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This announcement, 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



北京北大青鳥環宇科技股份有限公司
BEIJING BEIDA JADE BIRD UNIVERSAL SCI-TECH COMPANY LIMITED
(a joint stock limited company incorporated in the People's Republic of China with limited liability)

**FURTHER ANNOUNCEMENT TO THE MAJOR TRANSACTION
RELATING TO THE PROPOSED INVESTMENT IN
SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
AND
DESPATCH OF CIRCULAR**

Further to the First Announcement in relation to the proposed subscription of certain Preference Shares of SMIC International by JBU Cayman, the Board announced that JBU Cayman has executed the conditional Share Purchase Agreement and the Shareholders' Agreement in escrow, pending consent by SMIC International for the use by the Company of the accountants' report of SMIC International in the Circular. Upon the delivery of Share Purchase Agreement by JBU Cayman on the business day immediately prior to the issue date of the Circular, the Share Purchase Agreement will be deemed to have taken effect as of 25th September, 2001. The Share Purchase Agreement supersedes the Preliminary Subscription Agreement.

The principal terms of the Share Purchase Agreement are the same as those of the Preliminary Subscription Agreement (as announced in the First Announcement) except for the following:

- (i) SMIC International may issue up to 1,000,000,000 Preference Shares pursuant to the Share Purchase Agreement instead of 900,009,000 Preference Shares as announced in the First Announcement. The number of Preference Shares which JBU Cayman has agreed to subscribe remains the same at 54,000,540 Preference Shares. In addition, JBU Cayman will also subscribe for 54,000,540 Series A-1 preference shares of SMIC International for an aggregate nominal consideration of US\$540.

- (ii) As one of the conditions to the First Closing, the total paid up share capital of SMIC International upon completion of the First Closing shall not be less than US\$468.75 million and the total firm commitments from all the investors including JBU Cayman shall not be less than US\$800 million, as opposed to the previously announced conditions of having a paid up capital of US\$750 million upon completion of the First Closing of the Investors Subscription and a paid up capital of US\$950 million upon completion of the Final Closing.
- (iii) As conditions, among others, to the Final Closing, any investor including JBU Cayman not making its scheduled payment for the purchase of the Preference Shares will be subject to penalties, including the mandatory sale of Preference Shares previously subscribed by that investor at a 50% discount (and assuming timely payment by all the Investors, the amount of paid up capital at the Final Closing will not be less than US\$800 million).
- (iv) The deadline for the satisfaction of all the closing conditions to the First Closing shall be 30th June, 2002, instead of 15th December, 2001.

A circular containing, among other things, (1) details of the terms of the Company Subscription; and (2) a notice convening the Special General Meeting for considering and, if thought fit, approving the Company Subscription will be despatched to the Shareholders on 31st December, 2001.

Investors should be aware that completion of the Company Subscription is subject to the satisfaction of a number of conditions. In particular, the Company may not proceed with the Company Subscription if it is not satisfied that SMIC International will have total paid up share capital of at least US\$468.75 million or the Investors and JBU Cayman having given firm commitments to make equity investments of at least US\$800 million in SMIC International upon completion of the First Closing. There is no assurance that the aforesaid condition, or any other conditions, will be fulfilled. Investors should therefore exercise caution when dealing in the H Shares.

Unless otherwise stated herein, terms used in this announcement shall have the same meanings as those defined in the announcement of Beijing Beida Jade Bird Universal Sci-Tech Company Limited (the "Company") dated 6th September, 2001 (the "First Announcement").

Further to the First Announcement in relation to the proposed subscription of certain Preference Shares of SMIC International by JBU Cayman, the Board announced that JBU Cayman has executed a conditional share purchase agreement (the "Share Purchase Agreement") and a shareholders' agreement (the "Shareholders' Agreement"), together with other ancillary agreements, in escrow, pending consent by SMIC International for the use by the Company of the accountants' report of SMIC International in the Circular. Upon the delivery of the Share Purchase Agreement by JBU Cayman on the business day immediately prior to the issue date of the Circular, the Share Purchase Agreement will be deemed to have taken effect as of 25th September, 2001. The Share Purchase Agreement supersedes the conditional subscription agreement dated 30th August, 2001 (the "Preliminary Subscription Agreement") entered into between JBU Cayman and SMIC International.

The principal terms of the Share Purchase Agreement are the same as those of the Preliminary Subscription Agreement (as announced in the First Announcement) except for the following:

- (i) Pursuant to the Share Purchase Agreement, SMIC International may issue up to 1,000,000,000 Preference Shares, an increase of 99,991,000 Preference Shares from the 900,009,000 Preference Shares that may be issued as stipulated in the Preliminary Subscription Agreement. The number of

Preference Shares which JBU Cayman has agreed to subscribe remains the same at 54,000,540 Preference Shares. As a result of the increase in the total number of Preference Shares, the holding of JBU Cayman in the total voting capital of SMIC International will decrease from 5.92% as previously announced to 5.29%. In addition, JBU Cayman will also subscribe for 54,000,540 Series A-1 preferences shares of SMIC International which are non-voting, non-convertible and non-transferable for an aggregate nominal consideration of US\$540;

- (ii) Pursuant to the Share Purchase Agreement, as conditions, among others, to the First Closing, the total paid up share capital of SMIC International upon completion of the First Closing shall not be less than US\$468.75 million and the total firm commitments from the Investors and JBU Cayman shall not be less than US\$800 million. These differ from the conditions stipulated in the Preliminary Subscription Agreement, which stated as conditions, a paid up capital of not less than US\$750 million and US\$950 million upon completion of the First Closing and the Final Closing of the Investors Subscription respectively;
- (iii) Each of the Investors and JBU Cayman shall have an obligation to purchase the Preference Shares it committed to purchase at the Final Closing, the failure of which will subject such non-purchasing investor to penalties, including the mandatory sale of Preference Shares previously subscribed by such investor at a 50% discount and, assuming timely payment by all the Investors and JBU Cayman, the paid up capital at the Final Closing will not be less than US\$800 million. Pursuant to the Share Purchase Agreement, the Investors and JBU Cayman have the right to subscribe for their pro rata share of the Preference Shares not subscribed by the non-purchasing investors. However, any Preference Shares not taken up by the Investors and JBU Cayman may be offered to other investors. The Preliminary Subscription Agreement provided that as conditions, among others, to the Final Closing, SMIC International shall have no less than US\$950 million paid up share capital upon completion of the Final Closing and the Final Closing of the Investors Subscription shall have been completed; and
- (iv) The deadline for the satisfaction of all the closing conditions to the First Closing shall be 30th June, 2002, instead of 15th December, 2001.

The above amendments to the terms and conditions for the Company Subscription is the result of commercial negotiations between JBU Cayman and SMIC International. The Directors consider that such amendments are fair and reasonable and in the interest of the shareholders of the Company as a whole.

The Shareholders' Agreement contains, among other things, provisions governing nomination of board directors, anti-dilution, restriction on transfer, drag-along rights and preferential treatment in favour of the Investors and JBU Cayman in the manufacture of integrated circuits by SMIC International. Details of the Shareholders' Agreement will be incorporated in the Circular.

Upon full conversion of the 1,000,000,000 Preference Shares that may be subscribed pursuant to the Subscriptions into Ordinary Shares (the "Conversion") and not taking into account any further Ordinary Shares or Preference Shares to be issued by SMIC International, JBU Cayman will hold approximately 5.29% of the total issued Ordinary Shares of SMIC International as enlarged by the Conversion. The increase in the total number of Preference Shares to be issued by SMIC International will result in a decrease of JBU Cayman's holding in the total voting capital of SMIC International from 5.92% as previously announced to 5.29%. As SMIC International is a start-up company, the Directors consider that additional capital will enhance SMIC International's working capital position and its potential for future growth.

A summary of the audited consolidated results of SMIC International for the period from 3rd April, 2000 (date of incorporation) to 31st December, 2000 and the 7-month period from 1st January, 2001 to 31st July, 2001 is presented below:

	From 3rd April, 2000 to 31st December, 2000 <i>US\$'000</i>	7 months ended 31st July, 2001 <i>US\$'000</i>
Interest income	2,153	8,195
Other revenue	2	131
Administrative expenses	(929)	(5,929)
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Profit from operations	1,226	2,397
Interest on bank borrowings wholly repayable within 5 years	–	(538)
	<hr/>	<hr/>
Net profit for the period	<u>1,226</u>	<u>1,859</u>

The audited consolidated net tangible assets of SMIC International as at 31st July, 2001 was approximately US\$3.7 million.

Based on the audited financial statements of the Company for the year ended 31st December, 2000, the net tangible assets of the Company as at 31st December, 2000 was approximately RMB371.3 million. Taking into account the unaudited profit attributable to the Shareholders for the 9-month period ended 30th September, 2001 of approximately RMB20.7 million, the unaudited adjusted net tangible assets of the Company as at 30th September, 2001 was approximately RMB392.0 million. The Directors are not aware of any material financial impact to the net tangible assets of the Company immediately following the completion of the Company Subscription.

The Company Subscription constitutes a major transaction of the Company under the GEM Listing Rules and is subject to approval by the Shareholders at the Special General Meeting.

A circular containing, among other things, (1) details of the terms of the Company Subscription; and (2) a notice convening the Special General Meeting for considering and, if thought fit, approving the Company Subscription will be despatched to the Shareholders on 31st December, 2001.

Investors should be aware that completion of the Company Subscription is subject to the satisfaction of a number of conditions. In particular, the Company may not proceed with the Company Subscription if it is not satisfied that SMIC International will have total paid up share capital of at least US\$468.75 million or the Investors and JBU Cayman having given firm commitments to make equity investments of at least US\$800 million in SMIC International upon completion of the First Closing. There is no assurance that the aforesaid condition, or any other conditions, will be fulfilled. Investors should therefore exercise caution when dealing in the H Shares.

By order of the Board
Xu Zhen Dong
Chairman

Beijing, the PRC, 28th December, 2001

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