

The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



北京北大青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: 8095)

**MAJOR AND CONNECTED TRANSACTION
RELATING TO THE DISPOSAL OF 44% EQUITY INTEREST IN
BEIJING CHENGJIAN DONGHUA REAL ESTATE
DEVELOPMENT COMPANY LIMITED
AND
RESUMPTION OF TRADING**

Financial adviser to the Company



CIMB-GK Securities (HK) Limited

The Board announced that on 21 May 2007, the Company and the Purchaser entered into the Share Transfer Agreement pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sales Shares, representing 44% of the registered capital of Chengjian Donghua, and the Sale Loan for an aggregate cash consideration of RMB697.2 million.

Chengjian Donghua owns the land use and development rights to the Land, which is located at Dong Zhi Men Wai, Dongcheng District, Beijing (北京市东城区东直门外). The Land is currently being development into an integrated retail, hotel, office, residential and transportation terminal hub comprising two metro stations, a bus interchange and an express rail link with flight check-in services. The Company acquired 44% equity interest in Chengjian Donghua together with the Sale Loan for an

aggregate consideration of RMB314.2 million in August 2005. Based on the audited book value of its investment in Chengjian Donghua as at 31 December 2006 (including the Sale Loan), the Company is expected to record a gain arising from the Disposal of approximately RMB385.3 million.

The Purchaser is an associate of Beida Jade Bird, which is one of the promoters of the Company. Both the asset test ratio and the consideration test ratio of the Disposal exceed 25% but are below 75%. Pursuant to Rule 20.13(1)(a) and Rule 19.08 of the GEM Listing Rules, the Disposal constitutes a major and connected transaction of the Company and is subject to the approval by the Independent Shareholders, voting by way of poll, at the SGM.

A circular containing, among other things, further details of the Share Transfer Agreement, a valuation report of the Land, a letter of advice from an independent financial adviser and a recommendation of the Independent Board Committee, together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the H Shares on the Stock Exchange has been suspended from 9:31 a.m. on 21 May 2007 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the H Shares on the Stock Exchange with effect from 9:30 a.m. on 22 May 2007.

The Board announced that on 21 May 2007, the Company and the Purchaser entered into the Share Transfer Agreement pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sales Shares, representing 44% of the registered capital of Chengjian Donghua, and the Sale Loan for an aggregate cash consideration of RMB697.2 million.

THE SHARE TRANSFER AGREEMENT

Date

21 May 2007

Parties

Vendor : The Company

Purchaser : Beijing Beida Jade Bird Security System Engineering Technology Company Limited

The Purchaser is a 80% beneficially-owned subsidiary of Beida Jade Bird, which is one of the promoters of the Company. The business scope of the Purchaser includes design and provision of security system engineering and construction of intelligent integrated systems.

As at the date of the announcement, Beijing Jade Bird and its associates collectively hold approximately 26.16% of the total issued share capital of the Company.

Assets to be disposed of

44% of the registered capital of Chengjian Donghua and the Sale Loan. Based on the Directors' best knowledge, the remaining 56% of the registered capital of Chengjian Donghua is held by as to 14.5% held by the Purchaser, as to 10% held by The Beijing City Dong Cheng District Residential Development Centre (北京市東城區住宅發展中心) ("Beijing Dong Cheng"), and as to 31.5% held by Hainan Jing Hao Asset Limited (海南京灝實業有限公司) ("Hainan Co"), of which, as at the date of this announcement, both Beijing Dong Cheng and Hainan Co are independent third parties of the Company.

Consideration

The aggregate consideration for the Disposal is RMB697.2 million, comprising RMB635.6 million for the Sale Shares and RMB61.6 million for the Sale Loan. The consideration for the Disposal payable in cash in the following manner:

- (i) a deposit of RMB200 million shall be payable by the Purchaser within 3 Business Days after signing of the Share Transfer Agreement; and
- (ii) the balance of RMB497.2 million shall be payable by the Purchaser within 7 Business Days after completion of the Share Transfer Agreement.

As disclosed in the Guoco Announcement, Beida Jade Bird and its related companies have agreed to sell or procure to sell to Guoco Group Limited, a company listed on the main board of the Stock Exchange, 90% interest in Chengjian Donghua for an aggregate consideration of RMB5.8 billion. As disclosed in the Guoco Announcement, the payment schedule for the total consideration payable by Guoco Group Limited is follows:

1. RMB500 million paid on 11 April 2007 upon the transfer to Guoco Group Limited of 100% of Hainan Co which then held 31.5% interests in Chengjian Donghua;
2. RMB220 million payable upon shareholders, board and other requisite government approvals for the transfer to Guoco Group Limited of an aggregate of 58.5% interests in Chengjian Donghua;
3. RMB580 million payable after setting off valid claims against the interests in Chengjian Donghua; and
4. RMB2.5 billion to be injected into Chengjian Donghua upon completion of the transfer as described in paragraph 2 above and government approval on the capital increase and up to RMB2.0 billion to be injected into Chengjian Donghua before 30 November 2007.

The aggregate consideration paid or payable under paragraphs 1 to 3 above of approximately RMB1,300 million represents the consideration payable by Guoco Group Limited for its acquisition of 90% of the registered capital of Chengjian Donghua (the "Guoco Share Consideration").

The consideration for the Sale Shares has been agreed between the parties by making reference to and is equal to 44% of the pro-rata amount of the Guoco Share Consideration and the consideration for the Sale Loan has been agreed between the parties by making reference to and is equal to the face value of the Sale Loan.

Pursuant to the Share Transfer Agreement, in the event that the Purchaser and/or its associates disposes of the Sale Shares and the Sale Loan to Guoco Group Limited or any other party at a consideration which is higher than the consideration for the Disposal, the Purchaser will pay to the Company the amount which is in excess of the consideration for the Disposal.

Conditions to completion

Completion of the Share Transfer Agreement is conditional upon:

- (1) the Share Transfer Agreement being duly approved by the Company and the Purchaser;
- (2) the transfer of the Sale Shares being duly approved by the shareholders and directors of Chengjian Donghua;
- (3) the Share Transfer Agreement being duly approved by the Directors and Independent Shareholders; and
- (4) if applicable, approval of the Disposal by the Stock Exchange.

Completion

In the event the Share Transfer Agreement is not completed on or before the date following 90 days following the date of the Share Transfer Agreement, the deposit paid by the Purchaser shall be refunded to the Purchaser without interest.

INFORMATION OF THE GROUP

The Group is principally engaged in the research, development, manufacture, marketing and sale of embedded systems products, including network security products, wireless fire alarm systems and related products. The Group is also engaged in the sale of computer products and provision of total solution services through the application of its existing embedded system products.

INFORMATION OF CHENGJIAN DONGHUA

The Company acquired 44% equity interest in Chengjian Donghua together with the Sale Loan for an aggregate consideration of RMB314.2 million in August 2005. Chengjian Donghua has been accounted for in the Company's financial statements as an associate since August 2005.

Chengjian Donghua owns the land use and development rights to the Land, which is located at Dong Zhi Men Wai, Dongcheng District, Beijing (北京市東城區東直門外). The Land, having a site area of approximately 106,000 square metres is currently being development into an integrated retail, hotel, office, residential and transportation terminal hub comprising two metro stations, a bus interchange and an express rail link with flight check-in services (the "Project"). Up to the date of this announcement, the main structure of the Project has been substantially completed and part of the hotel has also been built. The Directors expect that the Project will be substantially completed in late 2007.

Set out below is the unaudited results of Chengjian Donghua for the two years ended 31 December 2006 and the unaudited net assets value of Chengjian Donghua as at 31 December 2005 and 2006, as extracted from its unaudited financial statements, which are prepared in accordance with accounting principles generally accepted in the PRC:

	For the year ended	
	31 December	
	2005	2006
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover (<i>Note 1</i>)	–	–
Net loss before taxation	3,139	3,271
Net loss after taxation	3,139	3,271
	As at 31 December	
	2005	2006
	<i>RMB'000</i>	<i>RMB'000</i>
Net liabilities (<i>Note 2</i>)	6,041	9,312

Notes:

1. As the Project being developed by Chengjian Donghua is still in the development stage, it has not recorded any revenue for each of the two years ended 31 December 2006.
2. The increase in net liabilities of Chengjian Donghua as at 31 December 2006 was mainly attributable to the losses recorded by Chengjian Donghua for the year ended 31 December 2006, which losses mainly represented its operating expenses.

GAIN ON DISPOSAL

Upon completion of the Share Transfer Agreement, the Company expects to record a gain arising from the Disposal calculated with reference to the book value of its investment in Chengjian Donghua as at the date of completion. Based on the audited book value of its investment in Chengjian Donghua as at 31 December 2006 and the book value of the Sale Loan, the Company expects to record a gain arising from the Disposal of approximately RMB385.3 million. The actual gain on disposal to be recorded by the Company will depend on the net assets value of Chengjian Donghua attributable to the Company at the date of completion.

REASONS FOR THE DISPOSAL AND PROPOSED USE OF PROCEEDS

The Directors consider the terms of the Share Transfer Agreement, of which (i) the consideration of the Sale Shares has been agreed between the parties by making reference to and are equal to 44% of the pro-rata amount of the Guoco Share Consideration, and (ii) the consideration for the Sale Loan has been agreed between the parties by making reference to and is equal to the face value of the Sale Loan, fair and reasonable and in the interests of the Shareholders as a whole. The Directors also consider that the Disposal will allow the Company to realise its investment in Chengjian Donghua at a significant gain and provide additional resources to the Company for its existing businesses.

The net proceeds from the Disposal is approximately RMB696 million. The Directors currently intend to apply the net proceeds from the Disposal of an amount of approximately RMB140 million for general working capital purpose, approximately RMB83 million for expansion of the Group's existing network security products business, approximately RMB125 million for expansion of the Group's wireless fire alarm systems business and approximately RMB348 million for investment in businesses, projects or assets which the Directors believe to have good potential. As at the date of this announcement, the Directors have not yet identified any such investment opportunities nor do they have any concrete proposals relating to such investment opportunities.

IMPLICATION UNDER THE LISTING RULES

The Purchaser is an associate of Beijing Beida Jade Bird Limited, which is one of the promoters of the Company. Both the asset test ratio and the consideration test ratio of the Disposal exceed 25% but are below 75%. Pursuant to Rule 20.13(1)(a) and Rule 19.08 of the GEM Listing Rules, the Disposal constitutes a major and connected transaction of the Company and is subject to the approval by the Independent Shareholders, voting by way of poll, at the SGM. Beijing Jade Bird, the Purchaser and their respective associates will abstain from voting at the SGM.

A circular containing, among other things, further details of the Share Transfer Agreement, a valuation report of the Land, a letter of advice from an independent financial adviser and a recommendation of the Independent Board Committee, together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares on the Stock Exchange has been suspended from 9:31 a.m. on 21 May 2007 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the H Shares on the Stock Exchange with effect from 9:30 a.m. on 22 May 2007.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Beida Jade Bird”	北京北大青鳥有限責任公司 (Beijing Beida Jade Bird Limited), a company incorporate with limited liability in the PRC and a promoter of the Company
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong and the PRC are required to be and are generally open for business (other than any Saturday, Sunday and public holiday)

“Chengjian Donghua”	北京城建東華房地產開發有限責任公司 (Beijing Chengjian Donghua Real Estate Development Company Limited), a company incorporated with limited liability in the PRC
“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
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Company to the Purchaser pursuant to the Share Transfer Agreement
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Guoco Announcement”	the announcement of Guoco Group Limited (stock code: 53) dated 16 April 2007 in relation to its proposed acquisition of 90% interest in Chengjian Donghua
“H Shares”	overseas-listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB0.1 each and which are listed on GEM and traded in Hong Kong dollars
“Independent Board Committee”	the committee of the independent non-executive Directors to be established to advise the Independent Shareholders in respect of the terms of the Share Transfer Agreement
“Independent Shareholders”	Shareholders other than the Purchaser and its associates
“Land”	A parcel of land located at Dong Zhi Men Wai, Dongcheng District, Beijing (北京市東城區東直門外)
“PRC”	People’s Republic of China
“Purchaser”	北京北大青鳥安全系統工程技術有限公司 (Beijing Beida Jade Bird Security System Engineering Technology Company Limited), a company incorporated in the PRC and a non wholly-owned subsidiary of Beijing Jade Bird
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Loan”	the shareholder’s loan advanced by the Company to Chengjian Donghua to be disposed of by the Company pursuant to the Share Transfer Agreement, which balance was RMB61.6 million as at the date of this announcement
“Sale Shares”	44% of the registered capital of Chengjian Donghua to be disposed of by the Company pursuant to the Share Transfer Agreement
“SGM”	the special general meeting of the Company to be convened for the purpose of approving the Share Transfer Agreement and the transactions contemplated therein by the Independent Shareholders
“Share Transfer Agreement”	the conditional share transfer agreement dated 21 May 2007 and entered into between the Company and the Purchaser in respect of the Disposal
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
**Beijing Beida Jade Bird Universal
Sci-Tech Company Limited**
Xu Zhen Dong
Chairman

Beijing, the PRC, 21 May 2007

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Xu Zhen Dong, Mr. Xu Zhi Xiang and Mr. Zhang Wan Zhong, three non-executive Directors, namely Mr. Liu Yong Jin, Mr. Hao Yi Long and Mr. Li Li Xin, and three independent non-executive Directors, namely Professor Nan Xiang Hao, Professor Chin Man Chung, Ambrose and Mr. Cai Chuan Bing.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting.