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

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

(Stock Code: 08095)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors of the Company (the "Directors") 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 ("GEM Listing Rules") 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.

RESULTS

The Board of Directors ("**Board**") hereby present the audited consolidated results and financial position of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2009, together with the comparative figures for the year ended 31 December 2008, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Note	**2009** *RMB'000*	2008 *RMB'000*
Turnover	3	**230,723**	171,658
Cost of sales and services		**(138,657)**	(130,990)
Gross profit		**92,066**	40,668
Other gains and income	4	**13,474**	56,098
Distribution costs		**(12,997)**	(17,615)
Administrative expenses		**(34,358)**	(30,005)
Other operating expenses		**(4,366)**	(13,837)
Profit from operations		**53,819**	35,309
Finance costs	6	**(62)**	(36,401)
Share of losses of jointly controlled entities		**(4,560)**	(1,599)
Gain on termination of derivative financial instruments		**–**	7,064
Impairment loss on available-for-sale financial assets		**–**	(182,149)
Profit/(loss) before tax		**49,197**	(177,776)
Income tax expense	7	**(11,417)**	(13,216)
Profit/(loss) for the year	8	**37,780**	(190,992)
Other comprehensive income after tax:			
Change in fair value of available-for-sale financial assets		**92,342**	(220,098)
Exchange differences on translating foreign operations		**46**	(11,211)
Income tax relating to change in fair value of available-for-sale financial assets		**(3,289)**	–
Other comprehensive income for the year, net of tax		**89,099**	(231,309)
Total comprehensive income for the year		**126,879**	(422,301)
Profit/(loss) for the year attributable to:			
Owners of the Company		**21,395**	(192,503)
Minority interests		**16,385**	1,511
		37,780	(190,992)
Total comprehensive income for the year attributable to:			
Owners of the Company		**98,489**	(402,679)
Minority interests		**28,390**	(19,622)
		126,879	(422,301)
Earnings/(loss) per share			
Basic and diluted	9	**RMB1.8 cents**	RMB(16.2) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
Non-current assets			
Property, plant and equipment		**56,728**	46,272
Prepaid land lease payments		**5,523**	5,608
Goodwill		**6,125**	6,125
Other intangible assets		**22,508**	26,801
Investments in jointly controlled entities		**96,615**	32,919
Available-for-sale financial assets		**232,568**	140,400
		420,067	258,125
Current assets			
Inventories		**30,510**	16,132
Trade receivables	*10*	**21,608**	19,166
Due from a shareholder		**47**	47
Due from related parties		**147**	402
Prepayments, deposits and other receivables		**28,301**	7,617
Financial assets at fair value through profit or loss		**–**	10,513
Non-pledged time deposits with original maturity of more than three months when acquired		**3,425**	46,873
Cash and cash equivalents		**541,822**	551,622
		625,860	652,372
Total assets		**1,045,927**	910,497
Current liabilities			
Trade payables	*11*	**28,528**	23,645
Advances from customers		**9,866**	9,917
Accruals and other payables		**37,307**	37,596
Due to a shareholder		**2,076**	2,120
Due to related parties		**3,374**	4,072
Dividend payables		**–**	10,277
Bank loan		**10,000**	–
Current tax liabilities		**67,017**	65,279
		158,168	152,906
Net current assets		**467,692**	499,466
Total assets less current liabilities		**887,759**	757,591
Non-current liabilities			
Deferred tax liabilities		**3,289**	–
		3,289	–
NET ASSETS		**884,470**	757,591
Capital and reserves			
Share capital		**118,480**	118,480
Reserves		**697,478**	598,989
Equity attributable to owners of the Company		**815,958**	717,469
Minority interests		**68,512**	40,122
TOTAL EQUITY		**884,470**	757,591

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to owners of the Company								Minority interests	Total equity
	Share capital	Capital reserve	Reserve funds	Foreign currency translation reserve	Investment revaluation (deficit)/reserve	Retained profits	Proposed final dividend	Total		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2008	118,480	378,209	77,974	(44,167)	4,728	403,545	23,696	962,465	58,126	1,020,591
Total comprehensive income for the year	–	–	–	(11,211)	(198,965)	(192,503)	–	(402,679)	(19,622)	(422,301)
Impairment on available-for-sale financial assets	–	–	–	–	182,149	–	–	182,149	–	182,149
Termination of derivative financial instruments	–	–	–	(281)	–	–	–	(281)	–	(281)
Transfer	–	(489)	–	–	–	–	–	(489)	489	–
Dividend paid	–	–	–	–	–	–	(23,696)	(23,696)	–	(23,696)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	884	884
Capital contribution from minority interests	–	–	–	–	–	–	–	–	245	245
Changes in equity for the year	–	(489)	–	(11,492)	(16,816)	(192,503)	(23,696)	(244,996)	(18,004)	(263,000)
At 31 December 2008	118,480	377,720	77,974	(55,659)	(12,088)	211,042	–	717,469	40,122	757,591
At 1 January 2009	118,480	377,720	77,974	(55,659)	(12,088)	211,042	–	717,469	40,122	757,591
Total comprehensive income for the year	–	–	–	46	77,048	21,395	–	98,489	28,390	126,879
Transfer	–	–	2,489	–	–	(2,489)	–	–	–	–
Changes in equity for the year	–	–	2,489	46	77,048	18,906	–	98,489	28,390	126,879
At 31 December 2009	118,480	377,720	80,463	(55,613)	64,960	229,948	–	815,958	68,512	884,470

Notes:

1. Principal activities

The Group is principally engaged in the research, development, manufacture, marketing and sale of wireless fire alarm systems and related products ("**WFAS**"), the provision of network security outsource services and manufacture and sale of network security products ("**NET**"), the sale of computer products ("**Computers**") and development of travel and leisure business ("**Tourism Development**").

2. Basis of presentation

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

In the current year, the Group has adopted all the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for accounting year beginning on 1 January 2009. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

(a) Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

(b) Operating Segments

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving as the starting point for the identification of such segments. The primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8. HKFRS 8 has been applied retrospectively.

The segment accounting policies under HKFRS 8 are stated in note 5.

Save for the amendment to HKFRS 8 "Operating Segments" discussed below, the Group has not applied the following new HKFRSs that have been issued but are not yet effective:

Improvements to HKFRSs	Amendments to HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as part of Improvements to HKFRSs[1]
Improvements to HKFRSs 2009	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
Amendments to HKAS 32	Financial Instruments: Presentation – Classification of Rights Issues[4]
Amendments to HKAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items[1]
HKFRS 1 (Revised)	Comprehensive Revision[1]
HKFRS 1 (Revised)	Additional Exemption for First-time Adopters[3]
HKFRS 1 (Revised)	Limited Exemptions for Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 3 (Revised)	Business Combinations[1]
Amendments to HKFRS 2	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 9	Financial Instruments[7]
Amendments to HK (IFRIC) – Int 14	Prepayments of a Minimum Funding Requirements[6]
HK (IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK (IFRIC) – Int 18	Transfers of Assets from Customers[8]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for annual periods beginning on or after 1 February 2010.
5 Effective for annual periods beginning on or after 1 July 2010.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 January 2013.
8 Effective for assets received on or after 1 July 2009.

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

Improvements to HKFRSs 2009

Improvements to HKFRSs 2009 include a set of certain non-urgent but necessary amendments to the HKFRSs. In particular, the amendment to HKFRS 8 "Operating Segments" involves a clarification that assets and liabilities need only be reported when they are included in measures of segment performance that are used by the chief operating decision maker. The Group decides to early adopt this amendment since no assets nor liabilities are included in such measures to its chief operating decision maker.

2.2 Basis of preparation

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

Basis of consolidation

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

Subsidiaries are 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 carrying amount together with any remaining goodwill relating to the subsidiary and also any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits 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 portion of interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between minority and owners of the Company (majority interests). Losses applicable to the minority in excess of the minority interests in the subsidiary's equity are allocated against the majority interests 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 majority interests until the minority's share of losses previously absorbed by the majority has been recovered.

3. Turnover

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

	2009	2008
	RMB'000	*RMB'000*
Sales of embedded system products and related products	**159,245**	105,889
Sales of Computers	**18,425**	36,569
Rendering of travel and leisure services	**53,053**	29,200
	230,723	171,658

4. **Other gains and income**

	2009	2008
	RMB'000	*RMB'000*
Bank interest income	**2,085**	11,225
Gain on disposal of financial assets at fair value through profit or loss	**6,961**	–
Interest income from loan receivables	**–**	41,572
Others	**4,428**	3,301
	13,474	56,098

5. **Segment information**

The Group has four reportable segments as follows:

NET	–	provision of network security outsource services and manufacture and sale of network security products
WFAS	–	manufacture and sale of WFAS
Computers	–	trading of Computers
Tourism Development	–	rendering of travel and leisure services

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those applied by the Group in the financial statements. Segment profits or losses do not include dividend income, interest income, gains or losses from investments, unallocated other gains and income, finance costs, share of profits or losses of jointly controlled entities, impairment losses on investments and unallocated corporate expenses.

The Group accounts for intersegment sales and transfers as if the sale or transfers were to third parties, i.e. at current market prices.

Information about reportable segment profit or loss:

	Revenue from external customers		Segment profit/(loss)	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
NET	**4,361**	9,917	**538**	(7,716)
WFAS	**154,884**	95,972	**29,623**	6,364
Computers	**18,425**	36,569	**2,553**	(532)
Tourism Development	**53,053**	29,200	**23,090**	2,234
	230,723	171,658	**55,804**	350
Interest income			**2,085**	52,797
Gain on disposal of financial assets at fair value through profit or loss			**6,961**	–
Unallocated other gains and income			**4,428**	–
Finance costs			**(62)**	(36,401)
Share of losses of jointly controlled entities			**(4,560)**	(1,599)
Gain on termination of derivative financial instruments			**–**	7,064
Impairment loss on available-for-sale financial assets			**–**	(182,149)
Unallocated corporate expenses			**(15,459)**	(17,838)
Profit/(loss) before tax			**49,197**	(177,776)

Other segment information:

	Depreciation and amortisation expenses	
	2009	2008
	RMB'000	*RMB'000*
NET	**76**	89
WFAS	**1,755**	1,487
Computers	**1**	1
Tourism Development	**8,411**	5,730
	10,243	7,307

Geographical information:

	Revenue		Non-current assets	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The People's Republic of China (the "**PRC**") except Hong Kong	**226,224**	148,684	**251,369**	148,295
Hong Kong	**4,499**	21,682	**168,698**	109,830
Others	**–**	1,292	**–**	–
	230,723	171,658	**420,067**	258,125

In presenting the geographical information, revenue is based on the locations of the customers.

6. Finance costs

	2009	2008
	RMB'000	*RMB'000*
Interest on bank loan	**430**	44
Interest on other loans	**5**	2,070
Net foreign exchange (gains)/losses	**(373)**	34,287
	62	36,401

7. Income tax expense

	2009	2008
	RMB'000	*RMB'000*
Current tax – Mainland China Enterprise Income Tax		
Provision for the year	**9,635**	13,216
Over-provision in prior year	**(5,163)**	–
	4,472	13,216
Current tax – Hong Kong Profits Tax		
Provision for the year	**1,149**	–
Under-provision in prior year	**5,796**	–
	6,945	–
	11,417	13,216

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit of the Group for the year ended 31 December 2009.

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.

During the year ended 31 December 2009, the Company and two subsidiaries of the Company have been certified by the relevant PRC authorities as a high technology enterprise. Pursuant to the Income Tax Law in the PRC, the Company and the two subsidiaries are subject to enterprise income tax at a rate of 15% effective for three years ending 31 December 2011.

Other subsidiaries of the Company established in the PRC are generally subject to income tax on their taxable income at a tax rate of 25% (2008: 25%).

The new PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007 introduces various changes which include the unification of the enterprise income tax rate for domestic and foreign enterprises at 25%. The new tax law has been effective from 1 January 2008.

8. Profit/(loss) for the year

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

	2009	2008
	RMB'000	*RMB'000*
Allowance for doubtful other receivables	**30**	17
Allowance for doubtful trade receivables	**100**	1,833
Amortisation of other intangible assets		
Included in cost of sales and services	**4,286**	3,214
Included in administrative expenses	**7**	7
Auditors' remuneration	**1,180**	1,255
Change in fair value of financial assets at fair value through profit or loss	**–**	4,097
Cost of inventories sold	**115,218**	107,592
Depreciation	**8,066**	5,567
Gain on disposal of property, plant and equipment	**(8)**	(847)
Operating leases charges in respect of land and buildings	**3,323**	2,666
Reversal of allowance for doubtful other receivables	**–**	(2)
Reversal of allowance for doubtful trade receivables	**(576)**	(824)
Reversal of allowance for obsolete and slow-moving inventories (included in cost of sales and services)	**(122)**	–
Research and development expenditure	**4,231**	6,347
Staff costs (excluding directors' and supervisors' emoluments)		
Retirement benefits scheme contributions	**2,290**	2,052
Social security costs	**2,873**	2,159
Wages, salaries and bonuses	**28,941**	27,484
	34,104	31,695
Write-off of doubtful trade receivables	**–**	10

Cost of inventories sold includes staff costs and depreciation of approximately RMB6,511,000 (2008: RMB4,534,000) which are included in the amounts disclosed separately above.

9. Earnings/(loss) per share

Basic and diluted earnings/(loss) per share

The calculation of basic and diluted earnings (2008: loss) per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately RMB21,395,000 (2008: loss attributable to owners of the Company of approximately RMB192,503,000) and the weighted average number of ordinary shares of 1,184,800,000 (2008: 1,184,800,000) in issue during the year.

10. Trade receivables

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is sometimes required. The credit period generally ranges from 3 to 6 months, starting from the date on which the significant risks and rewards of ownership of products are transferred by the Group to customers or the date of completion of services provided or the payment due date as defined in the contracts, whichever is the latest. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise the credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforesaid and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

	2009	2008
	RMB'000	*RMB'000*
0 to 90 days	**13,206**	11,572
91 to 180 days	**2,756**	1,873
181 to 365 days	**1,091**	2,091
Over 365 days	**4,555**	3,630
	21,608	19,166

11. Trade payables

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

	2009	2008
	RMB'000	*RMB'000*
0 to 90 days	**21,414**	15,396
91 to 180 days	**918**	907
181 to 365 days	**498**	1,915
Over 365 days	**5,698**	5,427
	28,528	23,645

DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

The Group's turnover totaled approximately RMB230.7 million for the year ended 31 December 2009, soared by 34.4% year-on-year. Gross profit boosted by 1.3 times year-on-year to RMB92.1 million. Gross profit margin widened from 23.7% to 39.9% year-on-year. Cost of sales and services rose by 5.9% year-on-year to RMB138.7 million. WFAS business and travel and leisure business remained the two bellwethers, leading the Group to experience a jubilant year. Overall operating expenses, including distribution costs, administrative expenses and other operating expenses, decreased by 15.8% year-on-year to RMB51.7 million mainly because research and development on network security product was nearly stopped after the Group faded out this non-profitable manufacture and trading business. Finance costs dropped drastically by almost 100% year-on-year to RMB62,000 due to full repayment of cash collateral under the securities lending arrangement in the second half of last year and the net foreign exchange gain recorded during the year. Benefited from the well-performed WFAS and travel and leisure businesses, profit for the year showed a V-shaped rebound and marked a remarkable increase to RMB37.8 million as compared with loss of RMB191.0 million last year.

WFAS

WFAS segment contributed 67.1% to the Group's turnover for the year. Turnover rallied to RMB154.9 million, up 61.4% year-on-year. Segment profit soared 3.7 times to RMB29.6 million. WFAS business is flourishing. Demand for fire alarm systems and related products remained strong especially after a lot of urban infrastructural projects were kicked off during the year as a result of economic stimulus package. Many projects which were deferred previously due to economic crisis and 2008 Beijing Olympic Games restarted. Hundreds and thousands of disasters in the past few years also alerted people to the potential risk of fire, stimulating the demand for fire protection solutions. Starting from last year, the Group set up representative offices in different provinces in the PRC to seize the opportunity emerged from the elimination of non-complied small competitors after the adoption of new Fire Protection Law. This expansion strategy remained a main focus during the year and the pace accelerated. The Group shifted the production of non-mainstream products to the factory in Sichuan Jinyuan and freed up capacity to produce mainstream products like detectors. The Group also equipped with more new plant and machinery to speed up production and stablise quality. These two measures helped the Group meet the flying demand. More high calibre and experienced salespersons were recruited to strengthen sales force. Intensive trainings were also provided for the technical staff and after-sales service levels were upgraded. New products introduced during the year not only diversify product mix but also allow the Group to maintain customer loyalty. The Group strives for maximizing customers' benefit by keeping a competitive pricing strategy. Since the Group controlled production costs stringently, high profit margin was maintained.

NET

NET segment contributed 1.9% to the Group's turnover for the year. Turnover was RMB4.4 million, dropped 56.0% year-on-year. NET segment reported a slight profit of RMB0.5 million as compared with a loss of RMB7.7 million last year mainly due to improvement in performance. Starting from the end of last year, the Group developed network security outsourcing actively and faded out the original manufacture and trading business. The Group reduced sales and technical staff headcount to a minimum, leaving remaining staff to wrap up outstanding projects and to follow up outstanding accounts receivable. It employed specific experienced staff in the meantime to provide tailor-made outsource service. Outsource business was on track since the third quarter and corresponding turnover climbed up gradually month-over-month. The Group was serving two clients during the year. It had contracted with one new client and had started negotiation with several potential sizable enterprises.

Computers

Computers segment contributed 8.0% to the Group's turnover for the year. Turnover recorded RMB18.4 million only, down 49.6% year-on-year. However, certain one-off service provided during the year helped the segment avoid from loss. A tiny profit of RMB2.6 million was reported as compared with a loss of RMB0.5 million last year. Financial crisis reduced management's intention to upgrade or renew hardware. Confidence on future was still weak albeit turnaround of stock market. In addition, vicious competition from factories set up by famous brands directly in the PRC deeply affected the Group's Computers trading business. Having aware of this situation, the Group had deliberately reduced resources in the business. The ultimate aim is to fade it out in the near future, retaining valuable human and financial resources and using them industriously for other profitable areas.

Tourism Development

Tourism Development segment contributed 23.0% to the Group's turnover for the year. Turnover rallied to RMB53.1 million, up 81.7% year-on-year. Profit increased over 9 times year-on-year to RMB23.1 million. Although scenic spot entrance fee was adjusted upward during the year and conation was yet to be recovered in the aftermath of financial turmoil, almost one million man-times of tourists visited Hengshan in 2009. Tourist number remained stable. Around 92% of them took the environmental bus of the Group. Hengyang City Government has renovated the scenic spot to improve its image. It also prohibited against unauthourised service providers to carry out illegal transport service. It offered privileges like annual pass as well as allied with Guilin as friendly cities to attract tourists. These actions help stablise the number of visitors. In addition, comparative figures covered nine months only instead of a full year as the transport service started in April 2008.

Other gains and income

Other gains and income mainly represented bank interest income and gain on disposal of financial assets. The amount dropped significantly year-on-year as all loan receivables had been collected in 2008.

*Investment in a jointly controlled entity – SBI & BDJB China Fund L.P. ("**SBI China**")*

The Group contributed USD10 million further into SBI China during the year. Total capital contribution to SBI China accumulated to USD15 million. SBI concluded the first investment, being a sizable PRC vocational IT education service provider, subsequent to the contribution. It is highly recognised in the PRC IT education industry with remarkable market share.

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

According to the latest published information available, SMIC reported revenue of USD333.1 million, up 3.0% quarter-over-quarter due to a 1.6% increase in wafer shipments. Gross margin improved ten times to 10.6% over the third quarter of 2009 due to increase in average selling price per wafer, total wafer shipments as well as factory utilization. Greater China sales continued to grow and reached 38% of total revenue for the fourth quarter with Mainland China sales accounted for 21%. Revenue from advanced technology nodes of 0.13 micron and below grew by 12.9% quarter-over-quarter. Net loss for the fourth quarter of the year was USD482 million mainly due to huge impairment loss on assets and settlement of litigation charges totaled USD439 million.

*Available-for-sale financial assets – Zhang Jia Jie Tourism Development Co., Ltd. ("**ZJJ Tourism**")*

According to the latest published information available, turnover of ZJJ Tourism increased by 3.7% to RMB90.6 million year-on-year. Revenue surge in Xiangxi area far outweighted the decrease in other areas. Drop in number of Korean tourists and lack of hotel maintenance hurt ZJJ Tourism. Stringent cost control as well as drop in standard lending rate helped ZJJ Tourism reduce its outlays. ZJJ Tourism reported a net loss of RMB47.3 million for 2009, down 39% year-on-year.

ZJJ Tourism completed the split share structure reform in June 2009. The shares held in ZJJ Tourism by the Group are now transferable in the stock market, subject to a lock-up period of one year until June 2010.

In order to improve its asset quality and profitability, ZJJ Tourism proposed to acquire an environmental transportation business and a real estate business. The two transactions are subject to approvals and yet to be concluded as at year end.

Major Events

*Formation of fourth session of the Board and supervisory committee of the Company ("**Supervisory Committee**")*

The Company held the 2008 AGM on 20 May 2009. Following the conclusion of the meeting, the third session of the Board and the Supervisory Committee ended and the fourth session started. Ms. Xue Li, Mr. Li Ming Chun, Mr. Chu Yu Guo, Ms. Feng Ping and Mr. Lin Yan were elected as new Directors. Mr. Xu Zhen Dong, Mr. Hao Yi Lung and Professor Chin Man Chung, Ambrose retired from the Board. Mr. Lin replaces Professor Chin as a member of the audit committee of the Company ("**Audit Committee**"). Professor Yang Jin Guan and Mr. Li Chong Hua were elected as new supervisors of the Company ("**Supervisors**") while Mr. Du Hong and Ms. Lu Qing retired.

Subsequent to the year end, on 8 January 2010, Mr. Zhang Yong Li and Mr. Li Ming Chun were appointed as executive Director and Supervisor respectively. Mr. Zhang resigned from the Supervisory Committee while Mr. Li resigned from the Board immediately after their appointments.

Receipt of court order regarding freeze of Beijing Beida Jade Bird Limited's interests in the share capital of the Company

The Company was requested by 北京市第一中級人民法院 (Beijing No. 1 Intermediate People's Court) to freeze and not to register without approval any transfer, sale or pledge or other action of similar effect of 115 million shares of the Company ("**Shares**") held by Beijing Beida Jade Bird Limited for a period of two years commencing on 31 July 2009 to 30 July 2011. The freeze relates to this shareholder only. The Directors do not expect this court order to have any material adverse impact on the Group.

*Change in shareholding of Hang Zhou Beida Jade Bird Sci-Tech Co., Ltd. ("**HZ Jade Bird**")*

The Company was notified by HZ Jade Bird that it entered into a share transfer agreement with Beijing Beida High Technology Investment Co., Ltd. ("**Beida High Technology**") on 3 November 2009 pursuant to which HZ Jade Bird agreed to transfer 85 million promoters Shares to Beida High Technology, representing 12.14% of the promoters Shares or 7.17% of the total issued share capital of the Company at date of agreement, for a consideration of RMB20 million. The transfer does not affect the shareholding of Peking University since both HZ Jade Bird and Beida High Technology are beneficially held by Peking University. The Directors do not expect this change to have any material adverse impact on the Group.

Liquidity and Financial Resources

Group net assets reached RMB884.5 million as at 31 December 2009, up 16.7% year-on-year thanked for the profitability improvement and rise in fair values of listed equity securities investments following the rebound of Hong Kong and PRC stock markets during the year. Cash and bank balances decreased 1.8% to RMB541.8 million as at year end mainly due to further capital injection into SBI China. Current ratio (being the ratio of current assets to current liabilities) decreased slightly from 4.3 to 4.0 as at year end. Gearing ratio (being the ratio of total interest-bearing debts to total equity) slightly increased from zero to 1.1%. Financial position remains sound.

The operation of the Group is generally funded by internal resources.

Exposure to Foreign Currencies

The Group exposes to certain foreign currency risk as most of its business activities, assets and liabilities are denominated in United States dollars, Hong Kong dollars and RMB. The Group does not formulate a foreign currency hedging policy at present as RMB, being the functional currency of the Group, is relatively strong and stable. The Group will closely monitor its exposure and take measures to lower the foreign currency risk when necessary.

Capital Commitments

The Group had capital contribution commitments to jointly controlled entities totalled approximately RMB239.2 million (2008: RMB307.9 million) as at 31 December 2009.

Human Resources

The Group employed 655 staff as at year end, dropped 0.8% year-on-year. Drop in number of research and development staffs account for most of the decrease after the Group's decision to fade out the network security product manufacture and trading business. The Group offers competitive remuneration package to its staff including medical insurance and travel insurance. The Group strictly follows the requirements regarding mandatory provident fund in Hong Kong and state-managed pension scheme in PRC respectively.

Director's emoluments consist of fees, salaries and allowances, and discretionary bonus determined according to the performance of individual Director.

FUTURE DEVELOPMENT

The Group will develop WFAS suitable for export to the United States market. For the travel and leisure business, the Group will continue to cooperate with Hengyang City Government to promote the scenic spot. The Group aims at expanding the client base of the NET segment in the meantime. Last but not least, SBI China strives for conclusion of further investments in 2010.

COMPETING INTERESTS

As at 31 December 2009, none of the Directors, Supervisors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had interests in a business which competes or may compete with the businesses of the Group, or may have any conflicts of interest with the Group pursuant to the GEM Listing Rules.

AUDIT COMMITTEE

The Company established its Audit Committee 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 monitoring the financial reporting system and internal control procedure of the Group, reviewing financial information and advising the Board on the engagement and independence of external auditors.

Audit Committee comprises three members. The chairman is Professor Nan Xiang Hao. The two members are Mr. Cai Chuan Bing and Mr. Lin Yan. All of them are independent non-executive Directors. Audit Committee had held a meeting to review the Group's annual results for the year ended 31 December 2009 and concluded the meeting with agreement to the contents of this announcement.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2009 (2008: Nil).

By order of the Board
Beijing Beida Jade Bird Universal
Sci-Tech Company Limited
Chu Yu Guo
Chairman

Beijing, the PRC, 23 March 2010

As at the date of this announcement, Mr. Zhang Wan Zhong, Ms. Xue Li and Mr. Zhang Yong Li are executive Directors, Mr. Chu Yu Guo, Mr. Xu Zhi Xiang, Mr. Liu Yong Jin and Ms. Feng Ping are non-executive Directors and Professor Nan Xiang Hao, Mr. Cai Chuan Bing and Mr. Lin Yan are independent non-executive Directors.

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