	Not applicable	7.17%
3. Beijing Beida Jade Bird Software System Company	(a)	Directly beneficially owned	110,000,000	15.71%	Not applicable	9.28%
4. Beijing Beida Jade Bird Limited	(a)	Directly beneficially owned	115,000,000	16.43%	Not applicable	9.71%
5. Heng Huat Investments Limited	(b)	Through a controlled corporation	205,414,000	29.34%	Not applicable	17.34%
6. Dynamic Win Assets Limited	(b)	Directly beneficially owned	205,414,000	29.34%	Not applicable	17.34%
7. Mongolia Energy Corporation Limited (formerly known as "New World CyberBase Limited")	(c)	Through a controlled corporation	84,586,000	12.08%	Not applicable	7.14%
8. New View Venture Limited	(c)	Directly beneficially owned	84,586,000	12.08%	Not applicable	7.14%
9. Asian Technology Investment Company Limited		Directly beneficially owned	50,000,000	7.14%	Not applicable	4.22%
10. Tai Fook Securities Company Limited	(d)	Directly beneficially owned	80,800,000	Not applicable	16.67%	6.82%
11. Tai Fook Finance Company Limited	(d)	Through a controlled corporation	80,800,000	Not applicable	16.67%	6.82%
12. Tai Fook (BVI) Limited	(d)	Through a controlled corporation	80,800,000	Not applicable	16.67%	6.82%

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

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 北京市北大宇環微電子系統工程公司 (Beijing Beida Yu Huan Microelectronics System Engineering Company), which is beneficially wholly-owned by Peking University;
 - (ii) 110,000,000 shares (representing approximately 9.28% of the Company's total share capital) held by Beijing Beida Jade Bird Software System Company, which is beneficially wholly-owned by Peking University; and
 - (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.
- (b) The shares of the Company are held by Dynamic Win Assets Limited, 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 Mongolia Energy Corporation Limited (formerly known as "New World CyberBase Limited").
- (d) The shares are held by Tai Fook Securities Company Limited, which is directly wholly-owned by Tai Fook Finance Company Limited and indirectly wholly-owned by Tai Fook (BVI) Limited.

Save as disclosed above, no person, other than the directors and supervisors of the Company, whose interests are set out in the 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 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.

POST BALANCE SHEET EVENTS

On 22 October 2007, the Company and Beida Jade Bird Universal Sci-Tech (Cayman) Development Company Limited, a wholly-owned subsidiary of the Company, 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) pursuant to which all the parties agreed to establish 衡陽南嶽瀟湘旅遊發展有限公司 (Xiaoxiang Traveling Development Limited, Nanyue, Hengyang), a sino-foreign equity joint venture with limited liability in the PRC ("Xiaoxiang Traveling"). The registered capital of Xiaoxiang Traveling is RMB200,000,000 whereas the Group has 60% equity interest. The principal activities of Xiaoxiang Traveling are the exploration and development of travel and leisure business and relating infrastructure construction, in particular, the construction of a Hengshan Terminal. Hengshan Terminal is situated in Nanyue District, Hengyang City, Hunan Province, the PRC with a gross site area of approximately 120,000 square metres. It will consist of two car parks and a multi-block tourist information centre after completion. It is expected to commence operation fully in 2009.

POST BALANCE SHEET EVENTS *(Continued)*

On 9 November 2007, the Company, SBI Holdings, Inc. ("SBIH") and SBI VEN Holdings Pte. Ltd. (a wholly owned subsidiary of SBIH) entered into a non-binding term sheet pursuant to which all parties agreed to set up an investment fund for the purpose of investment mainly in real estates and unlisted companies in the PRC. Each of the Company and SBIH will contribute a sum of US\$50 million as capital. Total investment is planned to be US\$100 million. The Company, SBI VEN Holdings Pte. and certain other party will subscribe for 50%, 40% and 10% of shares in a limited company to be incorporated in Cayman Islands which will be responsible for fund management. No binding agreement was entered into up to date of report.

Save as disclosed above, the Group do not have significant post balance events after 30 September 2007.

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 of them are independent non-executive directors. Prof. Nan Xiang Hao is the chairman of the Audit Committee. Audit Committee had review the Group's third quarterly results report for the nine months ended 30 September 2007 and provided advice and recommendations to the Board of Directors.

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 period under review.

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

For the nine months ended 30 September 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, 13 November 2007