



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)

**SECOND QUARTERLY RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2010**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK
EXCHANGE OF HONG KONG LIMITED**

GEM has been positioned as a market designed to accommodate companies to which a higher 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.

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This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

SECOND QUARTERLY RESULTS (UNAUDITED)

The Board was delighted to announce the unaudited consolidated results of the Group for the six months ended 30 June 2010 together with the unaudited comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

| | Note | Three months ended 30 June | | Six months ended 30 June | |
|---|------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 |
| Turnover | 3 | 62,556 | 48,546 | 96,715 | 75,596 |
| Cost of sales and services | | (31,952) | (30,641) | (51,264) | (49,590) |
| Gross profit | | 30,604 | 17,905 | 45,451 | 26,006 |
| Other gains and income | 5 | 1,566 | 4,814 | 58,166 | 4,253 |
| Distribution costs | | (3,016) | (3,055) | (7,062) | (6,173) |
| Administrative expenses | | (11,380) | (6,607) | (21,988) | (15,211) |
| Other operating expenses | | (2,084) | (672) | (4,158) | (1,844) |
| Profit from operations | | 15,690 | 12,385 | 70,409 | 7,031 |
| Finance costs | 6 | (1,184) | 389 | (1,449) | 370 |
| Share of losses of jointly controlled entities | | (1,165) | (1,597) | (2,487) | (2,123) |

| | Note | Three months ended 30 June | | Six months ended 30 June | |
|--|------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 |
| Profit before tax | | 13,341 | 11,177 | 66,473 | 5,278 |
| Income tax expense | 7 | <u>(3,712)</u> | <u>(2,776)</u> | <u>(4,268)</u> | <u>(2,905)</u> |
| Profit for the period | 8 | 9,629 | 8,401 | 62,205 | 2,373 |
| Other comprehensive income after tax | | | | | |
| Change in fair value of available-for-sale financial assets | | (94,048) | 38,299 | (5,272) | 45,266 |
| Exchange differences on translating foreign operations | | (923) | (20) | (1,040) | 108 |
| Income tax relating to change in fair value of available-for-sale financial assets | | 878 | (791) | – | (791) |
| Other comprehensive income for the period, net of tax | | <u>(94,093)</u> | <u>37,488</u> | <u>(6,312)</u> | <u>44,583</u> |
| Total comprehensive income for the period | | <u>(84,464)</u> | <u>45,889</u> | <u>55,893</u> | <u>46,956</u> |
| Profit for the period attributable to: | | | | | |
| Owners of the Company | | 3,192 | 5,901 | 54,839 | 74 |
| Non-controlling interests | | 6,437 | 2,500 | 7,366 | 2,299 |
| | | <u>9,629</u> | <u>8,401</u> | <u>62,205</u> | <u>2,373</u> |
| Total comprehensive income for the period attributable to: | | | | | |
| Owners of the Company | | (85,476) | 40,906 | 52,899 | 35,332 |
| Non-controlling interests | | 1,012 | 4,983 | 2,994 | 11,624 |
| | | <u>(84,464)</u> | <u>45,889</u> | <u>55,893</u> | <u>46,956</u> |
| | | RMB cent | RMB cent | RMB cent | RMB cent |
| Earnings per share | | | | | |
| Basic and diluted | 9 | <u>0.27</u> | <u>0.50</u> | <u>4.63</u> | <u>0.01</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

| | | 30 June 2010 (Unaudited) RMB'000 | 31 December 2009 (Audited) RMB'000 |
|---|-------------|---|---|
| | <i>Note</i> | | |
| Non-current assets | | | |
| Property, plant and equipment | | 62,272 | 62,251 |
| Goodwill | | 6,125 | 6,125 |
| Other intangible assets | | 20,361 | 22,508 |
| Investment in jointly controlled entities | | 93,613 | 96,615 |
| Available-for-sale financial assets | <i>10</i> | 183,306 | 232,568 |
| | | 365,677 | 420,067 |
| Current assets | | | |
| Inventories | | 43,645 | 30,510 |
| Trade receivables | <i>11</i> | 39,615 | 21,608 |
| Loan receivables | | 110,323 | – |
| Due from a shareholder | | 47 | 47 |
| Due from related parties | | 162 | 147 |
| Prepayments, deposits and other receivables | | 9,990 | 28,301 |
| Non-pledged time deposits with original maturity of more than three months when acquired | | 3,396 | 3,425 |
| Cash and cash equivalents | | 513,699 | 541,822 |
| | | 720,877 | 625,860 |
| Total assets | | 1,086,554 | 1,045,927 |
| Current liabilities | | | |
| Trade payables | <i>12</i> | 21,536 | 28,528 |
| Advances from customers | | 12,350 | 9,866 |
| Accruals and other payables | | 31,311 | 37,307 |
| Due to a shareholder | | 2,092 | 2,076 |
| Due to related parties | | 3,350 | 3,374 |
| Bank loan | <i>13</i> | 10,000 | 10,000 |
| Other loan | <i>14</i> | 8,000 | – |
| Current tax liabilities | | 62,909 | 67,017 |
| | | 151,548 | 158,168 |
| Net current assets | | 569,329 | 467,692 |
| Total assets less current liabilities | | 935,006 | 887,759 |

| | | 30 June 2010 (Unaudited) RMB'000 | 31 December 2009 (Audited) RMB'000 |
|--|-----------|---|---|
| Non-current liabilities | | | |
| Deferred tax liabilities | | – | 3,289 |
| | | <u>–</u> | <u>3,289</u> |
| NET ASSETS | | 935,006 | 884,470 |
| Capital and reserves | | | |
| Share capital | <i>15</i> | 118,480 | 118,480 |
| Reserves | | 750,377 | 697,478 |
| | | <u>868,857</u> | <u>815,958</u> |
| Equity attributable to owners of the Company | | 868,857 | 815,958 |
| Non-controlling interests | | 66,149 | 68,512 |
| | | <u>935,006</u> | <u>884,470</u> |
| TOTAL EQUITY | | 935,006 | 884,470 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

| | Attributable to owners of the Company | | | | | | | | |
|--|---------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|----------------------------------|-----------------|
| | Share capital | Capital reserve | Reserve funds | Foreign | Investment | Retained profits | Total | Non- controlling interests | Total equity |
| | | | | currency | revaluation | | | | |
| | | | | translation reserve | (deficit)/ reserve | | | | |
| (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 | |
| 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 period | - | - | - | 108 | 35,150 | 74 | 35,332 | 11,624 | 46,956 |
| Changes in equity for the period | - | - | - | 108 | 35,150 | 74 | 35,332 | 11,624 | 46,956 |
| At 30 June 2009 | <u>118,480</u> | <u>377,720</u> | <u>77,974</u> | <u>(55,551)</u> | <u>23,062</u> | <u>211,116</u> | <u>752,801</u> | <u>51,746</u> | <u>804,547</u> |
| At 1 January 2010 | 118,480 | 377,720 | 80,463 | (55,613) | 64,960 | 229,948 | 815,958 | 68,512 | 884,470 |
| Total comprehensive income for the period | - | - | - | (1,040) | (900) | 54,839 | 52,899 | 2,994 | 55,893 |
| Dividend to non-controlling interests | - | - | - | - | - | - | - | (5,357) | (5,357) |
| Changes in equity for the period | - | - | - | (1,040) | (900) | 54,839 | 52,899 | (2,363) | 50,536 |
| At 30 June 2010 | <u>118,480</u> | <u>377,720</u> | <u>80,463</u> | <u>(56,653)</u> | <u>64,060</u> | <u>284,787</u> | <u>868,857</u> | <u>66,149</u> | <u>935,006</u> |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 |
| Net cash used in operating activities | (29,808) | (2,942) |
| Net cash generated from/(used in) investing activities | 7,556 | (34,221) |
| Net cash used in financing activities | (5,663) | (410) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (27,915) | (37,573) |
| Effect of foreign exchange rate changes | (208) | (62) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD | 541,822 | 551,622 |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD, REPRESENTED BY | 513,699 | 513,987 |
| Cash and bank balances | 513,699 | 513,987 |
| Time deposits | 3,396 | 3,404 |
| | 517,095 | 517,391 |
| Less: Non-pledged time deposits with original maturity of more than three months when acquired | (3,396) | (3,404) |
| CASH AND CASH EQUIVALENTS | 513,699 | 513,987 |

Note:

1. PRINCIPAL ACTIVITIES

The Group is principally engaged in the research, development, manufacture, marketing and sale of wireless fire alarm systems and related products, the provision of network security outsource services and manufacture and sale of network security products, the sale of computer products and the development of travel and leisure business.

2. BASIS OF PRESENTATION

2.1 Adoption of new and revised HKFRSs

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for accounting year beginning on 1 January 2010. HKFRSs comprise Hong Kong Financial Reporting Standards; 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, presentation of the Group’s financial statements and amounts reported for the current period and prior years except as stated below.

a. Consolidation

HKAS 27 (Revised) “Consolidated and Separate Financial Statements” contains the following requirements:

- Total comprehensive income is attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance. The previous HKAS 27 requires excess losses to be allocated to the owners of the Company, except to the extent that the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses.
- Changes in the Company’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the Company. The previous HKAS 27 does not have specific requirements for such transactions.
- When the disposal of a subsidiary results in a loss of control, the consideration of the sale and any investment retained in that subsidiary are required to be measured at their fair values. The previous HKAS 27 does not have specific requirements for such fair value measurements.

The above requirements of HKAS 27 (Revised) has been applied prospectively from 1 January 2010 and resulted in changes in the consolidated amounts reported in the condensed consolidated statement of comprehensive income as follows:

| | Six months ended 30 June | |
|---|---------------------------------|----------|
| | 2010 | 2009 |
| | RMB’000 | RMB’000 |
| Decrease in profit for the period attributable to non-controlling interests | <u>6</u> | <u>–</u> |

b. *Classification of prepaid land lease payment*

Amendments to HKAS 17 “Leases” deleted the guidance in HKAS 17 that when the land has an indefinite economic life, the land element is normally classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term.

The Group reclassifies a prepaid land lease payment as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership to the Group e.g. at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the land.

Amendments to HKAS 17 has been applied retrospectively and resulted in changes in the consolidated amounts reported in the condensed consolidated financial statements as follows:

| | 2010 | 2009 |
|---|---------------------------------|--------------|
| | RMB’000 | RMB’000 |
| Increase in Property, plant and equipment | 5,480 | 5,523 |
| Decrease in Prepaid land lease payments | (5,480) | (5,523) |
| | ————— | ————— |
| | Six months ended 30 June | |
| | 2010 | 2009 |
| | RMB’000 | RMB’000 |
| Increase in Depreciation | 43 | 43 |
| | ————— | ————— |

The Group has not applied the following new HKFRSs that have been issued but are not yet effective:

| | |
|-----------------------------------|--|
| HKAS 24 (Revised) | Related Party Disclosures ¹ |
| Improvements to HKFRSs 2010 | Improvements to HKFRSs 2010 ¹ |
| HKFRS 9 | Financial Instruments ³ |
| Amendments to HK (IFRIC) – Int 14 | Prepayments of a Minimum Funding Requirements ¹ |
| HK (IFRIC) – Int 19 | Extinguishing Financial Liabilities with Equity Instruments ² |
| Amendments to HKFRS 1 | First-time adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ² |

¹ Effective for annual periods beginning on or after 1 January 2011.

² Effective for annual periods beginning on or after 1 July 2010.

³ Effective for annual periods beginning on or after 1 January 2013.

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.

2.2 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with HKAS 34 “Interim Financial Reporting” issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the GEM Listing Rules. These condensed consolidated 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 condensed consolidated financial statements are presented in 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.

Save as aforesaid or as otherwise mentioned in this announcement, the accounting policies adopted in preparing these unaudited condensed consolidated financial statements are consistent with those used in the Company's annual audited consolidated financial statements for the year ended 31 December 2009. These condensed consolidated financial statements should be read in conjunction with these mentioned audited financial statements.

Basis of consolidation

The condensed consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June. 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 that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and 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.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the condensed consolidated statement of financial position and condensed consolidated statement of changes in equity within equity. Non-controlling interests are presented in the condensed consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the period between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

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:

| | Three months ended 30 June | | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 |
| Sale of embedded system products and related products | 47,642 | 33,443 | 70,924 | 49,707 |
| Sale of Computers | (2) | 6,772 | 2,020 | 11,550 |
| Rendering of travel and leisure services | 14,916 | 8,331 | 23,771 | 14,339 |
| | <u>62,556</u> | <u>48,546</u> | <u>96,715</u> | <u>75,596</u> |

4. SEGMENT INFORMATION

The Group's four reportable segments remain unchanged since the last annual financial statements and are as follows:

| | | |
|---------------------|---|---|
| NET | – | provision of network security outsources 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 |

Information about reportable segment profit or loss:

| | Revenue from external customers | | Segment profit/(loss) | |
|--|------------------------------------|-----------------|-----------------------|-----------------|
| | 2010 RMB'000 | 2009 RMB'000 | 2010 RMB'000 | 2009 RMB'000 |
| NET | 2,485 | 1,781 | 124 | 373 |
| WFAS | 68,439 | 47,926 | 13,918 | 6,592 |
| Computers | 2,020 | 11,550 | (993) | 565 |
| Tourism Development | 23,771 | 14,339 | 9,395 | 3,052 |
| | <u>96,715</u> | <u>75,596</u> | <u>22,444</u> | <u>10,582</u> |
| Bank interest income | | | 844 | 855 |
| Change in fair value of financial assets at fair value through profit or loss | | | – | 2,721 |
| Gain on disposal of available-for-sale financial assets | | | 55,927 | – |
| Unallocated other gains and income | | | 1,396 | 677 |
| Finance costs | | | (1,449) | 370 |
| Share of losses of jointly controlled entities | | | (2,487) | (2,123) |
| Unallocated corporate expenses | | | (10,202) | (7,804) |
| Profit before tax | | | <u>66,473</u> | <u>5,278</u> |

5. OTHER GAINS AND INCOME

| | Three months ended 30 June | | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 |
| Bank interest income | 582 | 607 | 844 | 855 |
| Change in fair value of financial assets at fair value through profit or loss | – | 3,545 | – | 2,721 |
| Gain/(loss) on disposal of available-for-sale financial assets | (339) | – | 55,927 | – |
| Interest income from loan receivables | 1,282 | – | 1,282 | – |
| Others | 41 | 662 | 113 | 677 |
| | <u>1,566</u> | <u>4,814</u> | <u>58,166</u> | <u>4,253</u> |

6. FINANCE COSTS

| | Three months ended 30 June | | Six months ended 30 June | |
|-------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 |
| Interest on bank loan | 128 | 138 | 271 | 138 |
| Interest on other loan | 74 | – | 74 | – |
| Net foreign exchange losses/(gains) | 982 | (527) | 1,104 | (508) |
| | <u>1,184</u> | <u>(389)</u> | <u>1,449</u> | <u>(370)</u> |

7. INCOME TAX EXPENSE

| | Three months ended 30 June | | Six months ended 30 June | |
|---------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 |
| Current tax – Mainland China | | | | |
| Enterprise Income Tax | | | | |
| Provision for the period | 3,501 | 2,142 | 4,057 | 2,271 |
| Under-provision in prior period | – | 634 | – | 634 |
| Current tax – Hong Kong | | | | |
| Profits Tax | | | | |
| Provision for the period | 211 | – | 211 | – |
| | <u>3,712</u> | <u>2,776</u> | <u>4,268</u> | <u>2,905</u> |

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profits of the Group for the six months ended 30 June 2010.

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 high technology enterprises. 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 the 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% (2009: 25%).

8. PROFIT FOR THE PERIOD

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

| | Three months ended 30 June | | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 |
| Amortisation of other intangible assets included in cost of sales and services | 1,071 | 1,071 | 2,143 | 2,143 |
| included in administrative expenses | 2 | 2 | 4 | 4 |
| Change in fair value of financial assets at fair value through profit or loss | – | (3,545) | – | (2,721) |
| Depreciation | 2,516 | 1,953 | 5,001 | 3,823 |
| Gain on disposal of property, plant and equipment | – | – | 7 | – |
| Reversal of allowance for doubtful trade receivables | – | (182) | – | (188) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

9. EARNINGS PER SHARE

Basis and diluted earnings per share

The calculation of basic and diluted earnings per share attributable to owners of the Company for the three months ended 30 June 2010 and 2009 are based on profit for the period attributable to owners of the Company of approximately RMB3,192,000 (2009: RMB5,901,000) and the weighted average number of 1,184,800,000 (2009: 1,184,800,000) Shares in issue during the period.

The calculation of basic and diluted earnings per share attributable to owners of the Company for the six months ended 30 June 2010 and 2009 are based on profit for the period attributable to owners of the Company of approximately RMB54,839,000 (2009: RMB74,000) and the weighted average number of 1,184,800,000 (2009: 1,184,800,000) Shares in issue during the period.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | 30 June 2010 (Unaudited) RMB'000 | 31 December 2009 (Audited) RMB'000 |
|----------------------------------|---|---|
| Equity securities, at fair value | | |
| Listed in Hong Kong | 133,646 | 168,688 |
| Listed outside Hong Kong | 49,410 | 63,630 |
| Equity securities, at cost | | |
| Unlisted outside Hong Kong | 250 | 250 |
| | <u> </u> | <u> </u> |
| | 183,306 | 232,568 |
| | <u> </u> | <u> </u> |

11. 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:

| | 30 June 2010 (Unaudited) RMB'000 | 31 December 2009 (Audited) RMB'000 |
|-----------------|---|---|
| 0 to 90 days | 26,522 | 13,206 |
| 91 to 180 days | 2,956 | 2,756 |
| 181 to 365 days | 5,136 | 1,091 |
| Over 365 days | 5,001 | 4,555 |
| | <u>39,615</u> | <u>21,608</u> |

12. TRADE PAYABLES

The ageing analysis of 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:

| | 30 June 2010 (Unaudited) RMB'000 | 31 December 2009 (Audited) RMB'000 |
|-----------------|---|---|
| 0 to 90 days | 15,686 | 21,414 |
| 91 to 180 days | 225 | 918 |
| 181 to 365 days | 202 | 498 |
| Over 365 days | 5,423 | 5,698 |
| | <u>21,536</u> | <u>28,528</u> |

13. BANK LOAN

Bank loan as at 30 June 2010 and 31 December 2009 is repayable within one year (shown under current liabilities).

The carrying amount of the Group's bank loan as at 30 June 2010 and 31 December 2009 are denominated in Renminbi.

The interest rate paid for bank loan at 30 June 2010 is 5.31% (2009: 5.84%).

At 30 June 2010 and 31 December 2009, the bank loan is secured by a charge over certain property, plant and equipment of the Group.

14. OTHER LOAN

Other loan was unsecured, interest bearing at 4.9% per annum and repayable within one year (shown under current liabilities).

15. SHARE CAPITAL

| | 30 June 2010 (Unaudited) RMB'000 | 31 December 2009 (Audited) RMB'000 |
|--|---|---|
| Registered, issued and fully paid: | | |
| 700,000,000 promoters shares of RMB0.10 each | 70,000 | 70,000 |
| 484,800,000 H Shares of RMB0.10 each | 48,480 | 48,480 |
| | 118,480 | 118,480 |

16. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during the period:

| | Three months ended 30 June 2010 (Unaudited) RMB'000 | | Six months ended 30 June 2010 (Unaudited) RMB'000 | |
|--|--|--------------------------------|--|--------------------------------|
| | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 | 2010 (Unaudited) RMB'000 | 2009 (Unaudited) RMB'000 |
| Sales of embedded systems products and WFAS to related companies – controlled by Peking University | 2,529 | 1,470 | 4,345 | 2,497 |
| Purchases from a related company controlled by Peking University | – | – | – | 110 |
| Network security outsource services income from a related company controlled by Peking University | – | – | – | 120 |
| Rental expenses for office building charged by – a shareholder of the Company – Peking University | 170 2 | 90 – | 352 6 | 180 – |
| | 172 | 90 | 358 | 180 |

The Directors are of the opinion that the above transactions with related parties were conducted in the usual course of business.

(b) Compensation of key management personnel of the Group:

| | Three months ended 30 June | | Six months ended 30 June | |
|------------------------------|----------------------------|-------------|--------------------------|--------------|
| | 2010 | 2009 | 2010 | 2009 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Short term employee benefits | 677 | 594 | 1,352 | 1,141 |
| Post-employment benefits | 43 | 36 | 85 | 68 |
| | <u>720</u> | <u>630</u> | <u>1,437</u> | <u>1,209</u> |

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

Growth continued in the second quarter of the year especially from the WFAS segment and Tourism Development segment. Turnover expanded 83.1% to RMB62.6 million as compared with the first quarter. Overall turnover for the six months ended 30 June 2010 ("FH10") increased 27.9% year-on-year to RMB96.7 million. Gross profits doubled quarter-over-quarter and recorded RMB30.6 million for the second quarter. Overall gross profits for FH10 surged 74.8% year-on-year to RMB45.5 million. Gross profit margin further expanded by 5.5% in the second quarter, resulting in an overall margin of 47.0% for FH10. Apart from the drop in WFAS product costs and cancellation of environmental bus fare discount, additional advanced production facilities enhanced capacity, giving the Group a stronger base to capture more orders. Cost of sales and services increased slightly by 3.4% year-on-year to RMB51.3 million for FH10. Overall operating expenses, including distribution costs, administrative expenses and other operating expenses, rose 43.0% year-on-year to RMB33.2 million mainly due to remuneration upsurge as a result of large scale recruitment to cope with business growth. Finance costs which mainly represent exchange losses increased RMB1.4 million for FH10. Included in other gains and income were mainly gain on disposal of partial interests in SMIC and loan interest incomes from the facilities advanced to certain independent third parties. Profit for FH10 reached RMB62.2 million, up 25 times as compared with the profit for the same period last year. Profit for FH10 without the gain on disposal of interests in SMIC was RMB6.3 million, representing a turnaround from loss of RMB0.3 million for the same period last year on the same basis. Since Hong Kong and PRC stock market adjusted downward in the second quarter, rise of fair value of the Group financial assets in the first quarter is nearly leveled. Total comprehensive income for FH10 increased to RMB55.9 million, up 19.0% year-on-year only.

WFAS

This segment contributed 70.8% to the Group's turnover for FH10 and is the largest profit centre of the Group. Turnover tripled quarter-over-quarter from the first quarter of the year and accumulated to RMB68.4 million for FH10, up 42.8% year-on-year. Segment profit also doubled as compared with the same period last year and recorded RMB13.9 million. Exponential growth was mainly the result of increasing brand recognition, good product quality and proactive market promotion. To capture the increasing market demand, the Group had injected new equipments and recruited more workers. Further investments in hardware and expansion in workforce are expected.

NET

This segment contributed 2.6% to the Group's turnover for FH10 only. Segment profit was RMB124,000 for FH10. Profit contribution was low albeit a 39.5% up in turnover to RMB2.5 million year-on-year. The Group continued its focus on two customers. Much in-depth services were provided while efficiency was enhanced.

Computers

Similar to NET segment, contribution from Computers segment to the Group was limited. Segment turnover was only 2.1% of overall turnover for FH10. Transaction volume was small and segment loss of RMB1 million was reported.

Tourism Development

This segment contributed 24.6% to the Group's turnover for FH10 and is the second largest profit centre. Turnover for the second quarter leapt 67.4% quarter-over-quarter to RMB14.9 million. Overall turnover for FH10 boosted 65.8% year-on-year to RMB23.8 million. Around 240,000 man-times of tourists visited Hengshan in the second quarter of the 2010. Total number of tourists this year accumulated to around 380,000 man-times by the end of June. Opening of Wu-Guang Express Railway makes it much convenience for tourists to visit Hengshan. Alliance with local travel agencies in providing benefits and privileges stimulates the growth of group travel. Percentage of tourist using the Group environmental bus service increased, proving its rising attractiveness.

Other gains and income

Other gains and income mainly represented gain on disposal of the Group's partial interests in SMIC during the FH10 and loan interest incomes from the facilities advanced to certain independent third parties.

Investment in a jointly controlled entity – SBI China

There was no new investment concluded during the FH10.

Available-for-sale financial assets – SMIC

According to the latest information available, SMIC recorded revenue of US\$381.1 million for the second quarter of the year, up 8.4% quarter-over-quarter and 42.5% year-on-year. Gross margin improved to 15.6% in the second quarter as compared with 14.6% in the first quarter mainly due to an increase in utilisation. Gain attributable to owners of SMIC was US\$96.0 million in the second quarter as compared with a loss of US\$181.9 million in the first quarter mainly due to a change in fair value of US\$105.9 million being gain of commitment to grant shares and warrants. Driven by China's maturing fabless companies, China revenue has grown 27.4% quarter-over-quarter. North American customers continue to contribute more than half of the revenue. Shipments for 65 nanometer increased more than double quarter-over-quarter. 45/40 nanometer development is well underway and technology is expected to be ready by the end of 2010.

Available-for-sale financial assets – ZJJ Tourism

According to the latest public information available, ZJJ Tourism reported turnover of RMB40.1 million for FH10, up 23.5% year-on-year. Market atmosphere improved obviously in 2010, leading to an remarkable increase in number of tourists. Revamp in major scenic spots improved their attractiveness. Fare rise in certain scenic spot also contributed to the performance improvement. Net loss for FH10 narrowed by 94.7% to RMB0.9 million as compared with the first half of 2009. Apart from profitability increase, effective cost control and recognition of an other income of approximately RMB11.1 million resulting from the waive of interests by a major bank helped ZJJ Tourism narrow the loss.

The lock-up period of those shares held in ZJJ Tourism ended in June 2010. No plan is proposed by the Group to dispose of these shares up to date of this announcement.

In order to improve its asset quality and profitability, ZJJ Tourism proposed to acquire an environmental transportation business and a real estate business in 2009. The transactions were principally approved by Hunan Government.

Major Events

On 21 April 2010, Expert China entered into an agreement with BJB Development, a wholly-owned subsidiary of the Company, pursuant to which the latter agreed to make available a facility in a maximum aggregate amount of HK\$110 million to the former for a period of six months at an interest rate of 5% per annum. The facility is guaranteed by the sole shareholder and director of Expert China. Expert China is principally engaged in investment holding and disclosed as a substantial shareholder of a company listed on the Stock Exchange.

Following the conclusion of the 2009 annual general meeting, Mr. Zou Zhi Xing and Ms. Zhou Min were appointed as new Supervisors to replace Mr. Li De Yong and Ms. Dong Xiao Qing who resigned on the same date.

The Shareholders have approved to grant to the Board disposal mandate regarding conditional disposal of 243,163,400 ordinary shares of SMIC held by the Group, being its entire investment in SMIC. No disposal was carried out by the Group subsequent to the approval of the mandate up to date of this announcement.

Subsequent to the end of the reporting period, Hong Kong Resources Holdings Company Limited whose shares are traded on the Stock Exchange issued convertible bonds of which a principal amount of HK\$24 million was subscribed by BJBU Development. The convertible bonds are interest bearing at 5% per annum and due three years from issue date convertible into ordinary shares of the bond issuer at HK\$1.58 per share.

Liquidity and Financial Resources

Driven by robust growth in WFAS and Tourism Development segments which increase profitability of the Group, Group net assets enlarged to RMB935.0 million at the end of reporting period, up 5.7% as compared with the value as at 31 December 2009. Current ratio (being the ratio of current assets to current liabilities) improved from 4.0 to 4.8 during the first half of the year. Gearing ratio (being the ratio of total interest-bearing debts to total equity) rose from 1.1% to 1.9%. Cash and cash equivalents dropped slightly by 5.2% to RMB513.7 million. Financial position remains sound.

Exposure to Foreign Currencies

The Group exposes to certain foreign currency risk as most of its business activities, assets and liabilities are denominated in USD, HK\$ 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 Commitment

The Group had a capital contribution commitments to jointly controlled entities totaled approximately RMB239 million as at the end of reporting period.

Human Resources

The Group employed 744 staff at the end of the reporting period, dropped below 1% from the first quarter but up 13.6% since the end of 2009. Workforce was expanded in the first half of the year to cope with business growth. 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 the PRC respectively.

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

Outlook

The Group will remain its focus on WFAS business and tourism business. To meet the buoyant demand in wireless fire alarm products, the Group has expanded its production and sales workforce. Intensive training has been provided to workers and staff so as to enhance their skills and productivity. This direction will be continued so that the workforce can fully ready to accept challenge. Progress for overseas market exploration is one step forward as the Group prepares to establish a branch in Canada. The Group aims at completion in the

third quarter. Characterised by high correlation between number of Hengshan visitors and corresponding segment turnover, the Group will continue its policy to accompany local government to promote Hengshan. Coming six month period is the peak season for tourism in Hengshan. Together with the encouraging State policy over tourism, admiring growth is still expected albeit the influence from Expo 2010 Shanghai China.

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

As at 30 June 2010, the interests (including interests in shares and short positions) of Directors, Supervisors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO) and required to be entered into the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Shares:

| Name of Director | Capacity | Number of ordinary Shares | | Total | Approximate percentage of the Company's total number of issued promoters shares | Approximate percentage of the Company's total number of issued H shares | Approximate percentage of the Company's total issued share capital |
|----------------------------|---|--------------------------------|---|-------------|---|---|--|
| | | Personal interests in H Shares | Other interests in promoters Shares (Note a) | | | | |
| Mr. Zhang Wan Zhong | Beneficial owner and beneficiary of trust | 12,070,000 | 205,414,000 | 217,484,000 | 29.34% | 2.49% | 18.36% |
| Mr. Zhang Yong Li (Note b) | Beneficiary of trust | - | 205,414,000 | 205,414,000 | 29.34% | NA | 17.34% |
| Mr. Chu Yu Guo | Beneficial owner | 13,114,000 | - | 13,114,000 | - | 2.71% | 1.11% |
| Mr. Xu Zhi Xiang | Beneficial owner and beneficiary of trust | 11,527,000 | 205,414,000 | 216,941,000 | 29.34% | 2.38% | 18.31% |
| Mr. Liu Yong Jin | Beneficiary of trust | - | 205,414,000 | 205,414,000 | 29.34% | NA | 17.34% |
| Ms. Feng Ping (Note c) | Beneficial owner and beneficiary of trust | 12,070,000 | 205,414,000 | 217,484,000 | 29.34% | 2.49% | 18.36% |
| Name of Supervisor | | | | | | | |
| Mr. Li Ming Chun (Note d) | Beneficiary of trust | - | 205,414,000 | 205,414,000 | 29.34% | NA | 17.34% |
| Ms. Zhou Min (Note e) | Beneficiary of trust | - | 205,414,000 | 205,414,000 | 29.34% | NA | 17.34% |

Remarks: NA represents "not applicable"

Note:

- (a) The above Directors and Supervisors 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 (“Heng Huat Trust”). By a declaration of Heng Huat Trust made as a deed on 19 July 2000, Mr. Xu Zhen Dong (a former Director), 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 over 300 employees of JB Software, Beida Jade Bird, Yu Huan and Xinda Real Estate Co., Ltd. and their respective subsidiaries and associated companies and the Company. Heng Huat is beneficially interested in the entire issued share capital of 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.
- (b) Mr. Zhang Yong Li was appointed as Director on 8 January 2010. He resigned from the Supervisory Committee on the same date.
- (c) Ms. Feng Ping is interested in the promoters Shares by virtue of the interests held by her spouse.
- (d) Mr. Li Ming Chun was appointed as Supervisor on 8 January 2010. He resigned from the Board on the same date.
- (e) Ms. Zhou Min was appointed as Supervisor on 30 June 2010.

Save as disclosed above, none of the Directors, Supervisors and chief executive of the Company 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 of the GEM Listing Rules as at 30 June 2010.

DIRECTORS’ AND SUPERVISORS’ RIGHTS TO ACQUIRE SHARES

Save as disclosed in the 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.

EMPLOYEE SHARE OPTION SCHEME

The Company 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 (including directors of the Company and its subsidiaries) of the Group to subscribe for H Shares subject to a maximum aggregate of 30% of the Company’s Shares in issue from time to time. However, employees who are Mainland China nationals shall not be entitled to exercise the option until the current restrictions on Mainland China nationals from subscribing for or dealing in H Shares imposed by the relevant PRC law and regulations have been abolished or removed. No options have been granted by the Company to any employees of the Group since the date of establishment of the share option scheme. The scheme was expired on 4 July 2010.

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

At 30 June 2010, the following interests and short positions of the issued share capital of the Company were recorded in the register of interests required to be maintained by the Company pursuant to Section 336 of the SFO:

Long positions in Shares:

| Name | Notes | Capacity and nature of interests | Number of ordinary shares held | Approximate percentage of the Company's total number of issued promoters shares | Approximate percentage of the Company's total number of issued H shares | Approximate percentage of the Company's total issued share capital |
|--|----------|--|--------------------------------|---|---|--|
| 1. Peking University | (a) | Through controlled corporations | 310,000,000 | 44.29% | NA | 26.16% |
| 2. Beida Asset Management Co., Ltd. | (a) | Through controlled corporations | 310,000,000 | 44.29% | NA | 26.16% |
| 3. Beijing Beida Jade Bird Software System Co., Ltd. | (a), (c) | Directly beneficially owned and through a controlled corporation | 310,000,000 | 44.29% | NA | 26.16% |
| 4. Beijing Beida Jade Bird Limited | (a), (b) | Directly beneficially owned and through a controlled corporation | 200,000,000 | 28.57% | NA | 16.88% |
| 5. Hang Zhou Beida Jade Bird Sci-Tech Co., Ltd | (a) | Directly beneficially owned | 85,000,000 | 12.14% | NA | 7.17% |
| 6. Heng Huat Investments Limited | (d) | Through a controlled corporation | 205,414,000 | 29.34% | NA | 17.34% |
| 7. Dynamic Win Assets Limited | (d) | Directly beneficially owned | 205,414,000 | 29.34% | NA | 17.34% |
| 8. Mr. Xu Zhen Dong | (e) | Trustee and beneficiary of trust | 205,414,000 | 29.34% | NA | 17.34% |
| 9. Mongolia Energy Corporation Limited | (f) | Through a controlled corporation | 84,586,000 | 12.08% | NA | 7.14% |
| 10. New View Venture Limited | (f) | Directly beneficially owned | 84,586,000 | 12.08% | NA | 7.14% |
| 11. Asian Technology Investment Company Limited | | Directly beneficially owned | 50,000,000 | 7.14% | NA | 4.22% |
| 12. Taifook Securities Company Limited | (g) | Directly beneficially owned | 80,800,000 | N/A | 16.67% | 6.82% |
| 13. Taifook Finance Company Limited | (g) | Through a controlled corporation | 80,800,000 | N/A | 16.67% | 6.82% |
| 14. Taifook (BVI) Limited | (g) | Through controlled corporations | 80,800,000 | N/A | 16.67% | 6.82% |

Remarks: NA represents "not applicable"

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 million Shares (representing approximately 7.17% of the Company's total issued share capital) held by HZ Jade Bird, which is beneficially owned by Peking University;
 - (ii) 110 million Shares (representing approximately 9.28% of the Company's total issued share capital) held by JB Software itself, which is 48% beneficially owned by Peking University; and
 - (iii) 115 million Shares (representing approximately 9.71% of the Company's total issued share capital) held by Beida Jade Bird itself, which is beneficially owned by Peking University.

Beida Asset Management Co., Ltd. is wholly owned by Peking University.

On 21 January 2008, the Company was notified by JB Software that it had entered into a share transfer agreement with HZ Jade Bird on 18 January 2008 whereas it agreed to transfer to HZ Jade Bird 110 million Shares subject to approval by 國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council). The transfer was approved during the period ended 30 June 2010 and will be effective upon completion of registration in Administration for Industry & Commerce and Bureau of Commerce.

On 3 November 2009, the Company was notified by HZ Jade Bird that it entered into a share transfer agreement with Beida High Technology on the same date whereas it agreed to transfer to Beida High Technology 85 million Shares. Beida High Technology is 80% beneficially owned by Guangzhou Beida Jade Bird BIS Co., Ltd. while the latter is 80% beneficially owned by Beida Jade Bird. The transfer will be effective upon completion of registration in Administration for Industry & Commerce and Bureau of Commerce.

- (b) The interests of Beida Jade Bird comprise 115 million Shares held by itself and 85 million Share held by HZ Jade Bird, which is 80% beneficially owned by Beida Jade Bird.
- (c) The interests of JB Software comprise 110 million Shares held by itself and 200 million Shares held by Beida Jade Bird, which is 46% beneficially owned by JB Software.
- (d) The Shares are held by Dynamic Win, which is beneficially wholly owned by Heng Huat.
- (e) Mr. Xu Zhen Dong is taken to be interested in the Shares through his interests as beneficiary of Heng Huat Trust. Details of the nature of his interests are set out in note (a) of the section "Directors', Supervisors' and chief executive's interests and short position in Shares and underlying Shares" on page 22.
- (f) The Shares are held by New View Venture Limited, which is wholly-owned by Mongolia Energy Corporation Limited.
- (g) The Shares are held by Taifook Securities Company Limited, which is directly wholly-owned by Taifook Finance Company Limited and indirectly wholly-owned by Taifook (BVI) Limited.

Save as disclosed above, no person, other than the Directors and Supervisors, 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 interests 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 as at 30 June 2010.

COMPETING INTERESTS

As at 30 June 2010, none of the Directors and Supervisors 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.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in section “Management Discussion and Analysis”, the Group had no significant events after 30 June 2010 (2009: Nil).

AUDIT COMMITTEE

The Company established its Audit Committee with terms of reference in compliance with Rules 5.28 to 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 second quarterly results report for the six months ended 30 June 2010 and concluded the meeting with agreement to the contents of the quarterly report.

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 six months ended 30 June 2010.

PURCHASE, REDEMPTION OR SALE OF THE 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 six months ended 30 June 2010 (2009: Nil).

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

Beijing, the PRC, 11 August 2010

GLOSSARY

| | |
|-------------------------|---|
| “Audit Committee” | audit committee of the Company |
| “Beida High Technology” | Beijing Beida High Technology Investment Co., Ltd. |
| “Beida Jade Bird” | Beijing Beida Jade Bird Limited |
| “BJBU Development” | Beida Jade Bird Universal Sci-Tech (Cayman) Development Company Limited |
| “Board” | Board of Directors |
| “Company” | Beijing Beida Jade Bird Universal Sci-Tech Company Limited |
| “Computers” | computer products of the Group |
| “Director(s)” | director(s) of the Company |
| “Dynamic Win” | Dynamic Win Assets Limited |
| “Expert China” | Expert China Investments Limited |
| “GEM” | the Growth Enterprise Market of The Stock Exchange |
| “GEM Listing Rules” | Rules Governing the Listing of Securities on GEM |
| “Group” | Company and its subsidiaries |
| “H Share(s)” | overseas-listed foreign Share(s) listed on GEM |
| “HK\$” | Hong Kong dollars |
| “HKFRSs” | Hong Kong Financial Reporting Standards |
| “HKICPA” | Hong Kong Institute of Certified Public Accountants |
| “HZ Jade Bird” | Hang Zhou Beida Jade Bird Sci-Tech Co., Ltd. |
| “JB Software” | Beijing Beida Jade Bird Software System Co., Ltd. |
| “NET” | provision of network security outsource services and manufacture and sale of network security products by the Group |
| “PRC” | People’s Republic of China |
| “RMB” | Renminbi |

| | |
|-------------------------|--|
| “SBI China” | SBI & BDJB China Fund, L.P. |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (as amended from time to time) |
| “Share(s)” | ordinary share(s) issued by the Company with a nominal value of RMB0.10 each |
| “Shareholder(s)” | shareholder(s) of the Company |
| “SMIC” | Semiconductor Manufacturing International Corporation |
| “Supervisor(s)” | supervisor(s) of the Company |
| “Supervisory Committee” | supervisory committee of the Company |
| “The Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Tourism Development” | travel and leisure business of the Group |
| “USD” | United States dollars |
| “WFAS” | wireless fire alarm systems and related products of the Group |
| “Yu Huan” | Beijing Beida Yu Huan Microelectronics System Engineering Co., Ltd. |
| “ZJJ Tourism” | Zhang Jia Jie Tourism Development Co., Ltd. |

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 date of its posting.