

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Beijing Beida Jade Bird Universal Sci-Tech Company Limited**, you should at once hand this circular and the form of proxy and the reply slip for the special general meeting of the Company issued by the Company on 30 May 2011 to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF INTEREST IN SONGYA LAKE CONSTRUCTION

Financial Adviser to
Beijing Beida Jade Bird Universal Sci-Tech Company Limited



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



Karl Thomson Financial Advisory Limited

A letter from the Board is set out on pages 3 to 9 of this circular and a letter from the Independent Board Committee is set out on page 10 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 23 of this circular.

A notice convening the special general meeting of the Company, the form of proxy and the reply slip for the special general meeting of the Company have been issued by the Company on 30 May 2011. Whether or not you intend to attend the meeting or any adjournment thereof, for holders of H Shares, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof to the share registrars of the Company, Hong Kong Registrar Limited of Rooms 1806-7, 18th Floor Hopewell Centre, 183 Queen's Road East, Hong Kong. For holders of promoters Shares, you are required to return the form of proxy to the principal place of business of the Company in Beijing at 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC and in any event not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment meeting if you so wish.

17 June 2011

CHARACTERISTICS OF GEM

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

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

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the meanings as set out below:

“Acquisition”	the conditional acquisition of the Sale Interest on terms and conditions set out in the Equity Transfer Agreement
“Beida High Technology”	北京北大高科技產業投資有限公司 (Beijing Beida High Technology Investment Co., Ltd. [#]), a limited liability company established in the PRC
“Board”	the board of the Directors
“Chuanqi Tourism”	傳奇旅遊投資有限公司 (Chuanqi Tourism Investment Co., Ltd. [#]), a direct non-wholly-owned subsidiary of the Company as at the Latest Practicable Date
“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
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Equity Transfer Agreement
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the conditional equity transfer agreement entered into between Beida High Technology and Chuanqi Tourism dated 30 May 2011 in respect of the Acquisition
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	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
“Independent Board Committee”	the independent board committee which comprises all the independent non-executive Directors established for the purpose of advising the Independent Shareholders in relation to the Equity Transfer Agreement and the transactions contemplated thereunder

DEFINITIONS

“Independent Financial Adviser” or “Karl Thomson”	Karl Thomson Financial Advisory Limited, a corporation licensed under the SFO to carry out type 6 regulated activities (advising on corporate finance), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who have no material interest in the Equity Transfer Agreement and the transactions contemplated thereunder
“Latest Practicable Date”	14 June 2011, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sale Interest”	46.6% of the registered capital of Songya Lake Construction
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting to be held on 25 July 2011 by the Company for the purpose of considering and, if thought fit, approving, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of shares of HK\$0.1 each in the share capital of the Company
“Songya Lake Construction”	長沙松雅湖建設投資有限公司 (Changsha Songya Lake Construction Investment Co., Ltd [#]), a limited liability company established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

[#] Denotes English translation of a Chinese or entity name and is provided for identification purpose

LETTER FROM THE BOARD



北京北大青鳥環宇科技股份有限公司
BEIJING BEIDA JADE BIRD UNIVERSAL SCI-TECH COMPANY LIMITED
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 08095)

Executive Directors:

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

Non-executive Directors:

Mr. Chu Yuguo
Mr. Xu Zhixiang
Mr. Liu Yongjin
Ms. Feng Ping

Independent Non-executive Directors:

Professor Nan Xianghao
Mr. Cai Chuanbing
Mr. Lin Yan

Legal address:

3rd Floor
Beida Jade Bird Building
Yanyuan District Area 3
No. 5 Haidian Road
Haidian District
Beijing 100080
the PRC

*Principal place of business
in the PRC:*

3rd Floor, Beida Jade Bird Building
No. 207 Chengfu Road
Haidian District
Beijing 100871
the PRC

*Principal place of business
in Hong Kong:*

Room 1002, 10/F
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

17 June 2011

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF INTEREST IN SONGYA LAKE CONSTRUCTION**

INTRODUCTION

The Board announced that on 30 May 2011, Chuanqi Tourism, a direct non-wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement, pursuant to which, Chuanqi Tourism had conditionally agreed to acquire, and Beida High Technology had conditionally agreed to sell, the Sale Interest, representing 46.6% of the registered capital of Songya Lake Construction, at the Consideration (as

LETTER FROM THE BOARD

defined below) of RMB53 million, and Chuanqi Tourism also agreed to provide the Shareholder's Loan (as detailed below) with an amount no more than RMB40 million to Songya Lake Construction for its working capital purpose.

The purposes of this circular are:

- (a) to provide you with details on the Acquisition;
- (b) to set out the view of the Independent Board Committee in respect of the terms of the Equity Transfer Agreement and the transactions contemplated thereunder; and
- (c) to set out the letter of advice from Karl Thomson to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder.

Your attention is hereby drawn to a notice of the SGM to be held on 25 July 2011 issued by the Company on 30 May 2011.

THE EQUITY TRANSFER AGREEMENT

Date 30 May 2011

Parties

Vendor: Beida High Technology

As at the Latest Practicable Date, Beida High Technology is beneficially owned by Peking University, which is a substantial Shareholder given its 26.16% interest in the total issued share capital of the Company. Accordingly, Beida High Technology is an associate of Peking University and thus a connected person of the Company under the GEM Listing Rules.

Purchaser: Chuanqi Tourism, being owned as to 60% by the Company, is a direct non-wholly-owned subsidiary of the Company

Assets to be acquired

The Sale Interest, representing 46.6% of the registered capital of Songya Lake Construction.

Consideration

The consideration (the "**Consideration**") for the Acquisition is RMB53 million and was determined after arm's length negotiations between the parties to the Equity Transfer Agreement with reference to the appraised value of Songya Lake Construction by an independent valuer registered in the PRC attributable to the Sale Interest as at 30 April 2011, being approximately RMB57.9 million.

LETTER FROM THE BOARD

The registered capital of Songya Lake Construction contributed by Beida High Technology amounted to RMB49 million up to the date of the Equity Transfer Agreement.

The Consideration will be settled by the Group with its internal resources within 5 working days upon the Equity Transfer Agreement becoming effective.

Shareholder's Loan

Subject to the Equity Transfer Agreement becoming effective, Chuanqi Tourism agreed to provide an interest-free shareholder's loan (the "**Shareholder's Loan**") with an amount of no more than RMB40 million to Songya Lake Construction for its working capital purpose.

The Shareholder's Loan will be paid by the Group with its internal resources upon request by Songya Lake Construction after completion of transfer of the Sale Interest to Chuanqi Tourism.

Conditions

The Equity Transfer Agreement becomes effective upon the fulfillment of the following conditions:

- (i) the Equity Transfer Agreement being duly signed by legal representative(s) or authorized representative(s) of each of Chuanqi Tourism and Beida High Technology and stamped by their respective official company stamps;
- (ii) Songya Lake Construction having obtained approval of the Acquisition from its shareholders;
- (iii) Beida High Technology having obtained approval of the Acquisition from its shareholders;
- (iv) Chuanqi Tourism having obtained approval of the Acquisition from its shareholders;
- (v) the Company, being the controlling shareholder of Chuanqi Tourism, having obtained approval of the Acquisition from the Board and the Shareholders; and
- (vi) all necessary approvals and/or consents (if any) from the relevant authorities in the PRC in respect of the Equity Transfer Agreement and the transactions contemplated thereunder having been obtained.

If any of the above conditions is not fulfilled within twelve months from the date of the Equity Transfer Agreement, the Equity Transfer Agreement will be terminated automatically. In such event, no party will have any claim against or liability to the other save for any antecedent breaches of the Equity Transfer Agreement.

LETTER FROM THE BOARD

INFORMATION ON SONGYA LAKE CONSTRUCTION

Songya Lake Construction was established in the PRC on 24 October 2003. Pursuant to a letter issued by 長沙縣人民政府 (Changsha County People's Government[#], "**County Government**") dated 9 February 2010, Songya Lake Construction completed a corporate restructuring by stripping off its assets and liabilities on 16 April 2010. Songya Lake Construction's registered capital amounted to RMB105.15 million as at the Latest Practicable Date.

As at the Latest Practicable Date, Beida High Technology held 46.6% interest in Songya Lake Construction and 長沙縣星城建設投資有限公司 (Changsha Star City Construction Investment Co., Ltd.[#]), which is under the supervision of County Government, held 48.5% interest in Songya Lake Construction. The remaining 4.9% interest in Songya Lake Construction was held by a third party independent of the Company and its connected persons.

According to the audited financial statements prepared in accordance with the PRC financial reporting standards, during the period from 16 April 2010 (being the effective date of the aforementioned corporate restructuring) to 31 December 2010, the audited net profit before and after tax of Songya Lake Construction was approximately RMB771,500 and RMB479,900 respectively. As at 31 December 2010, the audited net assets value of Songya Lake Construction was approximately RMB80.5 million and Songya Lake Construction had a shareholder's loan owed to Beida High Technology with an amount of RMB100 million.

The approved business scope of Songya Lake Construction includes, among others, investment and development in harbour, airport and traffic projects, investment in tourism and high technology industries, land development under the PRC laws and regulations, urban infrastructure project development and hotel business.

As at the Latest Practicable Date, Songya Lake Construction is mainly designated by County Government to provide construction service for an infrastructure project (the "**Chenghu Project**") and to provide primary land development service (the "**Huanhu Project**") according to a cooperation agreement (the "**Cooperation Agreement**") entered into between Beida High Technology and County Government on 28 November 2009.

Information in relation to the Chenghu Project

Under the Cooperation Agreement, Songya Lake Construction shall enter into separate construction contract(s) with County Government (or its nominee(s)) after the former obtains the required qualification as a project construction agent under the relevant laws and regulations in the PRC.

Songya Lake Construction shall be responsible for the construction of landscape architectures centered on the Songya Lake located at Xingsha, Changsha County, Hunan Province, the PRC, and the construction of roads in relation thereto with a total length of 8,700 meters. Songya Lake Construction will be responsible for funding the construction cost in connection with the Chenghu Project which shall be borne by County Government through the income generated from the Huanhu Project (details of which are set out below). Such cost shall be paid back to Songya Lake Construction and County Government shall pay to Songya Lake Construction a construction service fee annually which shall be equal to 5% of the audited actual construction cost incurred in the immediately preceding year.

As at the Latest Practicable Date, no such construction contract was entered into.

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Information in relation to the Huanhu Project

On 13 May 2011, Songya Lake Construction entered into the primary land development contract (the “**Land Development Contract**”) with Changsha County Land Reserve Center, which was designated by County Government, for developing a piece of land with a total area of approximately 5,000 mu located at Xingsha, Changsha County, Hunan Province, the PRC (the “**Subject Land**”).

Under the Land Development Contract, Songya Lake Construction shall be responsible for works including, among others, demolition, relocation and municipal infrastructure construction for the Subject Land in accordance with, among others, the overall land use planning and the urban planning. Songya Lake Construction shall be responsible for funding the development cost (the “**Land Development Cost**”). Land Development Cost shall be paid back to Songya Lake Construction through the revenue of Subject Land use right assignment to be generated by County Government.

Songya Lake Construction shall be entitled to the net income arising from the assignment of the use right of the Subject Land on the following basis:

- (i) 30% of 標定地價 (marked price of land[#]), which is a state guidance price for the land use right stipulated by the relevant authority based on, among others, the prevailing market conditions, after deducting the Land Development Cost; and
- (ii) 70% of the excess of the final bid price for the Subject Land over the marked price of land.

In case that certain portion of the Subject Land is used for 劃撥用地 (administrative allocation[#]), Songya Lake Construction shall be entitled to the excess of the price for the land administrative allocation over the government reserves as stipulated in the PRC laws and regulations.

In any event, Songya Lake Construction shall be entitled to a minimum return of 8% of the audited Land Development Cost incurred in the immediately preceding year.

Save for the Chenghu Project and the Huanhu Project, Songya Lake Construction has not been involved in other business as at the Latest Practicable Date.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the research, development, manufacture, marketing 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, and development of travel and leisure business.

Chuanqi Tourism is principally engaged in exploration and development of travel and leisure business.

Beida High Technology is principally engaged in investment holding.

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After Completion, the Company will indirectly own 46.6% equity interest in Songya Lake Construction through Chuanqi Tourism.

The Group has provided environmental bus service in Hengshan, Hunan Province, the PRC. According to the initial statistics compiled by Hunan Statistics Bureau, the province witnessed the growth in its gross domestic products and annual disposable income per capita of urban households in 2010 which amounted to approximately RMB1,590 billion and RMB16,566 respectively, representing a year-on-year (“YoY”) growth of approximately 14.5% and approximately 9.8% respectively. In 2010, total investment in fixed assets of the province increased to approximately RMB982 billion, representing a YoY growth of approximately 27.6%. Total investment in the real estate development increased to approximately RMB147 billion, representing a YoY growth of approximately 35.5%. In light of the aforesaid, the Directors (excluding the independent non-executive Directors whose view is set out on page 10 of this circular) believe in the development potential of Hunan Province in the long term and thus consider that the Acquisition would benefit the Company by expanding its revenue base and also provide the Company with an opportunity to enjoy the development of the province in the future.

The terms of the Equity Transfer Agreement are determined after arm’s length negotiations between the parties and the Directors (excluding the independent non-executive Directors whose view is set out on page 10 of this circular) are of the view that the terms of the Equity Transfer Agreement are on normal commercial terms and fair and reasonable as far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As at the Latest Practicable Date, Beida High Technology is beneficially owned by Peking University, which is a substantial Shareholder given its 26.16% interest in the total issued share capital of the Company. Accordingly, Beida High Technology is a connected person of the Company under the GEM Listing Rules and the Acquisition constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules which is subject to approval of the Independent Shareholders. The Acquisition also constitutes a discloseable transaction for the Company pursuant to Chapter 19 of the GEM Listing Rules.

The Company will convene the SGM at Room 312, Block A, 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC on Monday, 25 July 2011 at 11:00 a.m. at which an ordinary resolution will be proposed for the purpose of considering and, if thought fit, approving the Equity Transfer Agreement and the transactions contemplated thereunder.

A notice convening the SGM, a reply slip and a form of proxy for the SGM had been sent to you on 30 May 2011.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Peking University and its associates (as defined in the GEM Listing Rules) are interested in 310 million Shares, representing approximately 26.16% of the total issued share capital of the Company. As such, Peking University and its associates (as defined in the GEM Listing Rules) are regarded as having a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder and shall abstain from voting at the SGM. Since two of the Directors, including Mr. Chu Yuguo (“Mr. Chu”) and Mr. Xu Zhixiang (“Mr. Xu”), are the directors of Beida High Technology, they had abstained from voting on the relevant board resolution. Other than Mr. Chu and Mr. Xu, none of the Directors have a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder.

RECOMMENDATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee and the letter of advice from Karl Thomson containing its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition set out on page 10 and pages 11 to 23 of this circular, respectively.

The Directors (excluding the independent non-executive Directors whose view is set out on page 10 of this circular) are of the view that the terms of the Equity Transfer Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM for approving the Equity Transfer Agreement and the transactions contemplated thereunder.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular and the notice of the SGM.

Yours faithfully,
For and on behalf of the Board
**BEIJING BEIDA JADE BIRD UNIVERSAL
SCI-TECH COMPANY LIMITED**
Mr. Chu Yuguo
Chairman

LETTER OF RECOMMENDATION FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this circular.



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)

17 June 2011

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF INTEREST IN SONGYA LAKE CONSTRUCTION**

We refer to the circular of the Company to the Shareholders dated 17 June 2011 (the “**Circular**”), in which this letter forms a part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders whether the Acquisition is in the interests of the Company and the Shareholders as a whole, and the terms of the Equity Transfer Agreement are on normal commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned.

We wish to draw your attention to the letter of advice from Karl Thomson, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder as set out on pages 11 to 23 of the Circular, and the letter from the Board set out on pages 3 to 9 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of Karl Thomson as stated in its letter of advice, we consider that the Acquisition is in the interests of the Company and the Shareholders as a whole, and the terms of the Equity Transfer Agreement are on normal commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM for approving the Equity Transfer Agreement and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee

BEIJING BEIDA JADE BIRD UNIVERSAL SCI-TECH COMPANY LIMITED
Professor Nan Xianghao Mr. Cai Chuanbing Mr. Lin Yan

LETTER OF ADVICE FROM KARL THOMSON

The following is the text of the letter of advice from Karl Thomson to the Independent Board Committee of Beijing Beida Jade Bird Universal Sci-Tech Company Limited and its Independent Shareholders in respect of the connected transaction in relation to the acquisition of Songya Lake Construction Investment Co., Ltd. for inclusion in this circular.



高信融資服務有限公司

Karl Thomson Financial Advisory Limited

27/F, Fortis Tower, 77-79 Gloucester Road,

Wanchai, Hong Kong

香港灣仔告士打道77-79號富通大廈27樓

17 June 2011

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

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF INTEREST IN SONGYA LAKE CONSTRUCTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition contemplated under the Equity Transfer Agreement related thereto are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Details of the Acquisition are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 17 June 2011 (the “**Circular**”), of which this letter forms a part. Capitalized terms used in this letter shall have the same meaning as those defined in the Circular unless the context otherwise requires.

On 30 May 2011, Chuanqi Tourism and Beida High Technology entered into the Equity Transfer Agreement pursuant to which, Chuanqi Tourism has conditionally agreed to acquire and Beida High Technology has conditionally agreed to sell the Sale Interest, representing 46.6% of the registered capital of Songya Lake Construction at the consideration (the “**Consideration**”) of RMB53 million. According to the Equity Transfer Agreement, Chuanqi Tourism has also agreed to provide an interest-free shareholder’s loan (the “**Shareholder’s Loan**”) with an amount of no more than RMB40 million to Songya Lake Construction for its working capital purpose.

Beida High Technology is beneficially owned by Peking University, which is a substantial Shareholder given its 26.16% interest in the total issued share capital of the Company. Accordingly, Beida High Technology is an associate of Peking University and thus a connected person of the Company under the GEM Listing Rules. The Acquisition constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules which is subject to approval of the Independent Shareholders.

LETTER OF ADVICE FROM KARL THOMSON

An independent board committee comprising the independent non-executive directors of the Company has been established to consider and advise the Independent Shareholders on whether the terms of the Equity transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Karl Thomson has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisition in this respect.

Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company. We are independent of the Company for the purposes of Rule 17.96 of the GEM Listing Rules.

In formulating our opinion and advice, we have relied upon the accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Directors and management. We have assumed that all statements and representations made or referred to in the Circular were true at the time when they were made and continue to be true at the date of the SGM. We have also assumed that all statements of belief, opinion and intention made by the Company, the Directors and management in the Circular were reasonable made after due enquiry. We consider that we have been provided with sufficient information to form a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, the Directors and management and have no reason to doubt that any relevant material facts have been withheld or omitted. We have not, however, conducted any independent investigation into the business and affairs or the future prospects of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the terms of the Acquisition contemplated under the Equity Transfer Agreement, we have considered the following principal factors and reasons:

I. Background information

(i) Information on the Group

The principal business of the Company is investment holding. The subsidiaries of the Company are principally engaged in the research and 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, and development of travel and leisure business.

In the financial year ended 31 December 2010, the Group recorded a remarkable growth whereby the revenue was up by 27.8% from approximately RMB231 million to approximately RMB295 million and net profit posted an increase of 186.8% from approximately RMB38 million to approximately RMB109 million. As revealed in the annual report of the Company for the year ended 31 December 2010,

LETTER OF ADVICE FROM KARL THOMSON

such growth in revenue was attributable to the strong performance from the sale of wireless fire alarm systems and tourism development business, resulted from the robust economic growth and accelerating urbanization of the PRC; while growth in profit was attributable to gains on disposal of certain long-term investments in addition to the business growth.

The table below summarized the audited financial results of the Company for the two financial years ended 31 December 2009 and 2010.

	For the year ended	
	31 December	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	294,880	230,723
Profit before tax	129,284	49,197
Profit after tax	109,479	37,780
	As of 31 December	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Total asset	1,149,774	1,045,927
Total liabilities	205,951	161,457
Net asset	943,823	884,470

(ii) *Information on Songya Lake Construction*

As set out in the Letter from the Board, Songya Lake Construction was incorporated in the PRC on 24 October 2003 with approved business scope of, among others, investment and development in harbour, airport and traffic projects, investment in tourism and high technology industries, land development under the PRC laws and regulations, urban infrastructure project development and hotel business.

As at the Latest Practicable Date, Beida High Technology held 46.6% interest in Songya Lake Construction and Changsha Star City Construction Investment Co, Ltd.* which is under the supervision of Changsha County People's Government* (the "**County Government**"), held 48.5% interest in Songya Lake Construction. The remaining 4.9% interest in Songya Lake Construction was held by a third party independent of the Company and its connected persons.

Currently, Songya Lake Construction is mainly designated by the County Government to provide construction service for an infrastructure project (the "**Chenghu Project**"); and to provide a primary land development service (the "**Huanhu Project**"), according to the cooperation agreement entered into between Beida High Technology and County Government on 28 November 2009 (the "**Cooperation Agreement**").

* *For identification purpose only*

LETTER OF ADVICE FROM KARL THOMSON

Save for the Chenghu Project and the Huanhu Project, Songya Lake Construction has not been engaged in other business as at the Latest Practicable Date.

The table below summarized the audited financial results of Songya Lake Construction for the financial year ended 31 December 2010.

	For the year ended 31 December 2010 RMB
Revenue	2,519,210
Profit before tax	771,516
Profit after tax	479,861
	As of 31 December 2010 RMB
Total asset	85,181,188
Total liabilities	4,701,326
Net asset	80,479,862

Information on Chenghu Project

Under the Cooperation Agreement, Songya Lake Construction shall provide construction service, under separate construction contract(s) to be executed, for the construction of landscape architectures centered on the Songya Lake located at Xingsha, Changsha County, Hunan Province, the PRC, and the construction of roads in relation thereto with a total length of 8,700 meters. Songya Lake Construction will be responsible for funding the construction cost in connection with the Chenghu Project. Such cost shall be paid back to Songya Lake Construction and the County Government shall pay to Songya Lake Construction a construction service fee annually which shall be equal to 5% of the audited actual construction cost incurred in the immediately preceding year. As at the Latest Practicable Date, no such construction contract was executed.

Information on Huanhu Project

On 13 May 2011, Songya Lake Construction entered into the primary land development contract (the "**Land Development Contract**") with Changsha County Land Reserve Center for development a piece of land with a total area of approximately 5,000 mu located at Xingsha, Changsha County, Hunan Province, the PRC (the "**Subject Land**"). Songya Lake Construction shall be responsible for works including, among others, demolition, relocation and municipal infrastructure construction for the Subject Land in accordance with, among others, the overall land use planning and urban planning. Songya Lake Construction shall be responsible for funding the development cost (the "**Land Development Cost**"). The Land Development Cost shall be paid back to Songya Lake Construction through the revenue of the Subject Land use right assignment to be generated by the County Government.

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Songya Lake Construction shall be entitled to the net income arising from the assignment of the use right of the Subject Land on the following basis:

1. 30% of 標定地價 (marked price of land[#]), which is a state guidance price for the land use right stipulated by the relevant authority based on, among others, the prevailing market conditions, after deducting the Land Development Cost; and
2. 70% of the excess of the final bid price for the Subject Land over the marked price of land.

In any event, Songya Lake Construction shall be entitled to a minimum return of 8% of the audited Land Development Cost incurred in the immediately preceding year.

Clearly, both of the Chenghu Project and Huanhu Project receive very strong supports from the County Government.

II. Principal terms of the Equity Transfer Agreement

(i) *The Equity Transfer Agreement*

Date : 30 May 2011

Parties : Vendor: Beida High Technology

Purchaser: Chuanqi Tourism, being owned as to 60% by the Company, is a direct non-wholly-owned subsidiary of the Company

Assets to be acquired : The Sale Interest, representing 46.6% of the registered capital of Songya Lake Construction.

Consideration : RMB53 million

The Consideration will be settled by the Group with its internal resources within 5 working days upon the Equity Transfer Agreement becoming effective.

Conditions :

- i. the Equity Transfer Agreement being duly signed by legal representative(s) or authorized representative(s) of each of Chuanqi Tourism and Beida High Technology and stamped by their respective official company stamps;
- ii. Songya Lake Construction having obtained approval of the Acquisition from its shareholders;

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- iii. Beida High Technology having obtained approval of the Acquisition from its shareholders;
- iv. Chuanqi Tourism having obtained approval of the Acquisition from its shareholders;
- v. the Company, being the controlling shareholder of Chuanqi Tourism, having obtained approval of the Acquisition from the Board and the Shareholders; and
- vi. all necessary approvals and/or consents (if any) from the relevant authorities in the PRC in respect of the Equity Transfer Agreement and the transactions contemplated thereunder having been obtained.

If any of the above conditions is not fulfilled within twelve months from the date of the Equity Transfer Agreement, the Equity Transfer Agreement will be terminated automatically. In such event, no party will have any claim against or liability to the other save for any antecedent breaches of the Equity Transfer Agreement.

The Shareholder's Loan

Subject to the Equity Transfer Agreement becoming effective, Chuanqi Tourism agreed to provide the Shareholder's Loan with an amount of no more than RMB40 million to Songya Lake Construction for its working capital purpose.

The Shareholder's Loan will be paid by the Group with its internal resources upon request by Songya Lake Construction after completion of transfer of the Sale Interest to Chuanqi Tourism.

Consideration

As set out in the Letter from the Board, the Consideration was determined after arm's length negotiations between the parties to the Equity Transfer Agreement with reference to the appraised value of Songya Lake Construction by an independent professional valuer in the PRC attributable to the Sale Interest as at 30 April 2011, being approximately RMB57.9 million.

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(ii) Fairness of the Consideration

For the purpose of assessing the fairness and reasonableness of the amount of consideration payable under the Equity Transfer Agreement, we tried to conduct a research on the valuation of similar projects in the market. However, due to the very limited public information in relation to land development projects and infrastructure projects, we were unable to identify projects of similar nature with the projects conducted by Songya Lake Construction among the public listed companies.

As an alternative, we have conducted a search of companies listed on the Main board and the Growth Enterprise Market (“GEM”) of the Stock Exchange which are principally engaged in the business of a close comparison to that of Songya Lake Construction, being the land development and construction of landscape architectures. Due to the fact that no company listed on the Main Board and GEM participates in exactly the same industry as Songya Lake Construction, we have sorted and reviewed the listed companies which are engaged in the businesses including land and property development and urban infrastructure project development for reference.

It shall be noted that the companies being reviewed are all listed companies which engage in various business operation, mostly in property development and infrastructure project development, whereas Songya Lake Construction is engaged in construction of landscape architectures and primary land development exercise. Strictly speaking, they are not directly comparables to the business of Songya Lake Construction. Therefore, the data will only serves as a reference of benchmark in the market of listed companies.

To the best of our knowledge, we have identified 15 listed companies with the size of market capitalization of no more than HK\$5 billion (the “Comparables”) and compared their respective valuation multiples, including price to earnings multiple (“P/E”) and price to book multiple (“P/B”), with the implied P/E and the implied P/B under the Consideration. Details of the comparison are set out below.

Company	Stock code	Principal business	Market capitalization <i>(note1)</i> (HK\$)	Net profit attributable to shareholders <i>(note2)</i> (HK\$)	P/E/ Implied P/E <i>(times)</i>	Net asset value <i>(note2)</i> (HK\$)	P/B/ Implied P/B <i>(times)</i>
China Aoyuan Property Group Ltd.	3883	Developing and selling of properties; leasing of investment properties; provisions of consulting services and management operation	3,422,375,000	385,862,358	8.87	7,117,637,521	0.48
China New Town Development Co. Ltd.	1278	Planning and developing large-scale new town projects in the suburbs of some of PRC’s largest cities	2,261,831,757	296,413,644	7.63	3,298,110,737	0.69

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Company	Stock code	Principal business	Market capitalization (note1) (HK\$)	Net profit attributable to shareholders (note2) (HK\$)	P/E/ Implied P/E (times)	Net asset value (note2) (HK\$)	P/B/ Implied P/B (times)
China Properties Group Ltd.	1838	Property development and investment, provision of building management and construction consultancy services	4,142,786,330	4,477,832,000	0.93	34,286,020,000	0.12
Coastal Greenland Ltd.	1124	Property development, land and property investment and provision of property management services	1,116,233,143	209,577,000	5.33	3,375,897,000	0.33
HUAYU Expressway Group Ltd.	1823	Construction, operation and management of an expressway in the PRC	598,281,600	N/A	N/A	628,348,000	0.95
Hengli Properties Development (Group) Ltd.	169	Property letting, sales of land use rights and developed properties and investment holdings in the PRC	1,327,509,821	N/A	N/A	222,331,000	5.97
Hon Kwok Land Investment Co., Ltd.	160	Land and property development and investment	1,378,421,397	373,866,000	3.69	3,471,091,000	0.40
Hong Long Holdings Ltd.	1383	Property development and leasing of mid-range residential and commercial properties in Guangdong Province, the PRC	1,009,150,535	45,170,550	22.34	2,132,153,495	0.47
Madex International (Holdings) Ltd.	231	Development and leasing of properties, investment holding and resort operation	723,732,629	54,269,000	13.34	292,830,000	2.47
New Heritage Holdings Ltd.	95	Land and property development and property investment in the PRC	319,659,921	18,061,000	17.70	866,536,000	0.37
Shenzhen Expressway Co. Ltd. – H Shares	548	Investment, construction and operation management of toll highways and roads in the PRC	3,804,775,000	896,293,715	4.25	10,445,009,013	0.36

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Company	Stock code	Principal business	Market capitalization (note1) (HK\$)	Net profit attributable to shareholders (note2) (HK\$)	P/E/ Implied P/E (times)	Net asset value (note2) (HK\$)	P/B/ Implied P/B (times)
Sichuan Expressway Co. Ltd. – H Shares	107	Investment, construction, management and operation of the Chengyu Expressway and Chengya Expressway	4,055,799,600	1,375,539,274	2.95	9,992,355,272	0.41
Sinolink Worldwide Holdings Ltd.	1168	Property development, property management and land and property investment	2,868,301,394	560,317,000	5.12	6,626,096,000	0.43
SRE Group Ltd.	1207	Real estate development, large-scale new towns planning and development, property leasing and hotel operations	2,668,406,340	629,652,000	4.24	8,544,783,000	0.31
Zhong An Real Estate Ltd.	672	Land and property development, leasing and hotel management	3,762,306,112	456,112,178	8.25	5,568,242,853	0.68
Songya Lake Construction	N/A	Construction of landscape architectures and primary land development exercise	RMB113,733,905 (note 4)	RMB479,900 (note 3)	237.00	RMB80,479,862 (note 3)	1.41

Source: www.hkex.com.hk

Notes:

1. Based on the latest closing price as published by 30 May 2011, being the date of the Equity Transfer Agreement.
2. Based on the latest net profit and net asset value as published in the respective annual report by 30 May 2011, being the date of the Equity Transfer Agreement.
3. Based on the latest financial data of Songya Lake Construction for the year ended 31 December 2010.
4. Implied value of the entire equity interest of Songya Lake Construction based on the Consideration of RMB53 million on its 46.6% Sale Interest.

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(a) Price/earnings multiple

Based on the Consideration of RMB53 million and the net profit after tax amounted to RMB479,900 of Songya Lake Construction for the year ended 31 December 2010, the implied P/E ratio is 237 times, which is much higher than the P/E ratios of the Comparables. However, using the P/E ratio is not an appropriate methodology to justify the fairness of the Consideration as the projects undertaken by Songya Lake Construction are both in their early stages. Profits from these two projects will only be generated once the construction is completed. Moreover, since all the Comparables are in different stages of their business cycles, their P/E ratios range from nil to 22.34 times. Therefore, judging by the nature of such construction business, the P/E ratio shall not be used as a relevant valuation multiple for comparison purpose.

(b) Price/book multiple

Based on the audited net asset value of Songya Lake Construction for the year ended 31 December 2010 of RMB80,479,862, the net asset value of the Sale Interest amounted to RMB37,503,615 as at 31 December 2010. The implied P/B ratio is 1.41 times for the Consideration of RMB53 million, which falls into the range of the Comparables ranging from 0.12 times to 5.97 times and is lower than the median of the Comparables of 3.05 times. We consider the P/B, although not completely comparable, but relevant, for our comparison purpose as the assets in such Comparables are of similar nature in general. On such basis, we consider that the Consideration is in line with the market comparables in terms of the price to book multiple, which is a relevant valuation multiple for comparison purpose.

(iii) *Appraised Value of Songya Lake Construction*

In order to determine a fair and reasonable consideration for the Sale Interest, an independent professional valuer has been appointed by the Company to give its opinion on the fair value of Songya Lake Construction. As set out in the Letter from the Board, the Consideration is determined with reference to the appraised value of Songya Lake Construction attributable to the Sale Interest as at 30 April 2011 of approximately RMB57.9 million (the “**Appraised Value**”). For the purpose of this letter of advice, we have reviewed the valuation report prepared by the independent professional valuer, including its methodology adopted and the assumptions used in arriving at the valuation.

The valuer has adopted the asset based approach methodology in valuating Songya Lake Construction which is based on its net asset value.

During the course of our review, we have not identified any major factors which cause us to doubt the fairness and reasonableness of the major assumptions used in arriving at the Appraised Value of Songya Lake Construction and we consider that it is appropriate to apply the above-mentioned approach for the valuation of Songya Lake Construction.

III. Reasons for and benefits of the Acquisition

The Group has been engaging in the development of travel and leisure business by providing environmental bus service in Hunan Province, the PRC. According to the annual report of the Company for the financial year ended 31 December 2010, the revenue attributable from the tourism development business was up by 33.8% from RMB53 million to RMB70.9 million during the year. In light of such remarkable growth, the Company is optimistic about the long term prospect of the tourism development business in Hunan Province.

As Songya Lake Construction is currently engaged in a land development project and an urban infrastructure project in Changsha county, Hunan Province that is in line with the business carried out by the Group, we consider that the Acquisition would benefit the Company especially taking into further account that:-

i. Economic growth of Changsha, Hunan Province

Changsha is the economic and cultural centre of Hunan Province, as well as the key transport hub of middle Southern China. Driven by the robust economic growth and urbanization in Changsha, the Gross Domestic Product (the "GDP") has reached RMB455 billion in 2010 with an annual growth rate of approximately 15.5%. In term of GDP, Changsha accounted for 28.6% of the total GDP of the Province in 2010. According to "2010 Report on Urban Competitiveness" published by the Chinese Academy of Social Science, Changsha is among the top ten cities in term of competitiveness and urban infrastructure.

Being one of the major industrial bases in the PRC, the infrastructure in Changsha has greatly improved whereby the infrastructure investment reached RMB56 billion in 2010, representing an annual growth rate of 15.6% over 2009. Upon the opening of Wuhan-Guangzhou high speed railway, the traveling time between Guangzhou and Changsha has been shortened to two hours. Changsha is becoming more prominent as a destination for investment as a result of improved transportation network and strong cultural environment. According to the Statistics of Changsha Commerce Bureau, there are more than 2,000 foreign-funded companies established in Changsha. Compared with other cities in the PRC, Changsha has a number of favorable policies to attract foreign investment such as reduction of income tax and refund of construction application fee. In light of such favorable investment policies, increasing attention and interests from foreign investors have been made. According to Changsha Commerce Bureau, the foreign direct investment utilized by Changsha reached RMB145 billion, roughly 43.2% of Hunan's total foreign direct investment and an increase of 10.1% compared to 2009. In view of the aforesaid, it is clear that the economy of Hunan Province has great potential for further economic growth. It is expected that the Acquisition could benefit the Company by expanding its revenue base and it also provides the Company with new opportunity to expand its existing business in Hunan Province in the future.

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ii. Guarantee return

Under the Chenghu Project, the County Government shall pay Songya Lake Construction a construction service fee annually which shall be equal to 5% of the audited actual construction cost incurred in the immediately preceding year. Under the Huanhu Project, in any event, Songya Lake Construction shall also be entitled a minimum return of 8% of the audited Land Development Cost incurred in the immediately preceding year.

As recorded in the consolidated statement of financial position of the Company as of 31 December 2010, the Company held cash and cash equivalents amounted to RMB644 million. As discussed with the management of the Company, we understand that the cash is deposited in certain banks in the PRC and Hong Kong earning an average interest rate of no more than 2% per annum. Given the fact that under the terms of the Cooperation Agreement, the Chenghu Project and the Huanhu Project will generate guarantee returns of 5% and 8% respectively. As such, the Acquisition provides a valuable opportunity to utilize the idle cash of the Company, thus help enhance the return to the Shareholders.

IV. Financial effects of the Acquisition on the Group

(a) Cashflow

As stated in the Letter from the Board, the consideration for the Acquisition of RMB53 million will be paid in cash within 5 working days upon the Equity Transfer Agreement becoming effective. An interest-free shareholder's loan with an amount no more than RMB40 million to Songya Lake Construction for its working capital purpose will be paid by the Group after completion of transfer of the Sale Interest to Chuanqi Tourism. It is the intention that the Company would satisfy the above Consideration and Shareholder's Loan in cash from its internal resources

According to the annual report of the Company for the year ended 31 December 2010, the audited cash and bank balances of the Group amounted to approximately RMB644 million as at 31 December 2010. The Consideration of RMB53 million and Shareholder's Loan of RMB40 million amount to only approximately 8.2% and 6.2% of its total cash available on hand, respectively. In view of such cashflow position of the Group, we are of the view that the payment of the above Consideration and Shareholder's Loan will not have a significant pressure on the Group's cashflow position.

(b) Net Assets

As disclosed in the annual report of the Company for the year ended 31 December 2010, the audited net assets of the Group as at 31 December 2010 was approximately RMB944 million. Since the Company is funding the Acquisition from its internal resources and the fair value of the Sale Interest is unlikely to fluctuate substantially upon completion, it is expected that there shall not be any significant impact to the net assets of the Group.

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RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that:

- (i) the terms of the Equity Transfer Agreement and the Cooperation Agreement are on normal commercial terms;
- (ii) the Consideration has been determined with fair and reasonable basis; and
- (iii) the Acquisition, with its strong support from the County Government, will likely to bring positive return to the Company and its Shareholders.

In light of the above, we are of the view that the Acquisition is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Karl Thomson Financial Advisory Limited
Alex Chow
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests (including interests in shares and short positions) of the Directors, supervisors of the Company (“Supervisors”) and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO) or were required to be entered into the register maintained by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in Shares:

Name of Director	Capacity	Number of ordinary Shares			Approximate percentage of the Company's total number of issued promoter shares	Approximate percentage of the Company's total number of issued H shares	Approximate percentage of the Company's total issued share capital
		interests in promoter Shares (Note a)	interests in H Shares	Total			
Mr. Zhang Wanzhong (Note c)	Beneficial owner and beneficiary of trust	205,414,000	12,070,000	217,484,000	29.34%	2.49%	18.36%
Mr. Zhang Yongli (Note c)	Beneficial owner and beneficiary of trust	205,414,000	13,200,000	218,614,000	29.34%	2.72%	18.45%
Mr. Chu Yuguo (Note b & c)	Beneficial owner	-	13,114,000	13,114,000	-	2.71%	1.11%
Mr. Xu Zhixiang (Note c)	Beneficial owner and beneficiary of trust	205,414,000	11,527,000	216,941,000	29.34%	2.38%	18.31%
Mr. Liu Yongjin (Note c)	Beneficiary of trust	205,414,000	-	205,414,000	29.34%	-	17.34%
Ms. Feng Ping (Note b)	Beneficial owner and beneficiary of trust	205,414,000	12,070,000	217,484,000	29.34%	2.49%	18.36%

Name of Supervisor	Capacity	Number of ordinary Shares			Approximate percentage of the Company's total number of issued promoter shares	Approximate percentage of the Company's total number of issued H shares	Approximate percentage of the Company's total issued share capital
		interests in promoter Shares (Note a)	interests in H Shares	Total			
Mr. Li Mingchun	Beneficiary of trust	205,414,000	-	205,414,000	29.34%	-	17.34%
Ms. Zhou Min	Beneficiary of trust	205,414,000	-	205,414,000	29.34%	-	17.34%

Note:

- (a) The above Directors and Supervisors are taken to be interested in the issued share capital of the Company through their respective interests as beneficiaries, among other beneficiaries, of Heng Huat trust ("Heng Huat Trust"). By a declaration of Heng Huat Trust made as a deed on 19 July 2000, Mr. Xu Zhendong (a former Director), Mr. Zhang Wanzhong and Ms. Liu Yue (who has been replaced by Mr. Xu Zhixiang since 9 May 2003 as a trustee) declared that they held the shares of Heng Huat Investments Limited ("Heng Huat") as trustees for the benefits of over 300 employees of 北京北大青鳥軟件系統有限公司 (Beijing Beida Jade Bird Software System Co., Ltd.#, "JB Software"), 北京北大青鳥有限責任公司 (Beijing Beida Jade Bird Limited#, "Beida Jade Bird") and Beijing Beida Yu Huan Microelectronics System Engineering Co., Ltd. and their respective subsidiaries and associated companies and the Company. Heng Huat is beneficially interested in the entire issued share capital of Dynamic Win Assets Limited ("Dynamic Win"), and is taken to be interested in 205,414,000 Shares which Dynamic Win is interested. Mr. Xu Zhendong, Mr. Zhang Wanzhong and Mr. Xu Zhixiang (who replaced Ms. Liu Yue as a trustee on 9 May 2003 upon Ms. Liu's resignation as a trustee on the same date) are trustees holding 60, 20 and 20 shares, respectively, out of 100 shares in the issued share capital of Heng Huat.
- (b) Mr. Chu Yuguo and Ms. Feng Ping are interested in the Shares and promoter Shares respectively by virtue of the interests held by their spouses.
- (c) Mr. Zhang Wanzhong, Mr. Zhang Yongli, Mr. Chu Yuguo, Mr. Xu Zhixiang and Mr. Liu Yongjin are also directors of certain substantial shareholders of the Company, including Heng Huat, Dynamic Win, Beida Asset Management Co., Ltd., JB Software, Beida Jade Bird and Beida High Technology.

Saved as disclosed above, none of the Directors, Supervisors and chief executive of the Company had registered an interest or short position in the shares or underlying shares of the Company or any of the Company's associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO) or were required to be entered into the register maintained by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules as at the Latest Practicable Date.

3. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interests in any asset which had been, since 31 December 2010, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group.

Save as disclosed in this circular, as at the Latest Practicable Date, there is no other contract or arrangement subsisting at the Latest Practicable Date in which a Director or a Supervisor is materially interested and which is significant in relation to the business of the Group.

4. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and the Supervisors has entered into a service contract with the Company for a term of three years commencing on 20 May 2009 and ending on the date of the 2011 annual general meeting of the Company which will be convened in 2012 except for Mr. Zhang Yongli, Mr. Li Mingchun, Mr. Zou Zhixing and Ms. Zhou Min.

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

Save as disclosed above, none of the Directors or the Supervisors has any other existing or proposed service contracts with any member of the Group as at the Latest Practicable Date, excluding contracts expiring or determinable by the Company or any of its subsidiaries within one year without payment of compensation other than statutory compensation.

5. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director, a Supervisor or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group (if any) or had any options in respect of such capital:

Long positions in Shares:

				Number of Shares held	Approximate percentage of the Company's total number of issued promoter shares	Approximate percentage of the Company's total number of issued H shares	Approximate percentage of the Company's total issued share capital
Name	Note	Capacity and nature of interests					
1. Peking University	(a)	Through controlled corporations		310,000,000	44.29%	–	26.16%
2. Beida Asset Management Co., Ltd.	(a)	Through controlled corporations		310,000,000	44.29%	–	26.16%
3. Beijing Beida Jade Bird Software System Co., Ltd.	(a),(c)	Directly beneficially owned and through a controlled corporation		310,000,000	44.29%	–	26.16%
4. Beijing Beida Jade Bird Limited	(a),(b)	Directly beneficially owned and through a controlled corporation		200,000,000	28.57%	–	16.88%
5. Beijing Beida High Technology Investment Co. Ltd.	(a)	Directly beneficially owned		85,000,000	12.14%	–	7.17%
6. Heng Huat Investments Limited	(d)	Through a controlled corporation		205,414,000	29.34%	–	17.34%
7. Dynamic Win Assets Limited	(d)	Directly beneficially owned		205,414,000	29.34%	–	17.34%

Name	Note	Capacity and nature of interests	Number of Shares held	Approximate percentage of the Company's total number of issued promoter shares	Approximate percentage of the Company's total number of issued H shares	Approximate percentage of the Company's total issued share capital
8. Mr. Xu Zhendong	(e)	Trustee and beneficiary of trusts	205,414,000	29.34%	-	17.34%
9. Mongolia Energy Corporation Limited	(f)	Through a controlled corporation	84,586,000	12.08%	-	7.14%
10. New View Venture Limited	(f)	Directly beneficially owned	84,586,000	12.08%	-	7.14%
11. Asian Technology Investment Company Limited		Directly beneficially owned	50,000,000	7.14%	-	4.22%

Note:

- (a) Peking University is taken to be interested in 26.16% of the total issued share capital of the Company through the following companies:
- (i) 85 million Shares (representing approximately 7.17% of the Company's total issued share capital) held by Beida High Technology, which is beneficially owned by Peking University;
 - (ii) 110 million Shares (representing approximately 9.28% of the Company's total issued share capital) held by JB Software itself, which is 48% beneficially owned by Peking University; and
 - (iii) 115 million Shares (representing approximately 9.71% of the Company's total issued share capital) held by Beida Jade Bird itself, which is beneficially owned by Peking University.

Beida Asset Management Co., Ltd. is wholly owned by Peking University.

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

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

- (b) The interests of Beida Jade Bird comprise 115 million Shares held by it and 85 million Shares held by Beida High Technology.
- (c) The interests of JB Software comprise 110 million Shares held by it and 200 million Shares held by Beida Jade Bird, which is 46% beneficially owned by JB Software.

- (d) The Shares are held by Dynamic Win, which is wholly-owned by Heng Huat.
- (e) Mr. Xu Zhendong is taken to be interested in the promoter Shares through his interests as trustee and beneficiary of Heng Huat Trust. Details of the nature of his interests are set out in note (a) of the section "Interests and short positions of the Directors, supervisors and chief executive of the Company in the shares and underlying shares of the Company and its associated corporations" on page 25 of this circular.
- (f) The Shares are held by New View Venture Limited, which is wholly owned by Mongolia Energy Corporation Limited.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors, the Supervisors and the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group (if any).

6. DIRECTORS' AND SUPERVISORS' COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, the Supervisors or any of their respective associates (as defined in the GEM Listing Rules) had interests in a business which competes or may compete with the businesses of the Group, or had or may have any other conflicts of interest with the Group.

7. QUALIFICATION AND CONSENT OF EXPERT

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

Name	Qualification
Karl Thomson	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO.

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

As at the Latest Practicable Date, Karl Thomson was not interested in any Share or share in any member of the Group nor did it has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Share or share in any member of the Group.

As at the Latest Practicable Date, Karl Thomson did not have any direct or indirect interests in any asset which had been since the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, being the date to which the latest published audited consolidated financial statements of the Company were made up.

9. GENERAL

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

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents (and English translation thereof, if appropriate) will be available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturday, Sunday and public holidays) at the Company's principal place of business in Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) articles of association of the Company;
- (b) the service contracts referred to in the paragraph headed "Directors' and Supervisors' service contracts" in this Appendix;
- (c) the Equity Transfer Agreement; and
- (d) this circular.