北京北大青鳥環宇科技股份有限公司
Beijing Beida Jade Bird Universal Sci-Tech Company Limited
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 08095)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

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

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

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

This announcement, for which the directors of the Company (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange ("GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

RESULTS

The Board of Directors ("**Board**") hereby present the audited consolidated results and financial position of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008, together with the comparative figures for the year ended 31 December 2007, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2008

	Note	**2008** *RMB'000*	2007 *RMB'000*
TURNOVER	*3*	**171,658**	156,141
Cost of sales and services		**(130,990)**	(130,595)
Gross profit		**40,668**	25,546
Other income	*4*	**56,098**	16,327
Distribution costs		**(17,615)**	(24,081)
Administrative expenses		**(30,005)**	(19,947)
Other operating expenses		**(13,837)**	(12,069)
PROFIT/(LOSS) FROM OPERATIONS		**35,309**	(14,224)
Finance costs	*6*	**(36,401)**	(38,884)
Change in fair value of derivative financial instruments		**–**	(7,064)
Share of loss of an associate		**–**	(861)
Share of losses of jointly controlled entities		**(1,599)**	–
Gain on disposal of an associate		**–**	386,125
Gain on termination of derivative financial instruments		**7,064**	–
Loss on deemed disposal of a subsidiary		**–**	(21)
Impairment loss on available-for-sale financial assets		**(182,149)**	–
(LOSS)/PROFIT BEFORE TAX		**(177,776)**	325,071
Income tax expense	*7*	**(13,216)**	(43,587)
(LOSS)/PROFIT FOR THE YEAR	*8*	**(190,992)**	281,484
Attributable to:			
Equity holders of the Company		**(192,503)**	282,494
Minority interests		**1,511**	(1,010)
		(190,992)	281,484
DIVIDEND	*9*	**–**	23,696
(LOSS)/EARNINGS PER SHARE			
Basic	*10*	**RMB(16.2) cents**	RMB23.8 cents

CONSOLIDATED BALANCE SHEET
At 31 December 2008

	Note	2008 RMB'000	2007 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**46,272**	23,896
Prepaid land lease payments		**5,608**	5,693
Goodwill		**6,125**	6,125
Other intangible assets		**26,801**	–
Investments in jointly controlled entities		**32,919**	–
Available-for-sale financial assets		**140,400**	377,291
		258,125	413,005
CURRENT ASSETS			
Inventories		**16,132**	13,112
Trade receivables	*11*	**19,166**	20,549
Loan receivable		**–**	130,120
Due from a shareholder		**47**	47
Due from related parties		**402**	388
Prepayments, deposits and other receivables		**7,617**	23,159
Financial assets at fair value through profit or loss		**10,513**	–
Non-pledged time deposits with original maturity of more than three months when acquired		**46,873**	89,488
Cash and cash equivalents		**551,622**	654,107
		652,372	930,970
TOTAL ASSETS		**910,497**	1,343,975
CURRENT LIABILITIES			
Trade payables	*12*	**23,645**	20,408
Advances from customers		**9,917**	6,269
Accruals and other payables		**37,596**	46,471
Due to a shareholder		**2,120**	1,050
Due to related parties		**4,072**	2,029
Dividend payables		**10,277**	–
Bank loans		**–**	10,000
Current tax liabilities		**65,279**	52,663
		152,906	138,890
NET CURRENT ASSETS		**499,466**	792,080
TOTAL ASSETS LESS CURRENT LIABILITIES		**757,591**	1,205,085
NON-CURRENT LIABILITIES			
Other loan		**–**	177,711
Derivative financial instruments		**–**	6,783
		–	184,494
NET ASSETS		**757,591**	1,020,591
CAPITAL AND RESERVES			
Share capital		**118,480**	118,480
Reserves		**598,989**	843,985
Equity attributable to equity holders of the Company		**717,469**	962,465
Minority interests		**40,122**	58,126
TOTAL EQUITY		**757,591**	1,020,591

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Attributable to equity holders of the Company									
	Share capital *RMB'000*	Capital reserve *RMB'000*	Reserve funds *RMB'000*	Foreign currency translation reserve *RMB'000*	Investment revaluation reserve/ (deficit) *RMB'000*	Retained profits *RMB'000*	Proposed final dividend *RMB'000*	Total *RMB'000*	Minority interests *RMB'000*	Total equity *RMB'000*
At 1 January 2007	118,480	377,720	53,787	(23,616)	53,288	168,934	–	748,593	4,279	752,872
Change in fair value of available-for-sale financial assets	–	–	–	–	(49,082)	–	–	(49,082)	13,075	(36,007)
Impairment on available-for-sale financial assets	–	–	–	–	522	–	–	522	–	522
Translation differences	–	–	–	(20,551)	–	–	–	(20,551)	–	(20,551)
Net (expense)/income recognised directly in equity	–	–	–	(20,551)	(48,560)	–	–	(69,111)	13,075	(56,036)
Profit/(loss) for the year	–	–	–	–	–	282,494	–	282,494	(1,010)	281,484
Total recognised income and expense for the year	–	–	–	(20,551)	(48,560)	282,494	–	213,383	12,065	225,448
Transfer	–	–	24,187	–	–	(24,187)	–	–	–	–
Loss on deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	21	21
Capital contribution from minority interests	–	489	–	–	–	–	–	489	41,761	42,250
2007 proposed final dividend *(note 9)*	–	–	–	–	–	(23,696)	23,696	–	–	–
At 31 December 2007	118,480	378,209	77,974	(44,167)	4,728	403,545	23,696	962,465	58,126	1,020,591
At 1 January 2008	118,480	378,209	77,974	(44,167)	4,728	403,545	23,696	962,465	58,126	1,020,591
Change in fair value of available-for-sale financial assets	–	–	–	–	(198,965)	–	–	(198,965)	(21,133)	(220,098)
Impairment on available-for-sale financial assets	–	–	–	–	182,149	–	–	182,149	–	182,149
Termination of derivative financial instruments	–	–	–	(281)	–	–	–	(281)	–	(281)
Translation differences	–	–	–	(11,211)	–	–	–	(11,211)	–	(11,211)
Net expense recognised directly in equity	–	–	–	(11,492)	(16,816)	–	–	(28,308)	(21,133)	(49,441)
(Loss)/profit for the year	–	–	–	–	–	(192,503)	–	(192,503)	1,511	(190,992)
Total recognised income and expense for the year	–	–	–	(11,492)	(16,816)	(192,503)	–	(220,811)	(19,622)	(240,433)
Transfer	–	(489)	–	–	–	–	–	(489)	489	–
Dividend paid	–	–	–	–	–	–	(23,696)	(23,696)	–	(23,696)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	884	884
Capital contribution from minority interests	–	–	–	–	–	–	–	–	245	245
At 31 December 2008	118,480	377,720	77,974	(55,659)	(12,088)	211,042	–	717,469	40,122	757,591

Notes:

1. Principal Activities

The Group is principally engaged in the research, development, manufacture, marketing and sale of embedded system products, including network security products ("**NET**"), wireless fire alarm systems ("**WFAS**"), and related products. The Group is also engaged in sale of computer products ("**Computer**") and development of travel and leisure business ("**Tourism Development**"). The principal activities remained unchanged during the year.

2. Basis of Presentation

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

In the current year, the Group has adopted all the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2008. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

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

2.2 Basis of preparation

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

Basis of consolidation

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the subsidiary which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Inter-company transactions, balances and unrealised profits on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests represent the interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between minority and shareholders of the Company. Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the interests of the Group until the minority's share of losses previously absorbed by the Group has been recovered.

3. **Turnover**

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

	2008	2007
	RMB'000	*RMB'000*
Sales of embedded system products and related products	**105,889**	79,176
Sales of Computer	**36,569**	76,965
Rendering of travel and leisure services	**29,200**	–
	171,658	156,141

4. **Other income**

	2008	2007
	RMB'000	*RMB'000*
Bank interest income	**11,225**	12,819
Interest income from loan receivables	**41,572**	93
Interest income from loans to others	**–**	285
Others	**3,301**	3,130
	56,098	16,327

5. **Segment information**

Primary reporting format – business segments

The Group is organised into four main business segments:

– the manufacture and sale of NET;

– the manufacture and sale of WFAS;

– the trading of Computer; and

– Tourism Development.

Secondary reporting format – geographical segments

The Group's principal markets are located in two main geographical areas:

– Mainland China

– Hong Kong

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Primary reporting format – business segments

	NET *RMB'000*	WFAS *RMB'000*	Computer *RMB'000*	Tourism Development *RMB'000*	Total *RMB'000*
Year ended 31 December 2008					
Revenue	9,917	95,972	36,569	29,200	171,658
Results					
Segment results	(7,716)	6,364	(532)	2,234	350
Interest income					52,797
Finance costs					(36,401)
Share of losses of jointly controlled entities					(1,599)
Gain on termination of derivative financial instruments					7,064
Impairment loss on available-for-sale financial assets					(182,149)
Unallocated corporate expenses					(17,838)
Loss before tax					(177,776)
Income tax expense					(13,216)
Loss for the year					(190,992)
At 31 December 2008					
ASSETS					
Segment assets	16,420	59,715	3,518	79,272	158,925
Less: Intersegment assets	(723)	(1,494)			(2,217)
Unallocated corporate assets					753,789
Total assets					910,497
LIABILITIES					
Segment liabilities	12,523	32,583	5,680	2,582	53,368
Less: Intersegment liabilities	(723)	(1,494)			(2,217)
Unallocated corporate liabilities					101,755
Total liabilities					152,906
OTHER SEGMENT INFORMATION					
Capital expenditure	3,149	481	–	54,106	57,736
Depreciation and amortisation expenses	1,570	1,487	1	5,730	8,788
Allowance for doubtful other receivables	17	–	–	–	17
Allowance for doubtful trade receivables	1,191	386	256	–	1,833
Operating lease charges	85	–	–	–	85
Reversal of allowance for doubtful other receivables	(2)	–	–	–	(2)
Reversal of allowance for doubtful trade receivables	–	(410)	(414)	–	(824)
(Gain)/loss on disposal of property, plant and equipment	(755)	64	(156)	–	(847)
Write-off of doubtful trade receivables	–	10	–	–	10

	NET RMB'000	WFAS RMB'000	Computer RMB'000	Tourism Development RMB'000	Total RMB'000
Year ended 31 December 2007					
Revenue	15,279	63,897	76,965	–	156,141
Results					
Segment results	(1,377)	108	3,733	(1,054)	1,410
Interest income					13,197
Finance costs					(38,884)
Change in fair value of derivative financial instruments					(7,064)
Share of loss of an associate					(861)
Gain on disposal of an associate					386,125
Loss on deemed disposal of a subsidiary					(21)
Unallocated corporate expenses					(28,831)
Profit before tax					325,071
Income tax expense					(43,587)
Profit for the year					281,484
At 31 December 2007					
ASSETS					
Segment assets	16,563	50,257	13,946	93,685	174,451
Less: Intersegment assets	(741)				(741)
Unallocated corporate assets					1,170,265
Total assets					1,343,975
LIABILITIES					
Segment liabilities	13,137	17,985	13,413	12,598	57,133
Less: Intersegment liabilities	(741)				(741)
Unallocated corporate liabilities					266,992
Total liabilities					323,384
OTHER SEGMENT INFORMATION					
Capital expenditure	1,695	339	–	28	2,062
Depreciation and amortisation expenses	1,315	1,396	21	–	2,732
Allowance for doubtful other receivables	–	660	–	–	660
Allowance for doubtful trade receivables	207	880	–	–	1,087
Allowance for obsolete and slow-moving inventories	–	1,601	–	–	1,601
Operating lease charges	87	–	–	–	87
Reversal of allowance for doubtful other receivables	(161)	–	–	–	(161)
Reversal of allowance for doubtful trade receivables	–	(247)	(1,446)	–	(1,693)
Loss on disposal of property, plant and equipment	31	4	–	–	35
Write-off of obsolete and slow-moving inventories	380	–	–	–	380
Write-back of trade payables	–	–	(1,161)	–	(1,161)

Secondary reporting format – geographical segments

	Revenue		Segment assets		Capital expenditure	
	2008	2007	**2008**	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Mainland China	**148,684**	98,713	**656,439**	504,265	**57,736**	2,062
Hong Kong	**21,682**	53,121	**254,058**	839,710	**–**	–
Others	**1,292**	4,307	**–**	–	**–**	–
	171,658	156,141	**910,497**	1,343,975	**57,736**	2,062

6. Finance costs

	2008	2007
	RMB'000	*RMB'000*
Interest on bank loans	**44**	791
Interest on other loans	**2,070**	20,138
Net exchange losses	**34,287**	17,955
	36,401	38,884

7. Income tax expense

	2008	2007
	RMB'000	*RMB'000*
Provision for the year		
Current tax – Mainland China	**13,216**	43,587

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2008 and 2007 as the Group did not generate any assessable profits arising in Hong Kong during the years.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the country in which the Group operates, based on existing legislation, interpretations, and practices in respect thereof.

During the year ended 31 December 2007, the Company was registered in the Beijing New Technology Enterprise Development Zone and has been certified by the relevant People's Republic of China (the "PRC") authorities as a high technology enterprise. Pursuant to the Income Tax Law in the PRC, the Company is subject to enterprise income tax at a rate of 15%. High technology enterprise certificate was expired during the year ended 31 December 2008 and its renewal is in progress.

The subsidiaries of the Group established in the PRC are generally subject to income tax on their taxable income at a tax rate of 25% (2007: 33%).

The new PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007 introduces various changes which include the unification of the enterprise income tax rate for domestic and foreign enterprises at 25%. The new tax law has been effective from 1 January 2008. The impact of the new tax law on the Group's consolidated financial statements is not material.

8. (Loss)/Profit for the year

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

	2008 *RMB'000*	2007 *RMB'000*
Advertising and promotion costs	**818**	11,162
Allowance for doubtful other receivables	**17**	660
Allowance for doubtful trade receivables	**1,833**	1,087
Allowance for obsolete and slow-moving inventories (included in other operating expenses)	**–**	1,601
Amortisation of other intangible assets		
– included in cost of sales and services	**3,214**	–
– included in administrative expenses	**7**	–
Auditors' remuneration	**1,255**	1,180
Change in fair value of financial assets at fair value through profit or loss	**4,097**	–
Cost of inventories sold	**107,592**	129,826
Depreciation	**5,567**	2,732
Gain on disposal of financial assets at fair value through profit or loss	**–**	(255)
Impairment loss on available-for-sale financial assets	**182,149**	5,759
(Gain)/loss on disposal of property, plant and equipment	**(847)**	35
Net foreign exchange losses	**34,287**	17,955
Operating leases charges in respect of land and buildings	**2,666**	1,918
Research and development expenditure	**6,347**	4,350
Reversal of allowance for doubtful other receivables	**(2)**	(161)
Reversal of allowance for doubtful trade receivables	**(824)**	(1,693)
Staff costs (excluding directors' and supervisors' emoluments)		
Retirements benefits scheme contributions	**2,052**	1,219
Social security costs	**2,159**	1,154
Wages, salaries and bonuses	**27,484**	15,028
Write-off of doubtful trade receivables	**10**	–
Write-off of obsolete and slow-moving inventories (included in other operating expenses)	**–**	380

Cost of inventories sold includes staff costs and depreciation of approximately RMB4,534,000 (2007: RMB2,650,000) which are included in the amounts disclosed separately above.

9. Dividend

	2008 *RMB'000*	2007 *RMB'000*
Proposed final of RMBNil (2007: RMB2 cents) per ordinary share	**–**	23,696

10. (Loss)/earnings per share

Basic (loss)/earnings per share

The calculation of basic loss (2007: earnings) per share attributable to equity holders of the Company is based on the loss for the year attributable to equity holders of the Company of approximately RMB192,503,000 (2007: profit for the year attributable to equity holders of the Company of approximately RMB282,494,000) and the weighted average number of ordinary shares of 1,184,800,000 (2007: 1,184,800,000) in issue during the year.

Diluted (loss)/earnings per share

No diluted (loss)/earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2008.

11. Trade receivables

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

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

	2008 ***RMB'000***	2007 *RMB'000*
0 to 90 days	**11,572**	17,940
91 to 180 days	**1,873**	681
181 to 365 days	**2,091**	1,188
Over 365 days	**3,630**	740
	19,166	20,549

12. Trade payables

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

	2008 ***RMB'000***	2007 *RMB'000*
0 to 90 days	**15,396**	16,669
91 to 180 days	**907**	117
181 to 365 days	**1,915**	133
Over 365 days	**5,427**	3,489
	23,645	20,408

DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2008 (2007: RMB 2 cents per ordinary share).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

The Group recorded a turnover of approximately RMB171.7 million for the year ended 31 December 2008. It grew by 9.9% year-on-year. Gross profit was approximately RMB40.7 million. It increased by 59.2% year-on-year. Gross profit margin improved from 16.4% to 23.7%. The brilliant start of our travel and leisure business and sustainable growth of WFAS business contributed most to the turnover increase albeit under-performed NET and Computer segments. Cost of sales and services remained stable while operating expenses rose by 9.6% during the year. The Group's operation recorded a turnaround, reporting a profit from operations of approximately 35.3 million during the year while it made loss of approximately RMB14.2 million last year. Finance costs decreased by 6.4% year-on-year mainly due to early repayment of cash collateral under the securities lending arrangement and the interest rate cut as a result of financial crisis. However, the Group recorded a substantial net loss of approximately RMB191.0 million for the year while the Group made a net profit of approximately RMB281.5 million last year. The loss was mainly attributed to the impairment loss on the Group's investment in equity securities listed on the main board of the Stock Exchange after significant decline in market value following the outbreak of financial tsunami.

WFAS

WFAS segment contributed 55.9% to the Group's turnover for the year, representing an increase in contribution by 15.0% year-on-year. Segmental profit boosted drastically to RMB6.4 million during the year. It was the most profitable segment of the Group. Benefited from the stable product quality and reasonable price, the Group had laid a solid foundation in the WFAS market. The expansion strategy through setting up representative offices and enhancement of high calibre sales force boosted the sales amount during the year. Completion of certain major fire prevention system projects and intelligent system projects also contributed to the stellar performance of the segment.

During the year, the Group acquired 75% equity interest in Si Chuan Jiu Yuan Intelligent Surveillance Co., Ltd. ("Sichuan Jiuyuan") at a cash consideration of approximately RMB2.4 million. The acquisition enables the Group to expand its market share.

NET

NET segment contributed 5.8% to the Group's turnover for the year, representing a drop in contribution by 4.0% year-on-year. The Group emphasized on research and development of new product during the year. However, the process was much longer than expected. The Group was unable to launch new product to the market during the year. Progress of existing product upgrade was also hindered as less resources were allocated. The Group's competitiveness inevitably fell behind the competitors. Segmental performance was far from satisfactory.

Computer

Computer segment contributed 21.3% to the Group's turnover for the year. The contribution dropped by 28.0% year-on-year. Financial crisis has led to a dwindling demand in Computer. Customers were reluctant to spend on hardware upgrade and replacement. The Group also tightened its credit control to reduce debt recoverability risk. Business volume was adversely affected. The segment made a slight loss of approximately RMB0.5 million during the year owing to the thin profit margin.

Tourism Development

The Group's travel and leisure business was conducted through a non-wholly owned subsidiary situated in Hengyang City, Hunan Province. This segment contributed 17.0% to the Group's total turnover and generated segmental profits of approximately RMB2.2 million for the year. The environmental-friendly bus service started operation in the first half of the year. 60 buses served the tourists who visited 南岳衡山風景名勝區 (Nanyue Hengshan Scenic Spot). A lot of tourists had used the bus service. The performance exceeds expectation.

Other income

Other income of the Group mainly represented interest income at a total amount of approximately RMB41.6 million earned from two loans during the year. One of the loans was a USD senior secured term loan lent to Jinsheng International Group (Hong Kong) Limited in a maximum amount of USD18 million. The other loan was a HK$ senior secured term loan lent to Best Chance Holdings Limited in a maximum amount of HK$111.4 million. Both companies repaid the loans and settled the interests in full during the year.

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

According to the latest published information available, SMIC recorded a revenue of approximately USD272.5 million for the fourth quarter of the year ended 31 December 2008, representing a decrease of 27.5% quarter-on-quarter from the third quarter of the year owing to a decrease in wafer shipments. SMIC incurred a net loss of USD124.5 million in the fourth quarter of the year. The loss climbed up over three times quarter-on-quarter from the third quarter amid the financial turnmoil. The conversion of DRAM capacity to non-DRAM business led to a palpable increase in sales amount of the latter. Non-DRAM revenue increased by 14.3% year-on-year despite of a difficult fourth quarter. Leveraging the strength in the PRC market, SMIC had increased its sales to domestic IC companies by 28.0% during the year.

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

According to the latest published information available, ZJJ Tourism recorded a turnover of approximately RMB87.3 million and a net loss of approximately RMB33.4 million for the year ended 31 December 2008 respectively. Its operation made loss for the year mainly because of de-consolidation of certain travel agents, the natural disasters happened in Mainland China, keen competition and hardware deterioration of its hotels. ZJJ Tourism foresees that the market will remain unstable and spending on tourism will be reduced. To cope with the situation, ZJJ Tourism plans to strengthen the marketing of its scenic spots, control cost stringently, strengthen staff training and optimize its hardware. The split share structure reform was not yet approved by shareholders. ZJJ Tourism has not unveiled the reform procedure again up to date of this announcement.

Liquidity and Financial Resources

Net asset value of the Group was approximately RMB757.6 million as at 31 December 2008, representing a decrease of RMB263.0 million year-on-year. It was mainly the result of significant decrease in fair values of the Group's investment in equity securities listed in Hong Kong after the stock prices plummeted to a low level. The drop in net asset value did not affect the cash flow of the Group. The Group maintained a strong net cash position. The Group had cash and cash equivalent of approximately RMB551.6 million as at year end while it had no interest-bearing debts. Cash collateral under the securities lending arrangement had been repaid during the year. Current ratio (being the ratio of current assets to current liabilities) deteriorated by 2.4 year-on-year to 4.3 as at the year end. Gearing ratio (being the ratio of total interest bearing debts to total equity) reduced to zero (2007: 18.4%).

The Group's operation is generally funded by internal resources.

Exposure to Foreign Currencies

The Group has certain exposure to foreign currency risk as most of its business activities, assets and liabilities are denominated in USD, HK$ and RMB. The Group does not formulate a foreign currency hedging policy at present as RMB is the functional currency of the Group. RMB is relatively strong as compared with other currencies and its fluctuation is relatively small. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposures when necessary.

Capital Commitment and Contingent Liabilities

The Group had a capital commitment being an unpaid balance of capital contributions to jointly controlled entities in an amount of approximately RMB307.9 million as at 31 December 2008.

The Group had a capital commitment on certain property, plant and equipments contracted for purchase but not provided for in an amount of approximately RMB1.2 million as at 31 December 2007.

Human Resources

The Group employed around 660 staff members as at 31 December 2008 (2007: 360 staff members). The surge in workforce was mainly due to recruitment of staff members after the start of travel and leisure business and the acquisition of Sichuan Jiuyuan during the year. The Group offers competitive remuneration package to its staff including medical insurance and travel insurance. The Group strictly follows the requirements regarding mandatory provident fund in Hong Kong and state-managed pension scheme in PRC respectively.

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

Future development

Giving the current market condition, the Group will concentrate its resources on profitable WFAS business and travel and leisure business. Further investment, including the investment fund with SBI Holdings Inc., will be conducted with extreme caution.

EXTRACTS OF INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Basis for qualified opinion

As stated in note 20 to the financial statements, the directors of the Company considered that no goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost should be recognised in the consolidated financial statements for the acquisition of Beijing Chengjian Donghua Real Estate Development Company Limited ("**Chengjian Donghua**") for the year ended 31 December 2005. However, we have not been provided with sufficient evidence to satisfy ourselves that the net fair value of the identifiable assets, liabilities and contingent liabilities of Chengjian Donghua as at the acquisition date is same as the cost of acquisition. There are no other satisfactory audit procedures that we could adopt to determine whether no goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost is fairly stated in the financial statements. Any adjustment to the above might have a consequential effect on the gain on disposal of Chengjian Donghua and results for the year ended 31 December 2007. Our auditor's report on the consolidated financial statements for the year ended 31 December 2007 was modified accordingly.

Qualified opinion arising from prior year audit qualification

In our opinion, except for the possible effect on the corresponding figures for 2007 as described above, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2008 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Report on Other Matters

In respect alone of the limitation on our work relating to Chengjian Donghua, we have not obtained all the information and explanations that we have considered necessary for the purpose of our audit.

EXTRACTS OF NOTE 20 TO THE FINANCIAL STATEMENTS

Investment in an associate

In 2005, the Company entered into a share transfer agreement (the "**Agreement**") with Beijing Beida Jade Bird Limited, one of the shareholders of the Company, to acquire 44% equity interest in Chengjian Donghua at RMB314.19 million which comprised the acquisition cost of the equity interest amounted to RMB252.59 million and the book value of the shareholder loan of RMB61.6 million. According to the property valuation report issued by Chesterton Petty Limited on 30 June 2005 included in the circular of the Company issued on 30 June 2005 in relation to the "Major and connected transaction relating to the proposed acquisition of 44% equity interest in Chengjian Donghua" (the "**Circular**"), the market value of the property interest held by Chengjian Donghua ("**Property**") as at 30 April 2005 was RMB3,290,000,000 (details please refer to Appendix IV of the Circular). In addition, according to the accountants' report of Chengjian Donghua issued by Grant Thornton on 30 June 2005 included in the Circular, the net asset value of Chengjian Donghua as at 31 December 2004 was approximately RMB10,203,000. In preparing the consolidated financial statements of the Company for the year ended 31 December 2005, the directors of the Company considered that there was neither goodwill nor excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost should be recognised as the fair value of Chengjian Donghua was same as the acquisition cost of Chengjian Donghua after consideration of the effect on (i) scale down on the current development plan on the Property of Chengjian Donghua; (ii) the delay on the development plan on the Property of Chengjian Donghua; and (iii) Shenzhen Development Bank intended to take the legal action to sue Chengjian Donghua.

Chengjian Donghua had been disposed of during the year ended 31 December 2007.

COMPETING INTERESTS

None of the Directors, supervisors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the businesses of the Group, or may have any conflicts of interest with the Group pursuant to the GEM Listing Rules.

AUDIT COMMITTEE

The Company established its audit committee (the "**Audit Committee**") with terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee include monitoring the financial reporting system and internal control procedure of the Group, reviewing financial information and advising the Board on the engagement and independence of external auditors.

The Audit Committee comprises three members. The chairman is Professor Nan Xiang Hao. The two members are Professor Chin Man Chung, Ambrose and Mr. Cai Chuan Bing. All are independent non-executive Directors. The Audit Committee had held meeting and reviewed the Group's annual results for the year ended 31 December 2008.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S H SHARES

For the year ended 31 December 2008, the Company did not purchase, sell or redeem any of the Company's H shares.

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

Beijing, the PRC, 23 March 2009

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

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