

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 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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青鸟环宇
JADE BIRD UNIVERSAL

北京北大青鳥環宇科技股份有限公司

BEIJING BEIDA JADE BIRD UNIVERSAL SCI-TECH COMPANY LIMITED

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

(Stock Code: 08095)

**RENEWAL
OF
CONTINUING CONNECTED TRANSACTIONS**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



招銀国际
CMB INTERNATIONAL

A notice convening the special general meeting of Beijing Beida Jade Bird Universal Sci-Tech Company Limited to be held at Room 312, Block A, 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC on Monday, 25 July 2011 at 10:00 a.m. has been dispatched on Monday, 30 May 2011. A reply slip and a form of proxy for use at the special general meeting are also dispatched on the same date.

Whether or not you are able to attend the meeting, you are required to complete the form of proxy in accordance with the instructions printed thereon. For holders of H Shares, you are required to return the form of proxy to the Company's share registrar in Hong Kong, Hong Kong Registrars Limited at Rooms 1806-07, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. For holders of promoters Shares, you are required to return the form of proxy to the principal place of business of the Company in Beijing at 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC. Whether you are holders of H Shares or promoters Shares, you are required to return the form of proxy as soon as possible but in any event not less than 24 hours before the time appointed for holding of the special general meeting or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting at the special general meeting if you so wish.

15 June 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:

“Annual Cap Amounts”	the estimated annual cap amounts of the CCT pursuant to the First Renewal Agreement or the Second Renewal Agreement
“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), one of the substantial shareholders of the Company
“Board”	board of Directors
“CCT”	continuing connected transactions in relation to the supply of fire alarm products by Hebei Fire Alarm to Shanghai Jade Bird Fire
“CMBI”	CMB International Capital Limited
“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 person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	directors of the Company
“First Announcement”	an announcement of the Company dated 15 May 2007 regarding the CCT pursuant to the supply agreement entered into between Hebei Fire Alarm as seller and Shanghai Jade Bird Fire as buyer on 15 May 2007 which governs the supply of fire alarm products
“First Renewal Agreement”	a renewal agreement entered into between Hebei Fire Alarm as seller and Shanghai Jade Bird Fire as buyer on 19 December 2008 which governs the renewal of CCT for the period between 1 January 2009 and 31 December 2011
“GEM”	The Growth Enterprise Market of the Stock Exchange

DEFINITIONS

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hebei Fire Alarm”	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.), a non-wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region
“Independent Board Committee”	the independent board committee which comprises all the independent non-executive Directors established for the purpose of advising the Independent Shareholders in relation to the Second Renewal Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who have no material interest in the Second Renewal Agreement and the transactions contemplated thereunder
“JB Software”	北京北大青鳥軟件系統有限公司 (Beijing Beida Jade Bird Software System Co., Ltd.)
“Latest Practicable Date”	10 June 2011, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to publication
“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 Announcement”	an announcement of the Company dated 19 December 2008 regarding the renewal of CCT for the period between 1 January 2009 and 31 December 2011
“Second Renewal Agreement”	a renewal agreement entered into between Hebei Fire Alarm as seller and Shanghai Jade Bird Fire as buyer on 30 May 2011 which governs the renewal of CCT for the period between 1 January 2011 and 31 December 2013

DEFINITIONS

“SGM”	a special general meeting to be convened for the purpose of considering and, if thought fit, approving the CCT and the transactions contemplated thereunder
“Shanghai Jade Bird Fire”	上海北大青鳥消防設備銷售有限公司 (Shanghai Beida Jade Bird Fire Equipment Marketing Company Limited), a connected person of the Company
“Share(s)”	ordinary share(s) issued by the Company with a nominal value of RMB0.10 each
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Supervisor(s)”	Supervisor(s) of the Company
“Third Announcement”	an announcement of the Company dated 30 May 2011 regarding the renewal of CCT for the period between 1 January 2011 and 31 December 2013
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhang Wanzhong
Ms. Xue Li
Mr. Zhang Yongli

Non-executive Directors:

Mr. Chu Yuguo (*Chairman*)
Mr. Xu Zhixiang
Mr. Liu Yongjin
Ms. Feng Ping

Independent non-executive Directors:

Professor Nan Xianghao
Mr. Cai Chuanbing
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 Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

15 June 2011

To the Shareholders

Dear Sir or Madam,

**RENEWAL
OF
CONTINUING CONNECTED TRANSACTIONS**

INTRODUCTION

Reference is made to the First Announcement, the Second Announcement and the Third Announcement. The First Renewal Agreement will expire on 31 December 2011. Hebei Fire Alarm and Shanghai Jade Bird Fire have entered into the Second Renewal

LETTER FROM THE BOARD

Agreement on 30 May 2011 pursuant to which Hebei Fire Alarm will continue to supply fire alarm products to Shanghai Jade Bird Fire for three years ending 31 December 2013.

The purpose of this circular is to provide you with (i) further information relating to the CCT; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter from CMBI; and (iv) the disclosures as required under the GEM Listing Rules.

SECOND RENEWAL AGREEMENT

Date: 30 May 2011

Parties: Shanghai Beida Jade Bird Fire Equipment Marketing Company Limited
(as Buyer)

Hebei Beida Jade Bird Universal Fire Alarm Device Co., Ltd. (as Seller)

Duration: 3 years started from 1 January 2011 and ending on 31 December 2013

Nature of transaction: supply of fire alarm system products

ANNUAL CAP AMOUNTS

The Directors estimate that the Annual Cap Amounts pursuant to the Second Renewal Agreement will be RMB16 million for the year ending 31 December 2011; RMB22 million for the year ending 31 December 2012 and RMB30 million for the year ending 31 December 2013.

The Annual Cap Amounts pursuant to the First Renewal Agreement were RMB6.9 million, RMB7.6 million and RMB8.5 million for each of the three years ended 31 December 2009, ended 31 December 2010 and ending 31 December 2011 respectively. The actual sales amount of the CCT were approximately RMB2.3 million, RMB6.7 million and RMB6.8 million for the five months ended 31 May 2011 and each of the two years ended 31 December 2009 and 2010 respectively. Up to 31 May 2011, Hebei Fire Alarm has received sales orders from Shanghai Jade Bird Fire amounted to approximately RMB5.2 million in 2011. The Annual Cap Amounts pursuant to the Second Renewal Agreement are estimated with reference to the orders on hand, historical growth trend on the business of wireless fire alarm systems, the revised forecast of the demand in 2011 and the internal forecasts of the forthcoming demand in the two years ending 31 December 2013. The CCT pursuant to the Second Renewal Agreement will be conducted in the ordinary and usual course of business of Hebei Fire Alarm and the selling price will be determined in normal commercial terms with reference to similar sales transactions to independent third party.

LETTER FROM THE BOARD

REASON FOR THE CCT

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, marketing and sale of wireless fire alarm systems and related products, the provision of network outsource and manufacture and sale of network security products and the development of travel and leisure business. Shanghai Jade Bird Fire is principally engaged in the sale of fire extinguishing equipment and facilities. The Directors considers that the supply of fire alarm products to Shanghai Fire Jade Bird Fire is in consistence with the business objective of the Group. The Directors (including the independent Directors whose view is set out on page 8 of this circular) believe that the terms of the CCT are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Second Renewal Agreement will supersede the First Renewal Agreement if approved by the Shareholders.

RELATIONSHIP WITH SHANGHAI JADE BIRD FIRE

Beida Jade Bird is a substantial shareholder of the Company. Shanghai Jade Bird Fire is a non-wholly-owned subsidiary indirectly owned by Beida Jade Bird. Shanghai Jade Bird Fire is therefore considered as an associate of Beida Jade Bird under Rule 25.04 of the GEM Listing Rules and thus a connected person of the Company under Rule 20.11(4) of the GEM Listing Rules.

IMPLICATIONS ON THE GEM LISTING RULES

The supply of fire alarm products to Shanghai Jade Bird Fire is on a continuing basis and extends over a period of time. As the Annual Cap Amounts for each of the three years ending 31 December 2011, 2012 and 2013 respectively are more than HK\$10 million, the CCT is subject to reporting, annual review, announcement and independent shareholders' approval requirements under Rule 20.35 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 25 July 2011 at which an ordinary resolution will be proposed for the purpose of considering and, if thought fit, approving the CCT and the transactions contemplated thereunder.

A notice of SGM has been dispatched on 30 May 2011.

No Directors have a material interest in the CCT under the Second Renewal Agreement and none of them have abstained from voting on the Board resolution.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief and having made all reasonable enquires, as at the Latest Practicable Date, Peking University and its associates are considered to be having material interests in the CCT and will abstain from voting on the ordinary resolution to be proposed in the SGM for approving the CCT and contemplated transactions thereunder.

RECOMMENDATIONS

The Directors (including the independent Directors whose view is set out on page 8 of this circular) consider that the terms of the CCT and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors (including the independent Directors whose view is set out on page 8 of this circular) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed in the SGM for approving the CCT and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee as set out on page 8 of this circular, a letter from CMBI to the Independent Board Committee and Independent Shareholders as set out on page 9 to 16 and the additional information contained in the Appendix of this circular.

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



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)

15 June 2011

To the Independent Shareholders

Dear Sir or Madam,

**RENEWAL
OF
CONTINUING CONNECTED TRANSACTIONS**

We have been appointed as members of the Independent Board Committee to give our advice on the CCT and the transactions contemplated thereunder to the Independent Shareholders, details of which are set out on pages 4 to 7 of this circular of which this letter forms part. Capitalised terms used herein shall have the same meanings as those defined in this circular unless the context otherwise requires.

CMBI has been appointed as the independent financial adviser to advise us and the Independent Shareholders on the CCT and the transactions contemplated thereunder. We wish to draw your attention to the letter from the Board as set out on page 4 to 7 and the letter from CMBI as set out on page 9 to 16 respectively.

Having considered the terms of the CCT and the transactions contemplated thereunder, the advice and recommendation from CMBI, and the principal factors and reasons considered by her as stated in her letter of advice as set out on pages 9 to 16 of this circular, we consider that the terms of the CCT and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM for approving the CCT and the transactions contemplated thereunder.

Yours faithfully,
Professor Nan Xianghao
Mr. CaiChuanbing
Mr. Lin Yan
Independent Board Committee

LETTER FROM CMBI

The following is the full text of the letter of advice from CMB International to the Independent Board Committee and the Independent Shareholders for incorporation in this circular.



Units 1803-4, 18/F, Bank of America Tower
12 Harcourt Road, Central, Hong Kong

15 June 2011

*To the Independent Board Committee and the Independent Shareholders of
Beijing Beida Jade Bird Universal Sci-Tech Company Limited*

Dear Sir,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the CCT and the transactions contemplated thereunder (including the Annual Cap Amounts), details of which, among other things, are set out in the “Letter from the Board” of this circular dated 15 June 2011. Capitalised terms used in this letter shall have the same meanings ascribed to them in this circular unless the context otherwise requires. We recommend the Independent Board Committee to advise the Independent Shareholders to read this circular carefully before they decide to vote for or against the Second Renewal Agreement.

On 30 May 2011, Shanghai Jade Bird Fire and Hebei Fire Alarm entered into the Second Renewal Agreement, pursuant to which Hebei Fire Alarm will continue to supply fire alarm products to Shanghai Jade Bird Fire for the three years ending 31 December 2013. Due to the anticipated increase in the demand for fire alarm products in the Shanghai area, the existing Annual Cap Amounts for the CCT in relation to the aggregate of maximum annual sales of Hebei Fire Alarm to Shanghai Jade Bird Fire may not be able to satisfy the Group’s requirements for the respective year. The Board therefore proposed to revise the annual cap for the year ending 31 December 2011 to RMB16 million (the “Revised Annual Cap”), as well as the annual cap amounts for the two years ending 31 December 2013.

Beida Jade Bird is a substantial shareholder of the Company. Shanghai Jade Bird Fire is a non-wholly owned subsidiary indirectly owned by Beida Jade Bird. Shanghai Jade Bird Fire is therefore considered as an associate of Beida Jade Bird under Rule 25.04 of the GEM Listing rules and thus a connected person of the Company under Rule 20.11(4) of the GEM Listing Rules, and the CCT constitutes a continuing connected transaction of the

LETTER FROM CMBI

Company within the meaning of the GEM Listing Rules. As the Annual Cap Amounts for each of the three years ending 31 December 2013 respectively are more than HK\$10 million, the CCT is subject to reporting, annual review, announcement and independent shareholders' approval requirements under Rule 20.35 of the GEM Listing Rules.

We, CMB International Capital Limited ("CMBI"), have been appointed as the independent financial adviser by the Company to advise the Independent Board Committee, which comprises all the independent non-executive Directors, namely Professor Nan Xianghao, Mr. Cai Chuanbing, and Mr. Lin Yan, on the terms of the CCT and the transactions contemplated thereunder. Our opinion only applies to the terms of the CCT and the transactions contemplated thereunder (including the Annual Cap Amounts). Other continuing connected transactions are not within the scope of our work.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied, without assuming any responsibility for independent verification, on the information, opinions and facts supplied and representations made to us by the Company, who have assumed full responsibility for the accuracy of the information contained in this circular and that any information and representations made to us are true, accurate and complete in all material respects as at the date hereof and that they may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. We have discussed with the management of the Company regarding their plans and prospects of the Company. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable, and we have not independently verified the accuracy of such information. We have studied the relevant market and other conditions and trends relevant to the pricing of the CCT. We have also assumed that statements and representations made or referred to in this circular were accurate at the time they were made and continue to be accurate up to the date of the SGM. We consider that we have reviewed sufficient information to reach an informed view in order to provide a reasonable basis for our advice. It is not within our terms of engagement to comment on the commercial feasibility of the CCT, which remains the responsibility of the Directors. As the independent financial adviser to the independent non-executive Directors, we have not been involved in the negotiations in respect of the terms of the CCT.

Our opinion is necessarily based upon the financial, economic, market, regulatory, and other conditions as they exist on, and the facts, information, and opinions made available to us as of the date of this letter. We have no obligation to update this opinion to take into account events occurring after the date on which this opinion is delivered to the independent non-executive Directors. This letter is solely for the information of the Independent Non-Executive Directors, in connection with their consideration of the Revised Annual Cap and Annual Cap Amounts and is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

CMBI is a licensed corporation to carry out regulated activities of dealing in securities and advising on corporate finance under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"). CMBI and its affiliates, whose ordinary business involves the trading of, dealing in and the holding of securities, may be involved in the trading of, dealing in, and the holding of the securities of the Company for client accounts.

LETTER FROM CMBI

PRINCIPAL FACTORS AND REASONS CONSIDERED

The principal factors and reasons we have taken into account in assessing the terms of the CCT and the transactions contemplated thereunder (including the Annual Cap Amounts) in giving our recommendation to the Independent Board Committee and the Independent Shareholders are set out below:

1. Background of and reasons for entering into the CCT

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, marketing and sale of wireless fire alarm systems and related products, the provision of network outsource and manufacture and sale of network security products and the development of travel and leisure business. Shanghai Jade Bird Fire is principally engaged in the sale of fire extinguishing equipment and facilities.

As stated in the Company's annual report for the year ended 31 December 2010, the Group wireless fire alarm system segment remained the most important pillar of the Group which accounted for over 73.0% of total turnover. Both segment revenue and profit show an immense growth in 2010. Turnover from sales of fire alarm system products increased by approximately 40.2% from approximately RMB154.9 million for the year ended 31 December 2009 to approximately RMB217.1 million for the year ended 31 December 2010.

According to the National Bureau of Statistics of China, the nominal GDP of the PRC has grown rapidly and steadily at a CAGR of approximately 21.9% from approximately US\$2,257 billion in 2005 to approximately US\$4,985 billion in 2009. The Directors consider that the strong PRC economy does not only create affluence among the population, but also result in a strong increase in the domestic demand in fire alarm system products due to the accelerating urbanization and increasing awareness of fire risk. The Directors are of the view that the outlook of the PRC fire alarm system industry is positive and expect that the income to be generated from the sales of fire alarm system products will continue to increase in the future.

Reference is made to the First Announcement and the Second Announcement. The CCT has been in place since 2003 as noted in the annual reports of the Company, and the transactions were in the ordinary and usual course of the Company's business. The First Renewal Agreement will expire on 31 December 2011, and the Second Renewal Agreement shall be effective from 1 January 2011, as it serves to supersede the First Renewal Agreement. The Directors considers that the supply of fire alarm products to Shanghai Fire Jade Bird Fire is in consistence with the business objective of the Group, and Hebei Fire Alarm would continue the CCT with Shanghai Fire Jade Bird Fire in order to leverage the established and extensive sales and distribution network of Shanghai Fire Jade Bird Fire in Shanghai. As noted in the letter from the Board, the Directors consider that the terms of the CCT are made on an arm's length basis in the ordinary and usual course of business and are normal

LETTER FROM CMBI

commercial terms which are no less favourable than the terms available from Independent Third Parties, and the terms of the CCT are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Having considered the fact that (i) the CCT has been in place since 2003; (ii) the need of the Group to enhance the sales of fire alarm system products in order to capture the market share from the expanding fire alarm system industry; (iii) the merits of utilizing the sales and distribution network of the Shanghai Jade Bird Fire; and (iv) the positive outlook of the fire alarm system industry in the PRC, we consider that it is commercially justifiable for the Group to continue the CCT.

2. Principal terms of the Second Renewal Agreement

i) Term and termination

Pursuant to the Second Renewal Agreement, the fire alarm system products supplied to Shanghai Jade Bird Fire by Hebei Fire Alarm is on a non-exclusive basis with the terms of sales and distribution of each specific fire alarm system product to be agreed in accordance with the principles as set out in the Second Renewal Agreement. In accordance with the Second Renewal Agreement, for each subsequent sales transaction of each type of fire alarm system product, the Parties shall sign and execute a separate sale contract in which terms including, but not limited to, name of the fire alarm system product, quantity, price, point and method of delivery, and payment arrangement etc., will be specified.

As advised by the Company, terms of the CCT remains are substantially the same as that of in the First Renewal Agreement. The Second Renewal Agreement shall be effective from 1 January 2011, as it serves to supersede the First Renewal Agreement, up to 31 December 2013, subject to the satisfaction of all conditions precedent. Either Party is entitled to give the other party prior written notice to terminate the Second Renewal Agreement and the term of the Second Renewal Agreement can be extended by mutual agreement. We note that the three-year term of the Second Renewal Agreement is in compliance with the requirements under the GEM Listing Rules.

ii) Pricing and payment

a) Pricing

As noted from the "Letter from the Board", the general pricing principle of the fire alarm system products to be sold under the Second Renewal Agreement was agreed and determined by the Parties with reference to the market price of a particular product, and the selling price of each product to be sold by Hebei Fire Alarm to Shanghai Jade Bird Fire under the Second Renewal Agreement shall not be lower than that of available to an Independent Third Party (the "Pricing Principle").

LETTER FROM CMBI

In order to assess whether the price of fire alarm system products offered to Shanghai Jade Bird Fire is similar to that of available to Independent Third Parties, we have, on a sample basis, selected and reviewed the sales contracts/sales invoices of products provided by the Company for the years from 2008 to 2011 and entered into between (i) Hebei Fire Alarm and Shanghai Jade Bird Fire; and (ii) Hebei Fire Alarm and Independent Third Parties. Based on such review, we found that the selling price charged to Shanghai Jade Bird Fire was determined in line with the Pricing Principle.

b) Payment

Pursuant to the Second Renewal Agreement, the payment specified in each individual sales contract entered into between both Parties should be settled within 60 days counted from the day of order. Based on our review as stated in the paragraph headed "Pricing" above, we note that payment terms that were in line with that of offered to the Independent Third Parties.

3. Annual Cap Amounts

The Board estimated that the Revised Annual Cap for the year ended 31 December 2011 to be approximately RMB16 million, and the proposed annual caps of the CCT for the two years ending 31 December 2013 are approximately RMB22 million and RMB30 million respectively.

As noted from "Letter from the Board", the Annual Cap Amounts are estimated with reference to the orders on hand, historical growth trend on the business of wireless fire alarm systems, the revised forecast of the demand in 2011 and the internal forecasts of the forthcoming demand in the two years ending 31 December 2013.

Based on the discussion with the management of the Company, we understand that the Annual Cap Amounts are estimated based on:

- (i) The actual sales orders and orders on hand for the period commencing on 1 January 2011 until 31 May 2011 of approximately RMB5.2 million;
- (ii) The Directors are of the view that the sales of fire alarm system products will continue to increase, within the coming two years, as the fast-growing urbanization and increasing awareness of fire risk would create a positive outlook on the domestic fire alarm system industry. The Directors expect the income to be generated from the sales of fire alarm system products will continue to increase in the future and therefore expect a significant growth in the sales for the two years ending 31 December 2013;
- (iii) The historical sales pattern for fire alarm system products of the Company, with peak seasons in the second half of the year; and
- (iv) The historical growth trend of the Group's wireless fire alarm system and related products.

LETTER FROM CMBI

Our analysis

As stated in the “Background of and reasons for entering into the CCT”, the Group’s priority is to enhance the sales of fire alarm system products in order to capture the market share from the expanding fire alarm system industry. The following table summarizes the breakdown of turnover of the Group for the three years ended 31 December 2010.

Breakdown of the Group’s turnover for the three years ended 31 December 2010

Sales from	Year 2008	Year 2009	Year 2010
	<i>(in RMB million)</i>		
Provision of network security outsource services and manufacture and sale of network security products	9.9	4.4	4.8
Wireless fire alarm system and related products	96.0	154.9	217.1
Computers	36.6	18.4	2.1
Tourism development	29.2	53.0	70.9

The above figures illustrate the Group wireless fire alarm system segment remained the most important pillar of the Group, accounting for over 55.9%, 67.1%, and 73.0% of total turnover for the three years ended 31 December 2010. The segment revenue of wireless fire alarm system and related products showed an immense growth in 2010. Turnover from sales of wireless fire alarm system and related products increased by approximately 61.4% from approximately RMB96.0 million for the year ended 31 December 2008 to approximately RMB154.9 million for the year ended 31 December 2009 and increased by approximately 40.2% from approximately RMB154.9 million for the year ended 31 December 2009 to approximately RMB217.1 million for the year ended 31 December 2010. The Directors expect that the income to be generated from the sales of wireless fire alarm system and related products will continue to be a substantial income source and expand in the future.

Based on (i) the historical growth trend in the sales of the Group’s wireless fire alarm system products from 2008 to 2010; (ii) the bases for estimating the Annual Cap Amounts as discussed above; and (iii) our review of actual sales and orders on hand for the period from 1 January 2011 to 31 May 2011, we consider that the basis of determination of the Annual Cap Amounts is fair and reasonable so far as the Company and the Shareholders are concerned. However, as the Annual Cap Amounts relate to future events and are based on assumptions that may or may not remain valid for the entire period up to 31 December 2013, we express no opinion as to how closely the actual sales figures of the CCT corresponds with the Annual Cap Amounts.

LETTER FROM CMBI

Conditions

Pursuant to the GEM Listing Rules, the Company will seek the approval by the Independent Shareholders for the CCT (including the Annual Cap Amounts) for the three years ending 31 December 2013 subject to the following conditions:

1. The CCT will be:
 - a. entered into the ordinary and usual course of the business of the Group;
 - b. conducted on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available from Independent Third Parties; and
 - c. entered into in accordance with the terms of the Second Renewal Agreement that are fair and reasonable and in the interests of the Shareholders as a whole;
2. the aggregate amount of the sales under the Second Renewal Agreement for each of the three years ended 31 December 2013 shall not exceed RMB16 million, RMB22 million and RMB30 million; and
3. the Company will comply with all other relevant requirements under the GEM Listing Rules.

Taking into account of the conditions attached to the CCT, in particular (i) the restriction by way of setting the annual caps; and (ii) the compliance with all other requirements under the GEM Listing Rules (which include the annual review and/or confirmation by the independent non-executive Directors and auditors of the Company on the actual execution of the CCT pursuant to the Rule 20.37 and 20.38 of the GEM Listing Rules), we consider that the Company has taken appropriate measures to govern the Company in carrying out the CCT, thereby safeguarding the interests of the Shareholders thereunder. In particular, we note that the CCT are, by virtue of the requirements of Rule 20.37 of the GEM Listing Rules, conditional upon being carried by the Company in the ordinary and usual course of its business, on normal commercial terms, fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM CMBI

RECOMMENDATION

Having considered the above factors, we consider that the CCT are on normal commercial terms, in the ordinary and usual course of business and in the interest of the Company and the Shareholders as a whole and the CCT as well as the Annual Cap Amounts are fair and reasonable so far as the Company and the Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to approve the CCT and the transactions contemplated thereunder (including the Annual Cap Amounts).

Yours faithfully,
For and on behalf of
CMB International Capital Limited
Anthony Ng
Director

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

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
		interests in promoter Shares (Note a)	interests in H Shares	Total			
Mr. Zhang Wanzhong (Note c)	Beneficial owner and beneficiary of trust	205,414,000	12,070,000	217,484,000	29.34%	2.49%	18.36%
Mr. Zhang Yongli (Note c)	Beneficial owner and beneficiary of trust	205,414,000	13,200,000	218,614,000	29.34%	2.72%	18.45%

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
		interests in promoter Shares (Note a)	interests in H Shares	Total			
Mr. Chu Yuguo (Note b & c)	Beneficial owner	-	13,114,000	13,114,000	-	2.71%	1.11%
Mr. Xu Zhixiang (Note c)	Beneficial owner and beneficiary of trust	205,414,000	11,527,000	216,941,000	29.34%	2.38%	18.31%
Mr. Liu Yongjin (Note c)	Beneficiary of trust	205,414,000	-	205,414,000	29.34%	-	17.34%
Ms. Feng Ping (Note b)	Beneficial owner and beneficiary of trust	205,414,000	12,070,000	217,484,000	29.34%	2.49%	18.36%
Name of Supervisor							
Mr. Li Mingchun	Beneficiary of trust	205,414,000	-	205,414,000	29.34%	-	17.34%
Ms. Zhou Min	Beneficiary of trust	205,414,000	-	205,414,000	29.34%	-	17.34%

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 Zhendong (a former Director), Mr. Zhang Wanzhong and Ms. Liu Yue (who has been replaced by Mr. Xu Zhixiang 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 and Beijing Beida Yu Huan Microelectronics System Engineering 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 Zhendong, Mr. Zhang Wanzhong and Mr. Xu Zhixiang (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) Mr. Chu Yuguo and Ms. Feng Ping are interested in the Shares and promoters Shares respectively by virtue of the interests held by their spouses.
- (c) Mr. Zhang Wanzhong, Mr. Zhang Yongli, Mr. Chu Yuguo, Mr. Xu Zhixiang and Mr. Liu Yongjin are also directors of certain substantial shareholders of the Company, including Heng Huat, Dynamic Win, Beida Asset Management Co., Ltd., 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.

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 2010, 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 or a Supervisor 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 Yongli, Mr. Li Mingchun, Mr. Zou Zhixing and Ms. Zhou Min.

Service contracts of Mr. Zhang Yongli and Mr. Li Mingchun started from 8 January 2010. Service contracts of Mr. Zou Zhixing and Ms. Zhou Min started from 30 June 2010. The ending dates of these four service contracts are as same as other Directors and Supervisors.

Save as disclosed above, none of the Directors or Supervisors 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 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%	-	26.16%
2. Beida Asset Management Co., Ltd.	(a)	Through controlled corporations	310,000,000	44.29%	-	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%	-	26.16%
4. Beijing Beida Jade Bird Limited	(a), (b)	Directly beneficially owned and through a controlled corporation	200,000,000	28.57%	-	16.88%
5. Beijing Beida High Technology Investment Co. Ltd.	(a)	Directly beneficially owned	85,000,000	12.14%	-	7.17%
6. Heng Huat Investments Limited	(d)	Through a controlled corporation	205,414,000	29.34%	-	17.34%
7. Dynamic Win Assets Limited	(d)	Directly beneficially owned	205,414,000	29.34%	-	17.34%
8. Mr. Xu Zhendong	(e)	Trustee and beneficiary of trusts	205,414,000	29.34%	-	17.34%
9. Mongolia Energy Corporation Limited	(f)	Through a controlled corporation	84,586,000	12.08%	-	7.14%
10. New View Venture Limited	(f)	Directly beneficially owned	84,586,000	12.08%	-	7.14%
11. Asian Technology Investment Company Limited		Directly beneficially owned	50,000,000	7.14%	-	4.22%

Note:

- (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.

The Company was notified by Beida High Technology that it entered into a share transfer agreement with 深圳市北大青鳥科技有限公司 (Shenzhen Beida Jade Bird Sci-Tech Co., Ltd.) on 15 April 2011 pursuant to which Beida High Technology agreed to transfer to the latter 85 million Shares. On the same date, the Company was notified by JB Software that it entered into a share transfer agreement with Grand East (H.K.) Limited pursuant to which JB Software agreed to transfer to the latter 110 million Shares. The transfers are subject to approval by the Ministry of Commerce of the PRC.

The Company was notified by JB Software and Hang Zhou Beida Jade Bird Sci-Tech Co., Ltd. that the share transfer agreement signed between them on 18 January 2008 regarding transfer of 110 million promoter Shares by the former to the latter was terminated.

- (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 Zhendong is taken to be interested in the promoter 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 18.
- (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" on pages 17 to 19, 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. QUALIFICATION AND CONSENT OF EXPERT

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

Name	Qualification
CMBI	A licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

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

As at the Latest Practicable Date, CMBI 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, CMBI 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.

8. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, the date to which the latest published audited consolidated financial statements of the Company were made up.

9. GENERAL

In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

10. 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) the First Renewal Agreement and the Second Renewal Agreement;
- (c) service contracts of the Directors and Supervisors referred to in the section "Directors' and Supervisors' Service Contracts" in this Appendix; and
- (d) this circular.