

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Beijing Beida Jade Bird Universal Sci-Tech Company Limited, you should at once hand this circular, together with the enclosed form of proxy and reply slip to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**MAJOR TRANSACTION  
REGARDING  
FORMATION OF INVESTMENT FUND**

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25 February 2011

## CHARACTERISTICS OF GEM

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“Announcement”	an announcement of the Company dated 31 January 2011 in connection with a major transaction regarding formation of investment fund
“Beida High Technology”	北京北大高科技產業投資有限公司 (Beijing Beida High Technology Investment Co., Ltd.)
“Beida Jade Bird”	北京北大青鳥有限責任公司 (Beijing Beida Jade Bird Limited)
“Board”	the board of Directors
“Company”	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 sino-foreign joint stock limited company incorporated in the PRC with limited liability with its H Shares listed on GEM
“connected persons”	has the meaning ascribed in the GEM Listing Rules
“Director(s)”	directors of the Company
“First Investor”	a company incorporated in the PRC with limited liability and is principally engaged in investment holding
“Fund”	北京青鳥恆盛投資基金(有限合夥) (Beijing Jade Bird Hengsheng Investment Fund (Limited Partnership)), being the subject of the Transaction
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“GP”	北京青鳥恆盛投資管理有限公司 (Beijing Jade Bird Hengsheng Investment Management Co., Ltd.), the general partner of the Fund and is a company incorporated in the PRC with limited liability
“Group”	Company and its subsidiaries
“H Share(s)”	Overseas-listed foreign share(s) in the ordinary share capital of the Company, with a nominal value of RMB0.1 each

## DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JB Software”	北京北大青島軟件系統有限公司 (Beijing Beida Jade Bird Software System Co., Ltd.)
“Latest Practicable Date”	23 February 2011, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“LPA”	limited partnership agreement signed on 31 January 2011 between the Company, the First Investor, the Second Investor and the GP regarding formation of the Fund in an amount of RMB1 billion for a period of 10 years
“PRC”	People’s Republic of China. For the purpose of this circular, Hong Kong, the Macau Special Administrative Region and Taiwan are excluded
“RMB”	Renminbi, the lawful currency of the PRC
“Second Investor”	a company incorporated in the PRC and is principally engaged in information technology
“SGM”	special general meeting of the Company to be convened for the purpose of approving the LPA
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	supervisor(s) of the Company
“Transaction”	transaction regarding formation of the Fund
“%”	per cent.

LETTER FROM THE BOARD



北京北大青鸟环宇科技股份有限公司  
**BEIJING BEIDA JADE BIRD UNIVERSAL SCI-TECH COMPANY LIMITED**  
*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 08095)**

*Executive Directors:*

Mr. Zhang Wan Zhong  
Ms. Xue Li  
Mr. Zhang Yong Li

*Non-executive Directors:*

Mr. Chu Yu Guo (*Chairman*)  
Mr. Xu Zhi Xiang  
Mr. Liu Yong Jin  
Ms. Feng Ping

*Independent non-executive Directors:*

Professor Nan Xiang Hao  
Mr. Cai Chuan Bing  
Mr. Lin Yan

*Legal address:*

3rd Floor  
Beida Jade Bird Building  
Yanyuan District Area 3  
No. 5 Haidian Road  
Haidian District  
Beijing 100080  
the PRC

*Principal place of business in the PRC:*

3rd Floor, Beida Jade Bird Building  
No. 207 Chengfu Road  
Haidian District  
Beijing 100871  
the PRC

*Principal place of business in Hong Kong:*

Room 1002, 10/F  
Bank of America Tower  
12 Harcourt Road  
Central  
Hong Kong

25 February 2011

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
REGARDING  
FORMATION OF INVESTMENT FUND**

**INTRODUCTION**

Reference is made to the Announcement.

The purpose of this circular is to provide you with (i) further information relating to the Transaction; and (ii) the disclosures as required under the GEM Listing Rules.

## LETTER FROM THE BOARD

### LIMITED PARTNERSHIP AGREEMENT

The principal terms of the LPA are as follows:

#### Date of the LPA

31 January 2011

#### Duration of the Fund

10 years starting from the issuance of business license

#### Investors of the Fund and their capital contribution

	Capital contribution amount <i>RMB million</i>	Equity interests %
The Company	400	40
First Investor	400	40
Second Investor	190	19
GP	10	1
Total Fund size	<u>1,000</u>	<u>100</u>

The Fund size is determined after arm's length negotiation and capital contribution of each investor is based on its corresponding ability. Each investor is required to pay up 20% of its portion in cash within 90 days after signing the LPA. Investors are then required to settle the remaining cash contribution within 10 business days upon receipt of request from investment decision committee which will be established by all investors of the Fund.

The Company will finance the capital contribution through internal resources.

#### Investment focus

The aim of the Fund is to seek capital gains for the investors by participating in investments allowed by laws and regulations of the PRC. The Fund targets to invest in unlisted PRC enterprises or growing entities. The Directors believes the Fund can generate additional returns to the Shareholders and the terms of the LPA are fair and reasonable and in the interests of the Shareholders as a whole.

### FINANCIAL EFFECT OF THE TRANSACTION

Save and except for the set up costs and future performance of the Fund, there is no gain or loss associated with the Transaction. There are no changes in the total assets and liabilities of the Group immediately after the Transaction. The Group will account for the Fund and the GP as interests in associates using equity method in its financial statements.

## LETTER FROM THE BOARD

### INFORMATION OF THE COMPANY, THE FIRST INVESTOR, THE SECOND INVESTOR AND THE GP

#### The Company

The Company is principally engaged in the marketing and sale of embedded system products, including network security products and related products. Its subsidiaries are mainly engaged in technology research, development, manufacture 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.

#### The First Investor and the Second Investor

The First Investor is a company incorporated in the PRC with limited liability and is principally engaged in investment holding. The Second Investor is also a company incorporated in the PRC and is principally engaged in information technology business.

The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, both investors and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

#### GP

GP is a company incorporated in the PRC with limited liability. The shareholding of the GP is as follows:

	<b>Registered capital</b> <i>RMB'000</i>	<b>Equity interests</b> %
The Company	700	35
First Investor	700	35
Second Investor	200	10
JB Software	200	10
Management representatives from GP	200	10
	<hr/>	<hr/>
Total	<b>2,000</b>	<b>100</b>

GP will be in charge of the overall management and operation of the Fund. Subject to the resolution of the investment decision committee to be established by all investors of the Fund, GP will invest on behalf of the Fund and deal with all matters regarding the investees of the Fund.



## LETTER FROM THE BOARD

### Profiles of the directors and management of GP

#### *Directors*

鄭彤先生 (Mr. Zheng Tong), aged 44, graduated with a master degree from Peking University Guanghua School of Management. Mr. Zheng was the deputy manager of Haikou Securities Information Service Co., Ltd., the manager of finance department and afterward promoted to deputy general manager of Beijing Beida Jade Bird BIS Co., Ltd., and the director and principal of Peking University Resource College. He possesses extensive experience on business and finance management, fund raising, and business and asset restructuring.

王興業先生 (Mr. Wang Xing Ye), aged 34, graduated with a bachelor degree from Peking University School of Government. Mr. Wang joined the Company in 2000 and participated in the initial public offering exercise of the Company. He then participated in certain merger and acquisition and investment projects of the Company in the past years and obtained extensive experience in these areas. He is the manager of the listing compliance division of the Company.

曹臻珍女士 (Ms. Cao Zhen Zhen), aged 29, graduated with a master degree from Peking University Law Society. Ms. Cao joined the Company in 2005 and was an assistant in the listing compliance division of the Company. She had involved in several merger and acquisition and investment projects of the Company and obtained experience in these areas.

#### *Management*

劉克承先生 (Mr. Liu Ke Cheng), aged 46, graduated from Hunan Xiangtan University. Mr. Liu is an engineer. He worked in Architecture Research Institute of Beijing Ministry of Metallurgical Industry, Citic Hotel Beijing Airport and Founder Group before joining Beijing Tianqiao Beida Jade Bird Sci-Tech Co., Ltd. (now known as Xinda Real Estate Co., Ltd.). He had been appointed as the chief operating officer, general manager of import and export department and assistant to the president during his employment in the latter. He is familiar with marketing, finance management, business operation, fund raising and general management.

萬仲翔先生 (Mr. Wan Zhong Xiang), aged 66, has a master degree. Mr. Wan was the Commissioner of public law bureau of Beijing Municipal Public Security Bureau, the head of Beijing Firm Source Institute, an assistant researcher of Chinese Academy of Social Science Institute of Law, a solicitor of the legal department of China International Economic Consulting Co., the assistant general manager of China International Trust and Investment Corporation Hong Kong Branch, the chairman of Beijing Lianjing Advertising Co., Ltd., and the chief lawyer of Beijing Aoxiang Law Firm. He is a director of Cheungsha Songya Lake Construction Investment Co., Ltd. and the general manager of Beijing Science Park Culture Education Development Co., Ltd.. He possesses with extensive practical experience in law, management, investment, merger and acquisition, finance, fund raising and business operation.

Management representatives from GP hold the equity interests in GP on behalf of GP's management. The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquires, management representatives from GP are natural persons independent of the Company and connected persons of the Company.

## LETTER FROM THE BOARD

### IMPLICATION UNDER THE GEM LISTING RULES

As size test ratios exceed 25% but are below 100%, the Transaction constitutes a major transaction of the Company pursuant to Rule 19.08 of the GEM Listing Rules. The Transaction is subject to the notification, announcement, reporting and shareholders' approval requirements pursuant to Rule 19.33 of the GEM Listing Rules.

JB Software is a substantial shareholder of the Company. The establishment of GP with JB Software constitutes a notifiable and connected transaction of the Company. As size test ratios are below 5% and the consideration is less than HK\$1 million, the transaction is exempt from all notification, announcement, reporting and independent shareholders' approval requirements under Chapter 19 and 20 of the GEM Listing Rules.

GP is not considered as an associate of JB Software as the latter is interested in 10% of equity interests of GP only. The Transaction is not considered as a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

### GENERAL

The Company will convene a SGM at Room 312, Block A, 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871 on Friday, 18 March 2011 at which an ordinary resolution will be proposed for the purpose of considering and, if thought fit, approving the Transaction.

A notice convening the SGM, a reply slip and a form of proxy had been sent to you on 31 January 2011.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquires, none of the Shareholders has material interests in the Transaction and none of them shall abstain from voting for or against the ordinary resolution at the SGM.

### RECOMMENDATIONS

The Directors consider that the Transaction is in the interests of the Company and the Shareholders and are fair and reasonable so far as the Shareholders are concerned. The Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed in the SGM for approval of the Transaction.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in Appendix I of this circular.

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

## 1. RESPONSIBILITY STATEMENT

This circular, 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:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; and
- (b) there are no other matters the omission of which would make any statement in this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares and underlying shares of the Company and its associated corporations

As at the Latest Practicable Date, the interests (including interests in shares and short positions) of the 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 taken 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 to 5.67 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			Approximate percentage of the Company's total number of issued promoter 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 promoter Shares <i>(Note a)</i>	Total			
Mr. Zhang Wan Zhong <i>(Note c)</i>	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 <i>(Note c)</i>	Beneficiary of trust	13,200,000	205,414,000	218,614,000	29.34%	2.72%	18.45%
Mr. Chu Yu Guo	Beneficial owner	13,114,000	–	13,114,000	–	2.71%	1.11%
Mr. Xu Zhi Xiang <i>(Note c)</i>	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 <i>(Note c)</i>	Beneficiary of trust	–	205,414,000	205,414,000	29.34%	NA	17.34%
Ms. Feng Ping <i>(Note b)</i>	Beneficial owner and beneficiary of trust	12,070,000	205,414,000	217,484,000	29.34%	2.49%	18.36%

Name of Supervisor	Capacity	Number of Ordinary Shares			Approximate percentage of the Company's total number of issued promoter 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 promoter Shares <i>(Note a)</i>	Total			
Mr. Li Ming Chun	Beneficiary of trust	-	205,414,000	205,414,000	29.34%	NA	17.34%
Ms. Zhou Min	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, Beijing Beida Yu Huan Microelectronics System Engineering Co., Ltd. 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 Assets Limited ("Dynamic Win"), and is taken to be interested in 205,414,000 Shares 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, respectively, out of 100 shares in the issued share capital of Heng Huat.
- (b) Ms. Feng Ping is interested in the promoters Shares by virtue of the interests held by her spouse.
- (c) Mr. Zhang Wan Zhong, Mr. Zhang Yong Li, Mr. Xu Zhi Xiang and Mr. Liu Yong Jin are also directors of certain substantial shareholders of the Company, including Heng Huat, Dynamic Win, JB Software, Beida Jade Bird and Beida High Technology.

Saved 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 the Company's 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 Rules 5.46 to 5.67 of the GEM Listing Rules as at the Latest Practicable Date.

#### (b) Interests in share options

As at the Latest Practicable Date, no options have been granted by the Company pursuant to the share option scheme adopted by the Company on 5 July 2000. The scheme has expired on 4 July 2010.

**3. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENT**

As at the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interests in any asset which had been since 31 December 2009, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group.

Save as disclosed in this circular, as at the Latest Practicable Date, there is no other contract or arrangement subsisting at the Latest Practicable Date in which a Director is materially interested and which is significant in relation to the business of the Group.

**4. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS**

Each of the Directors and Supervisors has entered into a service contract with the Company for a term of three years commencing on 20 May 2009 and ending on the date of the 2011 annual general meeting of the Company which will be convened in 2012 except for Mr. Zhang Yong Li, Mr. Li Ming Chun, Mr. Zou Zhi Xing and Ms. Zhou Min.

Service contracts of Mr. Zhang Yong Li and Mr. Li Ming Chun started from 8 January 2010. Service contracts of Mr. Zou Zhi Xing and Ms. Zhou Min started from 30 June 2010. The ending dates of these four service contracts are the same as those of the other Directors and Supervisors.

Save as disclosed above, none of the Directors has any existing or proposed service contracts with any member of the Group as at the Latest Practicable Date, excluding contracts expiring or determinable by the Company or any of its subsidiaries within one year without payment of compensation other than statutory compensation.

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

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director, a Supervisor or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (if any) or had any options in respect of such capital:

### Long positions in Shares:

Name	Note	Capacity and nature of interests	Number of Shares held	Approximate percentage of the Company's total number of issued promoter shares	Approximate percentage of the Company's total 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. Beijing Beida High Technology Investment 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%

Name	Note	Capacity and nature of interests	Number of Shares held	Approximate percentage of the Company's total number of issued promoter shares	Approximate percentage of the Company's total number of issued H shares	Approximate percentage of the Company's total issued share capital
8. Mr. Xu Zhen Dong	(e)	Trustee and beneficiary of trusts	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%

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 Beida High Technology, 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 entered into a share transfer agreement with 杭州北大青鳥科技有限公司 (Hang Zhou Beida Jade Bird Sci-Tech Co., Ltd.) on 18 January 2008 whereas it agreed to transfer to the latter 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 still pending for approval at the Latest Practicable Date.

- (b) The interests of Beida Jade Bird comprise 115 million Shares held by it and 85 million Shares held by Beida High Technology.
- (c) The interests of JB Software comprise 110 million Shares held by it 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 wholly owned by Heng Huat.
- (e) Mr. Xu Zhen Dong is taken to be interested in the Shares through his interests as trustee and beneficiary of Heng Huat Trust. Details of the nature of his interests are set out in note (a) of the section "Interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares and underlying shares of the Company and its associated corporations" on page 9.
- (f) The Shares are held by New View Venture Limited, which is wholly owned by Mongolia Energy Corporation Limited.

Save as disclosed above, no person, other than the Directors and Supervisors, whose interests are set out in the section "Interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares and underlying shares of the Company and its associated corporations" above on pages 8 to 9, had registered interests or short position in the Shares or underlying Shares that was required to be recorded pursuant to section 336 of the SFO as at the Latest Practicable Date.

## **6. COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors and Supervisors and any of 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.

## **7. FINANCIAL AND TRADING PROSPECT**

The Group will remain its focus on wireless fire alarm system business and Hengshan tourism business in the coming year. 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 continue so as to let the workforce ready for challenge. Overseas market exploration is one step forward as the Group prepares to establish a branch in Canada. 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.

## **8. WORKING CAPITAL**

The Directors are of the opinion that, taking into account the capital contribution of the Transaction, and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements within twelve months from the date of this circular.

## **9. INDEBTEDNESS**

As at the close of business on 31 December 2010, being the latest practicable date for ascertaining information regarding this indebtedness statement, the Group had unaudited aggregate indebtedness of approximately RMB110.6 million. The indebtedness comprised (i) amount due to a Shareholder of approximately RMB2.1 million; (ii) amount due to related parties of the Group of approximately RMB3.3 million; (iii) bank loan of approximately RMB10.0 million; (iv) amount due to non-controlling interests of the Company of approximately RMB5.0 million; (v) dividend payable to and advance from non-controlling interests of the Company of approximately RMB11.4 million; (vi) current tax liabilities of approximately RMB78.2 million and (vii) deferred tax liabilities of approximately RMB0.6 million. The amounts due to the Shareholder and the related parties are unsecured, interest-free and have no fixed repayment terms. Bank loan is secured by a pledge over certain property, plant and equipment of the Group, interest-bearing at floating rates and repayable within one year.



Amount due to non-controlling interests of the Company is unsecured, interest-bearing at 4.9% per annum and repayable within one year. Current tax liabilities are enterprise income tax provided for on assessable profits arising in Hong Kong and the PRC. Deferred tax liabilities are solely related to available-for-sale financial assets of the Group.

Save as aforesaid or as otherwise mentioned in this circular and apart from intragroup liabilities, normal trade payables, advances from customers and accruals and other payables as at 31 December 2010, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but un-issued term loans or other borrowings, indebtedness in nature of borrowings, liabilities under acceptance (other than trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, un-guaranteed, secured, unsecured, guarantees or other material contingent liabilities outstanding at the close of business on 31 December 2010.

Save as aforesaid or as otherwise mentioned in this circular, the Directors confirmed that there has been no material change in the indebtedness or contingent liabilities of the Group since the Latest Practicable Date.

#### 10. LITIGATION

As at the Latest Practicable Date, no member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

#### 11. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert whose advice or opinion is contained in this circular:

<b>Name</b>	<b>Qualification</b>
RSM Nelson Wheeler	Certified Public Accountants

RSM Nelson Wheeler has given and has not withdrawn its written consent to the issue of this circular with references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, RSM Nelson Wheeler was not interested in any Share or share in any member of the Group nor did it has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Share or share in any member of the Group.

As at the Latest Practicable Date, RSM Nelson Wheeler did not have any direct or indirect interests in any asset which had been since the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

**12. GENERAL**

- (a) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.
- (b) The principal place of business of the Company in the PRC is 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC.
- (c) The principal place of business of the Company in Hong Kong is Room 1002, 10/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.
- (d) The share registrar and transfer office of the Company is Hong Kong Registrars Limited situated at Room 1806-7, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The compliance officer of the Company is Mr. Zhang Wan Zhong. Mr. Zhang graduated from Peking University with a master degree in science. He is an executive Director and the president of the Company.
- (f) The company secretary of the Company is Mr. Leung Wai Man. Mr. Leung is a fellow member of Association of Chartered Certified Accountants and an associate member of each of Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (g) The Company has set up an audit committee pursuant to Rule 5.28 of the GEM Listing Rules and provided written terms of reference in compliance with Rule 5.29 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 engagement and independence of external auditors. The audit committee comprises three members. The chairman is 南相浩教授 (Professor Nan Xiang Hao). The two members are 蔡傳炳先生 (Mr. Cai Chuan Bing) and 林岩先生 (Mr. Lin Yan). All of them are independent non-executive Directors. Professor Nan is a part-time professor of the Graduate University of Chinese Academy of Science. Mr. Cai is the chairman of the communications branch of China Institute of Internal Audit. He was an independent non-executive director of Yue Da Mining Holdings Limited whose shares are listed on the Stock Exchange. Mr. Lin was qualified as a PRC solicitor for securities of the first batch in 1993 and is a solicitor and a partner of Beijing Xinghe Law Firm. He was an independent director of 麥科特光電股份有限公司 (Macat Optics and Electronic Co. Ltd.) (now known as 宜華地產股份有限公司 (Guangdong Yihua Real Estate Co., Ltd.) whose shares are listed on Shenzhen Stock Exchange.

**13. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

1. a capital injection agreement entered into between 河北北大青鳥環宇消防設備有限公司 (Hebei Beida Jade Bird Universal Fire Alarm Device Co., Ltd.); (“Hebei Fire Alarm”) which is a non-wholly owned subsidiary of the Company, 蔡為民先生 (Mr. Cai Wei Min) who is a director of Hebei Fire Alarm and several independent third parties on 29 November 2010 pursuant to which Mr. Cai Wei Min and the independent third parties agreed to inject aggregate cash of RMB9.6 million into Hebei Fire Alarm;
2. an equity transfer agreement, a capital increment agreement and a joint venture contract entered into between the Company, two independent third parties, a special vehicle set up by SBI & BDJB China Fund L.P. which is a jointly controlled entity of the Company in which the Company has 50% equity interests, and Bright Ascent Limited on 18 November 2010 regarding US\$50 million cash investment in light-emitting diode business;
3. a HK\$ term loan facility agreement in a maximum aggregate amount of HK\$110 million for a period of six months entered into between Expert China Investments Limited as borrower and Beida Jade Bird Universal Sci-Tech (Cayman) Development Company Limited, which is a wholly-owned subsidiary of the Company, as lender on 21 April 2010.

**14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents (and English translations thereof, if appropriate) will be available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the Hong Kong principal place of business of the Company from the date of this circular up to and including the date of the SGM of the Company:

- (a) articles of association of the Company;
- (b) service contracts of the Directors and Supervisors referred to in the section “Directors’ and Supervisors’ Service Contracts” in Appendix I;
- (c) material contracts referred to in the section “Material Contracts” in Appendix I;
- (d) written consent from RSM Nelson Wheeler referred to in the section headed “Qualification and Consent of Expert” in Appendix I;
- (e) annual reports of the Company for each of the year ended 31 December 2009 and 2008;
- (f) circular dated 4 May 2010 in connection with a disposal mandate regarding proposed disposal of shares of Semiconductor Manufacturing International Corporation which constitutes possible very substantial disposal; and
- (g) this circular.