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This announcement, for which 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 of Hong Kong Limited 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.



北京北大青鳥環宇科技股份有限公司

BEIJING BEIDA JADE BIRD UNIVERSAL SCI-TECH COMPANY LIMITED

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

(Stock Code: 08095)

**MAJOR TRANSACTION
REGARDING
FORMATION OF INVESTMENT FUND**

The Board announced that the Company entered into the LPA with the First Investor, the Second Investor and the GP on 31 January 2011 to form the Fund for a period of 10 years. Pursuant to the LPA, the Company is responsible for a cash contribution of RMB400 million. The purpose of the Fund is to seek capital gains for its investors.

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

A circular containing, among other things, further details of the LPA and disclosures as required under the GEM Listing Rules will be dispatched to Shareholders on or before 28 February 2011.

LIMITED PARTNERSHIP AGREEMENT

The principal terms of the LPA are as follows:

Date of the LPA

31 January 2011

Duration of the Fund

10 years starting from the issuance of business license

Investors of the Fund and their capital contribution

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

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

The Company will finance the capital contribution through internal resources.

Investment focus

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

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

The Company

The Company is principally engaged in the marketing and sale of embedded system products, including network security products and related products. Its subsidiaries are mainly engaged in technology research, development, manufacture and sale of wireless fire alarm systems and related products, the provision of network security outsource services and manufacture and sale of network security products, the sale of computer products and the development of travel and leisure business.

The First Investor and the Second Investor

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

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

GP

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

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

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

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

IMPLICATION UNDER THE GEM LISTING RULES

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

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

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

Since the Company needs additional time to ascertain information about the working capital sufficiency statement, a circular containing, among other things, further details of the LPA and disclosures as required under the GEM Listing Rules will be dispatched to Shareholders on or before 28 February 2011.

DEFINITIONS

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

| | |
|---------------------|--|
| “Board” | the board of Directors |
| “Company” | 北京北大青鳥環宇科技股份有限公司 (Beijing Beida Jade Bird Universal Sci-Tech Company Limited), a sino-foreign joint stock limited company incorporated in the PRC with limited liability with its H Shares listed on GEM |
| “connected persons” | has the meaning ascribed in the GEM Listing Rules |
| “Director(s)” | directors of the Company |
| “First Investor” | a company incorporated in the PRC with limited liability and is principally engaged in investment holding |
| “Fund” | 北京青鳥恆盛投資基金(有限合夥) (Beijing Jade Bird Hengsheng Investment Fund (Limited Partnership)), being the subject of the Transaction |
| “GEM” | The Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | Rules Governing the Listing of Securities on GEM |

| | |
|-------------------|---|
| “GP” | 北京青鳥恆盛投資管理有限公司 (Beijing Jade Bird Hengsheng Investment Management Co., Ltd.), the GP of the Fund and is a company incorporated in the PRC with limited liability |
| “H Share(s)” | Overseas-listed foreign share(s) in the ordinary share capital of the Company, with a nominal value of RMB0.1 each |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “JB Software” | 北京北大青鳥軟件系統有限公司 (Beijing Beida Jade Bird Software System Co., Ltd.) |
| “LPA” | limited partnership agreement signed on 31 January 2011 between the Company, the First Investor, the Second Investor and the GP regarding formation of the Fund in an amount of RMB1 billion for a period of 10 years |
| “PRC” | People’s Republic of China. For the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan are excluded |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Second Investor” | a company incorporated in the PRC and is principally engaged in information technology |
| “Shareholders” | shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Transaction” | transaction regarding formation of the Fund |
| “%” | per cent. |

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

Beijing, the PRC,
31 January 2011

As at the date of this announcement, Mr. Zhang Wan Zhong, Ms. Xue Li and Mr. Zhang Yong Li are executive Directors, Mr. Chu Yu Guo, Mr. Xu Zhi Xiang, Mr. Liu Yong Jin and Ms. Feng Ping are non-executive Directors and Professor Nan Xiang Hao, Mr. Cai Chuan Bing and Mr. Lin Yan are independent non-executive Directors.

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