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北京北大青鳥環宇科技股份有限公司

BEIJING BEIDA JADE BIRD UNIVERSAL SCI-TECH COMPANY LIMITED

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

(Stock Code: 08095)

**VERY SUBSTANTIAL TRANSACTION:
DISPOSAL OF 7.96% OF EQUITY INTERESTS IN JADE BIRD FIRE CO., LTD.**

THE DISPOSAL

The Board is pleased to announce that on 21 November 2022 (after trading hours), the Company and the Purchaser entered into the Share Transfer Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing approximately 7.96% of equity interests in the Target Company at the consideration of RMB1,101,846,000 (equivalent to approximately HK\$1,210,378,000), upon and subject to the terms and conditions of the Share Transfer Agreement.

Upon completion of the Disposal, the Company will still hold approximately 23.92% of equity interests in the Target Company.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Disposal are more than 75%, the Disposal constitutes a very substantial disposal of the Company under the GEM Listing Rules and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

A circular containing, among other things, details of the Disposal and information required to be disclosed under the GEM Listing Rules will be despatched to the Shareholders on or before 30 December 2022 as more time is required for the Company to prepare the circular.

The Board is pleased to announce that on 21 November 2022 (after trading hours), the Company and the Purchaser entered into the Share Transfer Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing approximately 7.96% of equity interests in the Target Company at the consideration of RMB1,101,846,000 (equivalent to approximately HK\$1,210,378,000), upon and subject to the terms and conditions of the Share Transfer Agreement.

SHARE TRANSFER AGREEMENT

The major terms of the Share Transfer Agreement are set out below:

Date

21 November 2022

Parties

- (a) Vendor: the Company
- (b) Purchaser: Cai Weimin

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser (i) is the chairman and a shareholder, holding 55,578,279 shares in the Target Company (representing approximately 9.85% of the issued shares of the Target Company), of the Target Company; (ii) joined the Target Company as a director and the general manager of the Target Company in 2001 and has been appointed as the chairman of the Target Company since 2012; (iii) is currently a member of the 12th Hebei Provincial Committee of the Chinese People's Political Consultative Conference, an executive director of the Seventh Council of China Fire Protection Association, a member of Fire Detection and Alarm Sub-Technical Committee of National Fire Standardization Technical Committee, a member and expert group member of the seventh session of China Fire Protection Association Building Fire Protection Professional Committee, the vice chairman of Hebei High-tech Enterprise Association and an executive director of the Fifth Council of Beijing Fire Protection Association; and (iv) is an Independent Third Party.

Assets to be disposed of

As at the date of the Share Transfer Agreement, the total number of shares of the Target Company is 564,277,212 shares.

The Company is a shareholder of the Target Company and holds 179,880,361 shares of the Target Company, which representing approximately 31.88% of equity interests in the Target Company.

Pursuant to the Share Transfer Agreement, the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares (i.e. 44,900,000 sale shares of the Target Company), representing 7.96% of equity interests in the Target Company at the total consideration of RMB1,101,846,000 (equivalent to approximately HK\$1,210,378,000).

During the period from the date of the Share Transfer Agreement to the Completion Date, if there is any change in the total share capital of the Target Company as a result of share bonus, transfer of undistributed profits to share capital, share split or merger, share reduction, the number of the Sale Shares shall be adjusted accordingly, but the Consideration shall not be adjusted.

Condition Precedent

Completion shall be conditional upon that the Share Transfer Agreement and the transactions contemplated thereunder has been approved at the general meeting of the Company in accordance with the GEM Listing Rules.

The Share Transfer Agreement shall become effective upon the fulfillment of the above condition. If the above condition, which is not waivable, is not fulfilled on or before 31 March 2023, the Share Transfer Agreement shall automatically terminate forthwith.

Consideration and terms of payment

Pursuant to the Share Transfer Agreement, the consideration for the Disposal shall be RMB24.54 (equivalent to approximately HK\$26.96) for each Sale Share, the total consideration for the Sale Shares is RMB1,101,846,000 (equivalent to approximately HK\$1,210,378,000), which shall be settled in the following manner:

- (a) within 7 working days after the Share Transfer Agreement becoming effective, the Purchaser shall pay to the Company 20% of the Consideration, RMB220,369,200 (equivalent to approximately HK\$242,076,000) (the “**First Instalment**”);
- (b) within one month from the Completion Date, the Purchaser shall pay to the Company 30% of the Consideration, RMB330,553,800 (equivalent to approximately HK\$363,113,000);
- (c) within three months from the Completion Date, the Purchaser shall pay to the Company 20% of the Consideration, RMB220,369,200 (equivalent to approximately HK\$242,076,000); and
- (d) within six months from the Completion Date, the Purchaser shall pay to the Company 30% of the Consideration, RMB330,553,800 (equivalent to approximately HK\$363,113,000).

The above payment term was arrived at by the Company and the Purchaser after arm's length negotiations and having taken into account that it is not uncommon for consideration for transfer of shares of A-share listed companies in the PRC to be settled by instalments.

Set out below are share transfer of shares of A-share listed companies in the PRC in the last two years involving settlement of consideration by instalments:

Name of A-share listed company subject to transfer	Date of share transfer agreement	Vendor	Purchaser	Percentage of equity interest to be transferred	Total consideration (RMB)	Terms of payment
Guangdong Insight Brand Marketing Group Co., Ltd. (廣東因賽品牌營銷集團股份有限公司) (stock code: 300781)	28 July 2022	廣東因賽投資有限公司 (Guangdong Insight Investment Co., Ltd*)	Liu Xiaowei	5.0044%	95.76 million	<p>(i) within three working days from the date of obtaining the transfer confirmation from the Shenzhen Stock Exchange in respect of the transfer, the purchaser shall pay to the vendor the first instalment of RMB5 million;</p> <p>(ii) within five working days after the completion, the purchaser shall pay to the vendor the second instalment of RMB5 million; and</p> <p>(iii) within 180 working days after the completion, the purchaser shall pay to the vendor the remaining balance of RMB85.76 million.</p>

Name of A-share listed company subject to transfer	Date of share transfer agreement	Vendor	Purchaser	Percentage of equity interest to be transferred	Total consideration (RMB)	Terms of payment
Ningxia Jiaze New Energy Co., Ltd (寧夏嘉澤新能源股份有限公司) (stock code: 601619)	8 October 2021	金元榮泰投資管理(寧夏)有限公司(Jinyuan Rongtai Investment Management (Ningxia) Co., Ltd.*)	GLP Renewable Energy Investment I Limited	10.4106%	1,382.3 million	(i) within ten working days after fulfilment of completion conditions, the purchaser shall pay to the vendor the first instalment of RMB604 million; and (ii) within twelve months from the completion, the purchaser shall pay to the vendor the remaining balance of RMB778.3 million.
Baolingbao Biology Co., Ltd. (保齡寶生物股份有限公司) (stock code: 002286)	28 January 2021	Liu Zongli	Gao Yanming	6.75%	205.94 million	(i) on the date of the share transfer agreement, the purchaser shall pay to the vendor the first instalment of RMB25 million; (ii) within three working days from the date of obtaining the transfer confirmation from the Shenzhen Stock Exchange in respect of the transfer, the purchaser shall pay to the vendor the second instalment of RMB135.8 million; and

Name of A-share listed company subject to transfer	Date of share transfer agreement	Vendor	Purchaser	Percentage of equity interest to be transferred	Total consideration (RMB)	Terms of payment
						(iii) within six months after the completion, the purchaser shall pay to the vendor the third instalment of RMB45.14 million.
Guangdong Jiaying Pharmaceutical Co., Ltd. (廣東嘉應製藥股份有限公司) (stock code: 002198)	2 November 2021	Huang Zhiyong, Huang Libing	Liu Libiao	5.03%	213.73 million	(i) within three working days after the date of the share transfer agreement, the purchaser shall pay to the vendors the first instalment of RMB65 million; and (ii) within eight months after the completion, the purchaser shall pay to the vendors the remaining balance of RMB148.73 million.
Bringspring Science and Technology Co., Ltd. (榮科科技股份有限公司) (stock code: 300290)	2 June 2020	Cui Wantao, Fu Yanjie	Shao Yinan	5.00%	172.59 million	(i) within two working days after the date of the share transfer agreement, the purchaser shall pay to the vendors 10% of the consideration (i.e. RMB17.26 million); (ii) within three working days after the completion, the purchaser shall pay to the vendors 30% of the consideration (i.e. RMB51.78 million);

Name of A-share listed company subject to transfer	Date of share transfer agreement	Vendor	Purchaser	Percentage of equity interest to be transferred	Total consideration (RMB)	Terms of payment
						(iii) within six months after the date of the share transfer agreement, the purchaser shall pay to the vendors 30% of the consideration (i.e. RMB51.78 million); and
						(iv) within twelve months after the date of the share transfer agreement, the purchaser shall pay to the vendors the remaining 30% of the consideration (i.e. RMB51.78 million).

* *For identification only*

As at the date of this announcement, the Purchaser holds 55,578,279 shares in the Target Company, which amount to approximately RMB1,551 million (equivalent to approximately HK\$1,704 million) with reference to the closing price of such shares quoted on the Shenzhen Stock Exchange on the date of the Share Transfer Agreement. In addition, as advised by the Purchaser, the Purchaser has accumulated funds through the dividends received from the Target Company. The Company believes that the Purchaser has sufficient funds to settle the Consideration after Completion. Furthermore, given that the Share Transfer Agreement has been disclosed to the public and the strong standing and good social reputation of the Purchaser as demonstrated by the various public offices held by him as mentioned in the paragraph headed “Parties” above, the Company believes that the risk of default of payment of the Consideration of the Purchaser after Completion is low. The Board has assessed the financial capability of the Purchaser by observations during the long-term cooperation with the Purchaser, who has been a director of the Target Company when the Target Company was a subsidiary of the Company and taking into account of the financial background of the Purchaser with reference to the value of 55,578,279 shares in the Target Company owned by the Purchaser as at the date of the Share Transfer Agreement and the source of funds of the Purchaser including the Purchaser’s bank deposits and channels of pledge financing.

As set out in the paragraph headed “Termination of the Share Transfer Agreement” below, if the Purchaser fails to pay the Consideration in time and in full within the time limit specified in the Share Transfer Agreement, the Purchaser shall pay the Company liquidated damages at the daily rate of 0.01% of the outstanding Consideration payable per each overdue day. If the overdue period exceeds 60 days, the Company shall have the right to terminate the Share Transfer Agreement and require the Purchaser to return the Sale Shares to the Company whereas the Company shall return to the Purchaser the Consideration paid by the Purchaser without interest; and the Purchaser shall pay the Company 20% of the Consideration as compensation in addition to the above liquidated damages.

In view of the above, the Directors consider that the above payment term is fair and reasonable, and to the interest of the Company and its shareholders.

Basis of the Consideration

The Consideration was determined after arm’s length negotiations between the Company and the Purchaser with reference to (i) the closing price of the Sale Shares as quoted on the Shenzhen Stock Exchange on the last trading day prior to the date of the Share Transfer Agreement (i.e. RMB27.26 (equivalent to approximately HK\$29.95) per Sale Share); and (ii) the estimated time and costs to be incurred if the Sale Shares were to be sold in batches on the Shenzhen Stock Exchange.

Other Major Terms

The Company and the Purchaser have agreed that from the Completion Date, the Purchaser shall enjoy and assume all rights and obligations in relation to the Sale Shares.

Termination of the Share Transfer Agreement

If the Company fails to complete the registration procedures for change of shareholders of the Sale Shares within the time limit specified in the Share Transfer Agreement, the Company shall pay the Purchaser liquidated damages at the daily rate of 0.01% of the outstanding Consideration payable per each overdue day. If the overdue period exceeds 60 days, the Purchaser shall have the right to terminate the Share Transfer Agreement and require the Company to return to the Purchaser the Consideration paid by the Purchaser; and the Company shall pay the Purchaser 20% of the Consideration as compensation in addition to the above liquidated damages.

If the Purchaser fails to pay the Consideration in time and in full within the time limit specified in the Share Transfer Agreement, the Purchaser shall pay the Company liquidated damages at the daily rate of 0.01% of the outstanding Consideration payable per each overdue day. If the overdue period exceeds 60 days, the Company shall have the right to terminate the Share Transfer Agreement and require the Purchaser to return the Sale Shares to the Company whereas the Company shall return to the Purchaser the Consideration paid by the Purchaser without interest, and the Purchaser shall pay the Company 20% of the Consideration as compensation in addition to the above liquidated damages.

Completion

Completion shall take place within 10 Business Days after the payment of the First Instalment by the Purchaser.

Upon Completion, the Company will still hold approximately 23.92% of equity interests in the Target Company. Before Completion, the Target Company was accounted as an associate of the Company in the consolidated financial statements of the Company using the equity method. After Completion, the Target Company will continue to be accounted as an associate of the Company in the consolidated financial statements of the Company using the equity method.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC whose shares are listed on the Shenzhen Stock Exchange (stock code: 002960). It is principally engaged in research and development, production and sales of fire safety system products.

On 9 August 2019, the shares of the Target Company were listed on The Small and Medium Enterprises Board of the Shenzhen Stock Exchange. Following the completion of such listing, the equity interest of the Company in the Target Company was diluted from 51.02% to 38.27% and the Target Company ceased to be a non-wholly owned subsidiary of the Company and became an associate of the Company. As at the date of the Share Transfer Agreement, the total number of shares of the Target Company is 564,277,212 shares and the Company holds 179,880,361 shares of the Target Company, representing approximately 31.88% of equity interests in the Target Company.

Set out below is a summary of the audited financial information of the Target Company, which were prepared in accordance with the applicable accounting standards in the PRC, for the two financial years ended 31 December 2020 and 31 December 2021 respectively:

	For the year ended 31 December 2020 (RMB'000) <i>Approximately</i>	For the year ended 31 December 2021 (RMB'000) <i>Approximately</i>
Net profit before taxation	485,183	628,938
Net profit after taxation	439,136	554,420

The unaudited net asset value of the Target Company, which was prepared in accordance with the applicable accounting standards in the PRC, as at 30 June 2022 was approximately RMB3,853,151,000 (equivalent to approximately HK\$4,232,686,000).

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company, through its subsidiaries, is principally engaged in the development of travel and leisure business, sales and production of LED devices, investment holding of diversified portfolios and other businesses including trading of metallic products and wine and other related products.

The Group expects to recognise an unaudited gain of approximately RMB396.2 million (equivalent to approximately HK\$435.2 million) from the Disposal which is calculated with reference to the difference between (i) the Consideration; and (ii) the aggregate of (aa) the Group's share of estimated unaudited carrying amount of interest in the Target Company as recorded in the Group's accounts as at 30 September 2022; and (bb) the estimated expenses and tax to be incurred in connection with the Disposal. The actual amount of gain or loss as a result of the Disposal to be recorded by the Group is subject to the Group's share of carrying amount of interest in the Target Company as recorded in the Group's accounts at Completion and the review and the final audit to be performed by the Company's auditors.

The Directors expect that the net proceeds from the Disposal, after deducting the expenses and tax directly attributable thereto, will be approximately RMB1,030.0 million (equivalent to approximately HK\$1,131.5 million). It is currently proposed that the net proceeds from the Disposal would be used as to (i) 45% for future potential mergers and acquisitions and the development of the investment holding business of the Group; (ii) 20% for repayment of the bank and other borrowings of the Group; (iii) 26% for payment of the income tax of the Company which would be increased as a result of the Disposal, taking into account that the Company does not have any business operation or business activity subject to income tax; and (iv) 9% as general working capital of the Group.

The Directors are of the view that the Disposal would be beneficial to the Group considering that the Disposal provides a valuable opportunity for the Group to realise the value of its investment in the Target Company with a substantial cash inflow to the Group. Further, the Disposal will enable the Group to improve its working capital and strengthen its cash flow position so as to facilitate its future development should opportunities arise, thereby allowing the Group to expand and diversify its existing business.

The Directors are of the view that the terms of the Share Transfer Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Disposal are more than 75%, the Disposal constitutes a very substantial disposal of the Company under the GEM Listing Rules and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

A special general meeting will be convened and held for the purpose of considering and, if thought fit, approving the Disposal.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, none of the Shareholders have a material interest in the Disposal and thus no Shareholder is required to abstain from voting for the resolution to approve the Disposal at the special general meeting.

A circular containing, among other things, details of the Disposal and information required to be disclosed under the GEM Listing Rules will be despatched to the Shareholders on or before 30 December 2022 as more time is required for the Company to prepare the circular.

DEFINITIONS

The following expressions have the following meanings in this announcement unless the content requires otherwise:

“Board”	the board of Directors
“Business Days”	any day excluding Saturday, Sunday and public holidays 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 joint stock limited company incorporated in the PRC with limited liability with its overseas-listed foreign invested share(s) in the ordinary share capital with a nominal value of RMB0.1 each listed on GEM
“Completion”	completion of the Disposal
“Completion Date”	the date on which Completion takes place (i.e. the Sale Shares are registered in the name of the Purchaser)
“Consideration”	the total consideration of RMB1,101,846,000 (equivalent to approximately HK\$1,210,378,000) for the Disposal pursuant to the Share Transfer Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the Share Transfer Agreement
“First Instalment”	has the meaning ascribed to it under the sub-paragraph “Consideration and terms of payment” in this announcement

“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	the third party which is independent of the Company and its connected persons (which have the meaning ascribed to it under the GEM Listing Rules)
“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Cai Weimin, an individual
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	44,900,000 shares of the Target Company, representing 7.96% of the total issued share capital in the Target Company as at the date of the Share Transfer Agreement, each a “ Sale Share ”
“Share Transfer Agreement”	the share transfer agreement dated 21 November 2022 and entered into between the Company and the Purchaser in relation to the Disposal
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	青鳥消防股份有限公司 (Jade Bird Fire Co., Ltd.), a limited liability company incorporated in the PRC whose shares are listed on the Shenzhen Stock Exchange (stock code: 002960)
“%”	per cent

For the purpose of illustration only, the amounts denominated in RMB have been translated into HK\$ using the exchange rate of RMB1: HK\$1.0985. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates at all.

On behalf of the Board
Beijing Beida Jade Bird Universal Sci-Tech Company Limited
Ni Jinlei
Chairman

Beijing, the PRC
21 November 2022

As at the date of this announcement, Mr. Ni Jinlei, Ms. Zheng Zhong, Mr. Wang Xingye and Ms. Guan Xueming are executive Directors, Mr. Liu Ziyi is a non-executive Director, and Mr. Tang Xuan, Mr. Li Chonghua and Mr. Shen Wei are independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and on the website of the Company at "www.jbu.com.cn".