

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in 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 the 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 accompanying form of proxy and reply slip to the purchaser or 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 the 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)

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF JADE BIRD
FIRE ALARM ON THE SHENZHEN STOCK EXCHANGE
AND
POSSIBLE VERY SUBSTANTIAL DISPOSAL**

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



A letter from the Board is set out on pages 4 to 14 of this circular and a letter from the Independent Board Committee is set out on pages 15 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Shareholders regarding the Proposed Spin-off and the proposal to waive the assured entitlement is set out on pages 16 to 37 of this circular.

A notice convening the SGM to be held at Room 312, Block A, 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, PRC, on Monday, 15 April 2013 at 10:30 a.m., is set out on pages V-1 to V-2 of this circular. Reply slip and form of proxy for use at the meeting are also enclosed with this circular.

Whether or not you are able to attend the meeting, you are required to complete the form of proxy in accordance with the instructions printed thereon. For holders of H Shares, you are required to return the form of proxy to the Company's share registrar in Hong Kong, Hong Kong Registrars Limited at Rooms 1806-07, 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. Whether you are holders of H Shares or promoters Shares, you are required to return the form of proxy as soon as possible but in any event not less than 24 hours before the time appointed for holding of the meeting or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.

27 February 2013

CHARACTERISTICS OF GEM

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

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Hong Kong Stock Exchange 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, the following expressions shall have the following meanings unless the context requires otherwise:

“A shares”	the listed shares of an issuer, which are listed on a stock exchange on the PRC and in the case of Jade Bird Fire Alarm, refers to the shares to be issued by Jade Bird Fire Alarm, which are to be listed on the SME Board of the Shenzhen Stock Exchange
“Board”	the board of Directors
“Company”	Beijing Beida Jade Bird Universal Sci-Tech Company Limited, a joint stock limited company established in the PRC with limited liability, the H Shares of which are listed on GEM of the Hong Kong Stock Exchange
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Fire Alarm Business”	the electronic fire alarm and interactive control system business owned and operated by Jade Bird Fire Alarm
“GEM”	The Growth Enterprise Market operated by the Hong Kong Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign invested Share(s), which are listed on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Independent Board Committee”	an independent board committee of the Company comprising all independent non-executive Directors, namely Mr. Cai Chuanbing, Mr. Li Juncai, Mr. Shao Jiulin and Mr. Lin Yan, established to advise the Shareholders in respect of the terms of the Proposed Spin-off and the proposal to waive the assured entitlement
“Independent Financial Adviser”	Quam Capital Limited, a corporation licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Shareholders in relation to the Proposed Spin-off and the proposed waiver of assured entitlements
“Jade Bird Fire Alarm”	北大青鳥環宇消防設備股份有限公司 (Beida Jade Bird Universal Fire Alarm Device Company Limited [#]), (previously known as 河北北大青鳥環宇消防設備有限公司 (Hebei Beida Jade Bird Universal Fire Alarm Device Company Limited [#])) a joint stock limited company converted from a limited liability company in the PRC on 26 December 2012 and a 51.02% non-wholly owned subsidiary of the Company before the Proposed A Share Listing
“Jade Bird Fire Alarm Group”	Jade Bird Fire Alarm and its subsidiaries
“Latest Practicable Date”	25 February 2013, being the latest practicable date prior to the printing of the circular for ascertaining certain information in the circular
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Proposed A Share Listing”	the proposed listing of the securities of Jade Bird Fire Alarm on the SME Board of the Shenzhen Stock Exchange
“Proposed Spin-off”	the proposed spin-off of the Fire Alarm Business of Jade Bird Fire Alarm for listing on the SME Board of the Shenzhen Stock Exchange
“Remaining Group”	the Group, excluding Jade Bird Fire Alarm

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at Room 312, Block A, 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, PRC, at 10:30 a.m. on Monday, 15 April 2013 for the purpose of considering and, if thought fit, approving the Proposed Spin-off and the proposal to waive the assured entitlement under the Proposed Spin-off
“Share(s)”	the ordinary Shares in the ordinary share capital of the Company, with a nominal value of RMB0.1
“Shareholder(s)”	the holder(s) of the Share(s)
“Shenzhen Stock Exchange”	The Shenzhen Stock Exchange
“SME Board”	The Small and Medium Enterprises Board operated by the Shenzhen Stock Exchange
“Supervisor(s)”	the supervisor(s) of the Company
“%”	percent

English name is for reference only

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. Xu Zhendong
Mr. Xu Zhixiang
Mr. Zhang Wanzhong

Non-executive Directors:

Mr. Cai Weimin
Mr. Chen Zongbing
Ms. Zheng Zhong

Independent Non-executive Directors:

Mr. Cai Chuanbing
Mr. Li Juncai
Mr. Shao Jiulin
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

27 February 2013

To the Shareholders

Dear Sir or Madam,

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF JADE BIRD
FIRE ALARM ON THE SHENZHEN STOCK EXCHANGE
AND
POSSIBLE VERY SUBSTANTIAL DISPOSAL**

INTRODUCTION

References are made to the announcements of the Company dated 17 December 2012 and 1 February 2013 on the Proposed Spin-off by way of a separate listing of the Fire Alarm Business under Jade Bird Fire Alarm, a subsidiary of the Company, on the SME Board of the Shenzhen Stock Exchange. Jade Bird Fire Alarm is a 51.02% non-wholly owned subsidiary of the Company.

LETTER FROM THE BOARD

The purpose of this circular is to provide, among other things, (i) information on the Proposed Spin-off and the proposal to waive the assured entitlement; (ii) the financial information of Jade Bird Fire Alarm Group; (iii) the unaudited financial information of the Remaining Group; (iv) the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser regarding the Proposed Spin-off and the proposal to waive the assured entitlement; and (v) a notice of the SGM.

THE PROPOSED SPIN-OFF AND THE PROPOSED A SHARE LISTING

Subject to approvals by the Shareholders and the relevant PRC regulators, it is currently proposed that Jade Bird Fire Alarm will issue A shares by way of initial public offering in the PRC. The equity interest in Jade Bird Fire Alarm is currently held as to 51.02% by the Company and as to the remaining 48.98% by certain individuals who are the existing and former senior management and staff of Jade Bird Fire Alarm and other individual shareholders. Assuming that the A shares to be issued amount to 25% of the issued share capital of Jade Bird Fire Alarm, it is expected that immediately upon completion of the Proposed Spin-off and the Proposed A Share Listing, the interest of the Company in Jade Bird Fire Alarm will be diluted to approximately 38.27% and Jade Bird Fire Alarm will cease to be a non-wholly owned subsidiary of the Company. Subject to market conditions at the time of the Proposed A Share Listing, the offer price per A share of Jade Bird Fire Alarm will be determined in accordance with the relevant PRC laws and regulations relating to A share listing, which will be determined by a book-building process with reference to the prices quoted by target subscribers or by other methods to be determined between the issuer and the lead underwriter. In accordance with the requirements of the relevant PRC laws and regulations, there will not be a floor price for the Proposed A Share Listing.

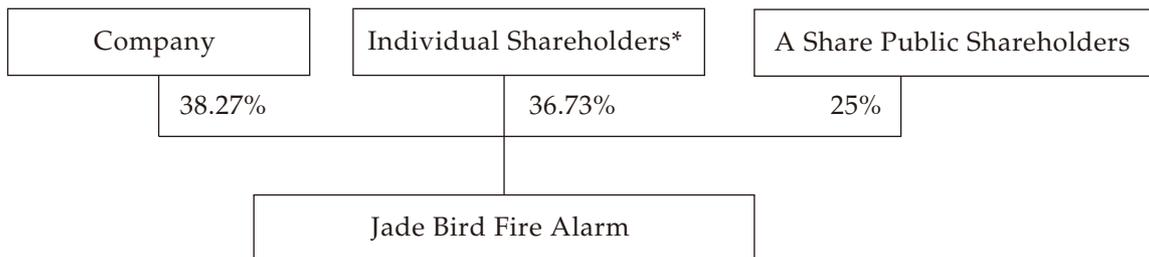
In preparation for the Proposed A Share Listing, Jade Bird Fire Alarm has been converted from a limited liability company into a joint stock limited company in the PRC on 26 December 2012. No formal application for the Proposed A Share Listing has been filed yet, and in accordance with the procedures for applying for A shares listing, the Company has filed the counselling materials for listing with the local CSRC bureau and has commenced the counselling period. Considering the long list of applicants for listing in the PRC and the regulatory approvals required to be obtained and assuming the PRC authorities resume public offering and listing on the domestic exchanges, the Directors expect that the Proposed A Share Listing may take place in late 2013 or early 2014.

LETTER FROM THE BOARD

Shareholding structure before the Proposed A Share Listing:



Shareholding structure after the Proposed A Share Listing:



* including existing and former senior management and staff of Jade Bird Fire Alarm and other individuals

Note: The shareholding structure of Jade Bird Fire Alarm upon completion of the Proposed A Share Listing is for illustrative purpose only. The final structure may or may not be the same as the above chart.

PROPOSED USE OF PROCEEDS

The amount of proceeds which could be raised by the Proposed A Share Listing will depend on the conditions of the PRC domestic market at the time of the initial public offering pursuant to the Proposed A Share Listing. For illustration purpose only, assuming a total of 20 million A shares will be issued immediately following completion of the Proposed A Share Listing at an indicative offer price of RMB18.90 per A share, it is estimated that total proceeds of approximately RMB378 million will be raised. Subject to market conditions at the time of the Proposed A Share Listing, the offer price per A share of Jade Bird Fire Alarm will be determined by a book-building process with reference to the prices quoted by target subscribers or by other methods to be determined between Jade Bird Fire Alarm and the lead underwriter. Investors should be aware that the offer price per A share quoted above is for illustrative purposes only and is based on a number of assumptions which may have changed substantially at the time of the Proposed A Share Listing.

The total proceeds raised referred to above is also for illustration purposes only and the actual proceeds raised, if the Proposed A Share Listing is completed, may vary substantially from the total proceeds estimated above.

LETTER FROM THE BOARD

On the assumption that the total proceeds raised is approximately RMB378 million (which may vary substantially depending on the market conditions at the time of the listing), it is currently proposed by the board of Jade Bird Fire Alarm that the total proceeds will be used as follows:

- Approximately 32% to 37% or RMB120 million to RMB140 million of the total proceeds will be used for (i) upgrading and expansion of the existing production facilities for manufacturing of existing fire alarm products; and (ii) development and production of ancillary and related fire alarm and control products;
- Approximately 29% to 34% or RMB110 million to RMB130 million of the total proceeds will be used for (i) research and development, marketing and establishment of sales networks for combustible gas alarm systems; and (ii) construction of manufacturing facilities and establishment of sales network for gas extinguishing products; and
- Approximately 16% to 19% or RMB60 million to RMB70 million for research and development of fire alarm products for overseas market and development of overseas market.

Depending on the actual amount of proceeds raised, the balance of the proceeds, if any, will be used as working capital of Jade Bird Fire Alarm.

CONDITIONS

The Proposed Spin-off will be conditional upon, among other things, the following:

- approval by the Shareholders of the Proposed Spin-off;
- waiver by the minority Shareholders of the assured entitlement on the A shares to be issued by Jade Bird Fire Alarm;
- approval for listing by the SME Board of the Shenzhen Stock Exchange; and
- any other PRC regulatory approvals for the listing of and permission to deal in the A shares to be issued by Jade Bird Fire Alarm.

If any of the above conditions is not fulfilled, the Proposed Spin-off will not proceed and the Hong Kong Stock Exchange will be notified immediately and an announcement will be published by the Company as soon as practicable.

LETTER FROM THE BOARD

INFORMATION ON JADE BIRD FIRE ALARM

Jade Bird Fire Alarm is engaged in the research, development, manufacture, marketing and sales of wireless fire alarms and interactive control systems and the provision of related after-sales services. Its production factory, with a site area of approximately 86,000 sq.m., is located in Zhuolu, Hebei province, which is within an hour's drive from Beijing. It has its own research and development team and its headquarters are in Beijing. Jade Bird Fire Alarm has over 40 distributors covering various cities in the PRC, including Tianjin, Xian, Guangzhou, Qingdao, Taiyuan, Chongqing, Wuhan and Urumqi.

The unaudited net assets of Jade Bird Fire Alarm were approximately RMB105.9 million as at 31 December 2011. The unaudited consolidated net profits before and after taxation and extraordinary items of Jade Bird Fire Alarm were approximately RMB53.6 million and RMB46.9 million respectively for the year ended 31 December 2011 while the unaudited net profits before and after taxation and extraordinary items of Jade Bird Fire Alarm were approximately RMB42.0 million and RMB37.0 million respectively for the year ended 31 December 2010.

Historical financial performance of the Jade Bird Fire Alarm Group

The following table sets out the summary of the unaudited financial information of Jade Bird Fire Alarm Group, which have been reviewed by the Company's auditors, for the three years ended 31 December 2011 and the nine months ended 30 September 2011 and 2012 as extracted from Appendix II to this circular:

	Year ended 31 December			Nine months ended	
	2009	2010	2011	2011	2012
	RMB	RMB	RMB	RMB	RMB
	(million)	(million)	(million)	(million)	(million)
Turnover	154.9	217.1	289.4	179.4	252.7
Gross profit	54.3	79.0	106.3	75.3	97.7
Gross profit margin	35.1%	36.4%	36.7%	42.0%	38.7%
Distribution costs	12.2	16.1	19.6	12.1	20.3
Administrative expenses	9.2	12.3	15.6	11.3	12.4
Other expenses, net	2.7	8.6	17.5	9.9	14.1
Total expenses	24.1	37.0	52.7	33.3	46.8
Net profit for the year/period	26.3	37.0	46.9	36.0	43.7
Net profit margin	17.0%	17.0%	16.2%	20.1%	17.3%

LETTER FROM THE BOARD

Historical financial position of the Jade Bird Fire Alarm Group

The following table sets out the summary of the unaudited financial position of the Jade Bird Fire Alarm Group as at 31 December 2009, 31 December 2010, 31 December 2011 and 30 September 2012 as extracted from Appendix II to this circular:

	As at 31 December			As at
	2009	2010	2011	30 September
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>
Property, plant and equipment	21.2	23.2	28.0	47.5
Inventories	29.8	41.6	70.2	94.0
Trade receivables	20.4	24.3	47.6	102.6
Cash and cash equivalents	31.2	50.6	94.4	30.4
Trade payables	23.6	22.9	66.1	66.6
Accruals and other payables	11.7	37.7	29.3	37.2
Net assets	49.0	50.4	105.9	127.7

INFORMATION ON THE GROUP

The Group is principally engaged in the research, development, manufacture, marketing and sale of wireless electronic fire alarm systems and related products, development of travel and leisure business and investment holding.

INFORMATION ON THE REMAINING GROUP

After completion of the Proposed Spin-off, the Remaining Group will continue to engage in tourism development, investment holding and other businesses.

Tourism development business

The Remaining Group will continue with the operation of the environmental tourist bus service business in Hengshan Mountain, Henyang, Hunan province. Hengshan Mountain is one of the five sacred mountains in China and is famous for its natural scenery and strong Buddhism and Taoist cultures. The Remaining Group is also engaged in (i) property management of certain properties in the Hengshan Mountain scenic area; (ii) through its associate, engaged in investment and development of infrastructure projects, tourism and hotel, and currently, through subcontracting, provides construction services for the development of a piece of land of approximately 5,000 mu around the Songya Lake scenic area in Changsha, Hunan Province, the PRC, and (iii) through an investment, engaged in the restaurant and beverage business.

LETTER FROM THE BOARD

Investment holding business

The Remaining Group is also engaged in fund, debt and equity investments. It has invested in two private equity funds, namely, SBI & BDJB China Fund, L.P. and Beijing Jade Bird Hengsheng Investment Fund (Limited Partnership), which have invested in non-public companies in the PRC, with businesses ranging from the provision of information technology vocational education, insurance business, development and manufacturing of LED, baby products retailing business to property development. The Remaining Group has also invested in certain convertible bonds issued by a company listed on the Hong Kong Stock Exchange and in the equity interest in a listed company in Hong Kong, and in the equity interest in a non-public company in the PRC which is engaged in development and manufacturing of LED.

Other businesses

The Remaining Group is engaged in provision of network security services and production and sales of wine and related products.

Upon completion of the Proposed Spin-off, the Company will continue with the businesses of the Remaining Group. Currently, the Directors do not have any specific plan for expansion or development of the business of the Remaining Group, but will formulate more specific plans when opportunities arise.

FINANCIAL EFFECTS OF THE PROPOSED SPIN-OFF ON THE GROUP

Upon the completion of the Proposed Spin-off and the Proposed A Share Listing, the interest of the Company in Jade Bird Fire Alarm will be diluted from 51.02% to approximately 38.27% and Jade Bird Fire Alarm will cease to be a non-wholly owned subsidiary of the Company. As a result, Jade Bird Fire Alarm will no longer be consolidated into the consolidated financial statements of the Remaining Group and the consolidated net assets and the results of Jade Bird Fire Alarm will be accounted for in the Group's consolidated financial statements under the equity method. It is expected that the consolidated net assets of the Remaining Group will be increased as a result of the issue of A shares by Jade Bird Fire Alarm at a price above their attributable underlying consolidated net asset value. The actual gain to be recognised by the Remaining Group will be determined based on the issue price and the number of the A shares of Jade Bird Fire Alarm to be issued and the consolidated net asset value of Jade Bird Fire Alarm as of the completion of the Proposed Spin-off and the Proposed A Share Listing.

Set out in Appendix III to this circular is the unaudited pro forma financial information on the Remaining Group which illustrates the financial impact of the Proposed Spin-off and the Proposed A Share Listing on the results and the cash flows of the Remaining Group assuming the Proposed A Share Listing had been completed on 1 January 2011 and the financial impact of the Proposed A Share Listing on the assets and liabilities of the Remaining Group assuming the Proposed A Share Listing had been completed on 30 June 2012.

LETTER FROM THE BOARD

For illustrative purpose only, based on the unaudited pro forma consolidated statement of comprehensive income of the Remaining Group, the Remaining Group would recognize a gain of approximately RMB549.17 million assuming the Proposed Spin-off had been completed on 1 January 2011. The expected gain is calculated based on a set of assumptions as set out in Appendix III to this circular and is for illustration purpose only, the actual gain to be recognized by the Remaining Group as a result of the Proposed A Share Listing will depend on, among other things, the offer price and the number of A shares of Jade Bird Fire Alarm to be issued at the time of the Proposed A Share Listing.

For illustrative purpose only, based on the unaudited pro forma consolidated statement of financial position of the Remaining Group, as at 30 June 2012, the total assets of the Remaining Group would have increased to RMB1,556.9 million and its total liabilities will decrease to RMB87.3 million, had the Proposed A Share Listing been completed on 30 June 2012.

Investors should be aware that the unaudited pro forma financial information of the Remaining Group in Appendix III has been prepared for illustrative purposes only and do not purport to represent what the assets and liabilities as at 30 June 2012 or the results and cash flows for the year ended 31 December 2011 of the Remaining Group will actually be or to give a true picture of the financial position of the Remaining Group had the Proposed A Share Listing been completed as at those dates.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

Jade Bird Fire Alarm specializes in the research, development, manufacture and sale of wireless fire alarm and interactive control systems as well as the provision of related after-sales services. The Proposed A Share Listing will have clear commercial benefits to both the Company and Jade Bird Fire Alarm and is in the interest of the Company and its Shareholders as a whole for the following reasons:

- **Enhanced domestic market profile and growth potential:** There is a great potential for electronic fire alarm system in the PRC domestic market, both in terms of the market size and potential for further growth. The Proposed A Share Listing will increase the profile and reputation of Jade Bird Fire Alarm in the domestic market, and would therefore enhance Jade Bird Fire Alarm's ability and chances to capture such potential market growth, which means a potential increase in the market share and sales of Jade Bird Fire Alarm. In addition, the increased profile and reputation due to the Proposed A Share Listing will also create more opportunities for Jade Bird Fire Alarm to participate in medium to large sized fire alarm projects in the domestic and international markets;
- **A focused and efficient business:** The Proposed A Share Listing will allow Jade Bird Fire Alarm to create a more defined business focus and efficient resource allocation, which in turn will help Jade Bird Fire Alarm develop into a first class professional fire alarm device company with its own integrated research and development, manufacture, sales and services;

LETTER FROM THE BOARD

- **Value accretive to the Company and its shareholders:** The separate listing of the Fire Alarm Business will unlock value for the Company's Shareholders and better identify and establish the fair value of the Fire Alarm Business. It is anticipated that this value will represent an enhancement to its existing value within the confines of the Company's listing, which will, in turn, increase the value of the shares in the Company to the benefit of all of the Company's Shareholders. In addition, A share listed companies on average trades at a higher valuation multiple, therefore the Proposed A Share Listing will likely to be value accretive to the Company and the Shareholders;
- **Greater flexibility to Jade Bird Fire Alarm's business operation:** The Proposed A Share Listing will deliver greater shareholder value to the Company and the Shareholders because (a) Jade Bird Fire Alarm will enjoy enhanced flexibility to grow its business and to further build on its reputation and be in a better position to negotiate and solicit more business; and (b) Jade Bird Fire Alarm will enjoy an increased ability to pursue its own business;
- **Broadening financing channels:** The Proposed A Share Listing will enable Jade Bird Fire Alarm to have direct access to the domestic capital market, thus widening the financing channels available and increasing the financing ability of Jade Bird Fire Alarm;
- **Greater business clarity:** The Proposed A Share Listing will provide investors, rating agencies and the market in general with greater clarity on the business and financial status of the Fire Alarm Business; and
- **Create own investor base for fire alarm business:** The Proposed A Share Listing will enable Jade Bird Fire Alarm to attract its own strategic and corporate investors, therefore creating its own investor base and market following.

ASSURED ENTITLEMENT

In accordance with the requirements of the GEM Listing Rules, the Board is required to give due regard to the interests of the existing Shareholders of the Company by providing the Shareholders with an assured entitlement to the A shares of Jade Bird Fire Alarm, if the Proposed A Share Listing proceeds. After due and careful consideration of the Proposed Spin-off and having taken into account the advice from the Company's PRC legal counsel, the Board has resolved not to provide assured entitlement to the Shareholders under the Proposed Spin-off for the following reasons:

- the A shares to be issued by Jade Bird Fire Alarm, if the Proposed Spin-off proceeds, will be offered by way of initial public offering in the PRC domestic market only and the A shares will only be listed and traded on the Shenzhen Stock Exchange and no other stock exchange for the time being; and

LETTER FROM THE BOARD

- as such, under the current PRC laws and regulations, foreign investors (other than qualified foreign institutional investors and some other exceptions) including Shareholders holding H Shares of the Company are restricted from subscribing for or trading in A shares listed on any of the PRC domestic stock exchanges.

By reason of the legal restrictions in offering PRC listed shares to foreign investors, including the proposed offering of the A shares of Jade Bird Fire Alarm to the Shareholders holding H Shares of the Company, the Board will propose a resolution for approval by the minority Shareholders at the SGM of a waiver of the assured entitlement under the Proposed Spin-off.

Shenzhen Beida Jade Bird Technology Co., Ltd. and Beijing Beida Jade Bird Limited, which in aggregate hold 16.88% interest in the Company, will abstain from voting at the SGM on the proposed resolution relating to the waiver of the assured entitlement. Any substantial Shareholder or any Shareholder who is a Director or Supervisor or any of his/her/its associates or any promoter of the Company will also abstain from voting at the SGM on the proposed resolution relating to the waiver of the assured entitlement.

LISTING RULES IMPLICATIONS

The Proposed Spin-off constitutes a very substantial disposal for the Company under Rule 19.06(4) of the GEM Listing Rules, and is subject to approval by the Shareholders at the SGM. As far as the Directors are aware, none of the Shareholders has a material interest in the Proposed Spin-off which is different from those of other Shareholders. As such, no Shareholder is required to abstain from voting in respect of the proposed resolution to approve the Proposed Spin-off at the SGM.

The Independent Board Committee comprising all of the four independent non-executive Directors has been established to advise the Shareholders regarding the Proposed Spin-off and the proposal to waive the assured entitlement. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Shareholders in the same regard.

The Company has recently obtained the confirmation by the Hong Kong Stock Exchange that the Company may proceed with the Proposed Spin-off.

GENERAL

The SGM will be held by the Company at which ordinary resolutions will be proposed to (i) the Shareholders to consider, and if thought fit, to approve the Proposed Spin-off; and (ii) the minority Shareholders to approve the proposal to waive the assured entitlement under the Proposed Spin-off.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) are of the view that the terms of the Proposed Spin-off and the proposal to waive the assured entitlement under the Proposed Spin-off are fair and reasonable so far as the Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

The Independent Board Committee, having taken into account of the advice of the Independent Financial Adviser, considers that the Proposed Spin-off and the proposal to waive the assured entitlement under the Proposed Spin-off are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable. Accordingly, the Independent Board Committee recommends the Shareholders to vote in favour of the resolution to approve the Proposed Spin-off and the minority Shareholders to vote in favour of the resolution to approve the proposal to waive the assured entitlement under the Proposed Spin-off at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and additional information as set out in the appendices to this circular.

Shareholders and potential investors should note that the Proposed Spin-off and the Proposed A Share Listing are subject to, among other things, approvals by the Shareholders and the relevant PRC regulators, including the Shenzhen Stock Exchange. There is no assurance that the Proposed Spin-off will proceed. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing with the H Shares of the Company.

Yours faithfully,
For and on behalf of the Board
**Beijing Beida Jade Bird Universal
Sci-Tech Company Limited**
Xu Zhendong
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

27 February 2013

To the Shareholders

Dear Sir or Madam,

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF JADE BIRD
FIRE ALARM ON THE SHENZHEN STOCK EXCHANGE
AND
POSSIBLE VERY SUBSTANTIAL DISPOSAL**

We refer to the circular of the Company dated 27 February 2013 (the “Circular”) to the Shareholders, of which this letter forms part. Capitalised terms used herein have the same meanings as defined in the Circular unless otherwise specified.

We have been appointed as members of the Independent Board Committee to advise the Shareholders in respect of the terms of the Proposed Spin-off and the proposal to waive the assured entitlement under the Proposed Spin-off, details of which are set out in the letter from the Board in the Circular.

Having taken into account of the advice of the Independent Financial Adviser, we consider that the Proposed Spin-off and the proposal to waive the assured entitlement under the Proposed Spin-off are in the interests of the Company and the Shareholders as a whole and the terms of the Proposed Spin-off and the proposal to waive the assured entitlement under the Proposed Spin-off are fair and reasonable so far as the Company and the Shareholders are concerned. Accordingly, we recommend the Shareholders to vote in favour of the resolution to approve the Proposed Spin-off and the minority Shareholders to vote in favour of the resolution to approve the proposal to waive the assured entitlement under the Proposed Spin-off at the SGM.

Yours faithfully,
Cai Chuanbing
Li Juncai
Shao Jiulin
Lin Yan

Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The following is the full text of the letter of advice from Quam Capital Limited, the independent financial adviser to the Independent Board Committee and the Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Shareholders in respect of the Proposed Spin-off.



Quam Capital Limited

A Member of The Quam Group

27 February 2013

To the Independent Board Committee and the Shareholders

Dear Sir or Madam,

PROPOSED SPIN-OFF AND SEPARATE LISTING OF JADE BIRD FIRE ALARM ON THE SHENZHEN STOCK EXCHANGE AND POSSIBLE VERY SUBSTANTIAL DISPOSAL

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Shareholders in respect of the Proposed Spin-off and a waiver from strict compliance with the assured entitlement requirement under Practice Note 3 of the GEM Listing Rules (the “**Waiver**”), details of which are set out in the “Letter from the Board” contained in the circular (the “**Letter from the Board**”) issued by the Company to the Shareholders dated 27 February 2013 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

Mr. Cai Chuanbing, Mr. Li Juncai, Mr. Shao Jiulin and Mr. Lin Yan, the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Shareholders as to whether or not the terms of the Proposed Spin-off and the Waiver are fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and how they should vote on the Proposed Spin-off and the Waiver at the SGM. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Shareholders in such regard.

Quam Capital Limited is independent of and not connected with any members of the Group or any of their substantial shareholders, directors or chief executives, or any of their respective associates, and is accordingly qualified to give an independent advice in respect of the Proposed Spin-off and the Waiver.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

In formulating our recommendation, we have relied on the information and facts supplied by the Company and its advisers, and the opinions expressed by and the representations of the Directors and management of the Group. We have assumed that all the information and representations contained or referred to in the Circular were true, accurate and complete in all respects at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time that they were made and continue to be true until the date of the SGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Group and the Directors, and the Directors have confirmed to us that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement in the Circular misleading.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have neither carried out any independent verification of the information, nor conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, Jade Bird Fire Alarm or any of their respective subsidiaries or associates.

THE PROPOSED SPIN-OFF

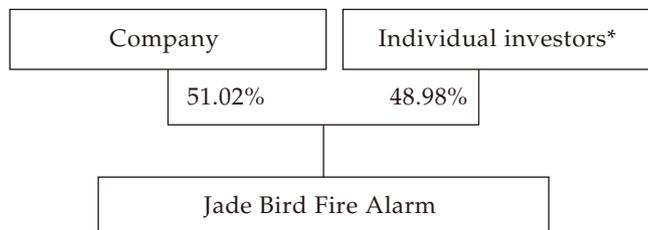
The Company submitted an application for the Proposed Spin-off to the Hong Kong Stock Exchange in November 2012. The Proposed Spin-off will be by way of a separate listing of the Fire Alarm Business of Jade Bird Fire Alarm on the SME Board of the Shenzhen Stock Exchange. In December 2012, the Hong Kong Stock Exchange confirmed that the Company may proceed with the Proposed Spin-off.

Subject to approvals by the Shareholders and the relevant PRC regulators, it is currently proposed that Jade Bird Fire Alarm will issue A shares by way of initial public offering in the PRC. Assuming that the A shares to be issued amount to 25% of the issued share capital of Jade Bird Fire Alarm, it is expected that immediately upon completion of the Proposed Spin-off and the Proposed A Share Listing, the interest of the Company in Jade Bird Fire Alarm will be reduced from approximately 51.02% to approximately 38.27% and Jade Bird Fire Alarm will cease to be a non-wholly owned subsidiary of the Company.

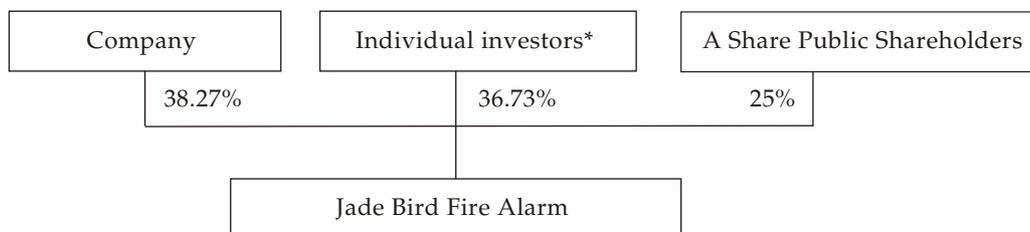
LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The charts below illustrate the shareholding structure as at the Latest Practicable Date and upon completion of the Proposed A Share Listing:

As at the Latest Practicable Date



Upon completion of the Proposed A Share Listing



* Including existing and former senior management and staff of Jade Bird Fire Alarm and other individuals

Note: The shareholding structure of Jade Bird Fire Alarm upon completion of the Proposed A Share Listing is for illustrative purpose only. The final structure may or may not be the same as the above chart.

The Proposed Spin-off will constitute a very substantial disposal for the Company under Rule 19.06(4) of the GEM Listing Rules, and is subject to the approval by the Shareholders at the SGM.

Pursuant to Practice Note 3 of the GEM Listing Rules, the Company is required to give due regard to the interests of the Shareholders by providing an assured entitlement to the A shares of Jade Bird Fire Alarm, if the Proposed A Share Listing proceeds. Due to the legal restrictions in offering PRC listed shares to foreign investors (including the Shareholders holding H Shares), the Waiver will be proposed at the SGM for approval by the minority Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating at our recommendation, we have taken into consideration the following principal factors and reasons:

1. Information on the Group

The Group is principally engaged in the research, development, manufacture, marketing and sale of wireless electronic fire alarm systems and related products, development of travel and leisure business and investment holding.

Set out below are the segment profit/(loss) of the Group's segments for the three years ended 31 December 2011 and six months ended 30 June 2011 and 2012:

	Segment profit/(loss)				
	Year ended 31 December			Six months ended	
	2009	2010	2011	30 June 2011	2012
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Manufacture and sale of electronic fire equipment	29.6	41.7	53.1	15.8	21.7
Development of travel and leisure business	23.1	56.5	32.7	10.1	3.9
Investment holding	2.4	49.9	(6.3)	1.6	(3.9)
All other segments	3.1	1.0	(0.7)	(0.8)	1.4
Total	58.2	149.1	78.8	26.7	23.1

Source: Annual reports and quarterly reports of the Company

Six months ended 30 June 2012 compared to six months ended 30 June 2011

The Fire Alarm Business under Jade Bird Fire Alarm was the major profit contributor of the Group. Of the aggregated segment profits of approximately RMB23.1 million, Jade Bird Fire Alarm's segment profit was approximately RMB21.7 million for the six months ended 30 June 2012.

The segment profit of the Fire Alarm Business increased by approximately RMB5.9 million, or 37.3%, for the six months ended 30 June 2012 was mainly attributable to an increase in its revenue by approximately 61.2% for the six months ended 30 June 2012. As stated in the quarterly report for the six months ended 30 June 2012, uplift in sales of the Jade Bird Fire Alarm Group relied not only on strong demand but also the Group's effort in building and consolidating its brand. Besides, promotions were conducted in Dongguan, Suzhou and Langfang throughout the second quarter of 2012.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The segment profit of the development of travel and leisure business declined by approximately RMB6.2 million, approximately 61.4%, for the six months ended 30 June 2012 was mainly due to, as stated in the quarterly report for the six months ended 30 June 2012, cold weather for the first half of the year, which adversely affected the bus service provision by the Group. Besides, the Group's bus service utilisation rate reached its bottleneck, which slowed down the growth of the Group's development of travel and leisure business. In addition, there was a gain of approximately RMB3.1 million on disposal of interests in Zhang Jia Jie Tourism Development Co., Ltd. for the six months ended 30 June 2011.

Year ended 31 December 2011 compared to year ended 31 December 2010

The Fire Alarm Business under Jade Bird Fire Alarm contributed approximately 61.9% of the aggregated segment profits for the two profitable segments for the year ended 31 December 2011. The development of travel and leisure business contributed the remaining 38.1% of the aggregated segment profits.

The segment profit of the Fire Alarm Business increased by approximately RMB11.4 million, or approximately 27.3%, for the year ended 31 December 2011 was mainly attributable to an increase in its revenue by approximately 33.3% for the year ended 31 December 2011. As stated in the annual report for the year ended 31 December 2011, the Group leveraged on customer trust, rising reputation and continual effort of dealers in exploring market, market share continued to expand. Production volume of detectors, being the major product among others, increased significantly, keeping pace of upsurge in demand and need for upgrade.

The decrease in segment profit of the development of travel and leisure business by approximately RMB23.8 million, or approximately 42.1%, for the year ended 31 December 2011 was mainly due to most of the interests in Zhang Jia Jie Tourism Development Co., Ltd. was disposed of at a gain of approximately RMB21.7 million for the year ended 31 December 2010, whereas only a minority interest in Zhang Jia Jie Tourism Development Co., Ltd. was disposed of at a gain of approximately RMB3.1 million for the year ended 31 December 2011.

The segment profit of investment holding dropped significantly for the year ended 31 December 2011, which was mainly attributable to part of the Group's investment in Semiconductor Manufacturing International Corporation was disposed of at a gain of approximately RMB55.5 million for the year ended 31 December 2010, whereas no such disposal was made for the year ended 31 December 2011.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Year ended 31 December 2010 compared to year ended 31 December 2009

The segment profit of the Fire Alarm Business increased by approximately 40.9% for the year ended 31 December 2010 was mainly attributable to an increase in its revenue by approximately 40.2% for the year ended 31 December 2010. As stated in the annual report for the year ended 31 December 2010, such increase was mainly attributable to increasing awareness of fire risk and accelerating urbanisation which stimulated demand of the Jade Bird Fire Alarm Group's products. Besides, the market became strong after the recovery of global economy.

The increase in segment profit of the development of travel and leisure business by approximately RMB33.4 million, or approximately 144.6%, for the year ended 31 December 2010 was mainly due to the aforesaid gain on disposal of approximately RMB21.7 million for the year ended 31 December 2010.

The significant increase in the segment profit of investment holding by approximately RMB47.5 million for the year ended 31 December 2010 was mainly attributable to the abovementioned gain on disposal of approximately RMB55.5 million for the year ended 31 December 2010.

Without the aforesaid exceptional gains in other segments, the Fire Alarm Business was the major profit contributor of the Group for the year ended 31 December 2010.

In summary, the Jade Bird Fire Alarm Group was the major profit contributor of the Group for the year ended 31 December 2011 and six months ended 30 June 2012.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

2. INFORMATION ON THE JADE BIRD FIRE ALARM GROUP

The Jade Bird Fire Alarm Group is engaged in the research, development, manufacture, marketing and sales of wireless electronic fire alarms and interactive control systems and the provision of related after-sales services. Its production factory, with a site area of approximately 86,000 square metres, is located in Zhuolu, Hebei Province, which is within an hour's drive from Beijing. It has its own research and development team and its headquarters are in Beijing. The Jade Bird Fire Alarm Group has over 40 distributors covering various cities in the PRC, including Tianjin, Xian, Guangzhou, Qingdao, Taiyuan, Chongqing, Wuhan and Urumqi. Major customers of the Jade Bird Fire Alarm Group are distributors engaging in fire fighting engineering business as well as real estates business.

2.1 Historical financial performance of the Jade Bird Fire Alarm Group

The following table sets out the summary of the unaudited financial information of the Jade Bird Fire Alarm Group, which conformed with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and was reviewed by the Company's auditors, for the three years ended 31 December 2011 and the nine months ended 30 September 2011 and 2012 as extracted from Appendix II to the Circular:

	Year ended 31 December			Nine months ended	
				30 September	
	2009	2010	2011	2011	2012
	<i>RMB (million)</i>	<i>RMB (million)</i>	<i>RMB (million)</i>	<i>RMB (million)</i>	<i>RMB (million)</i>
Turnover	154.9	217.1	289.4	179.4	252.7
Gross profit	54.3	79.0	106.3	75.3	97.7
Gross profit margin	35.1%	36.4%	36.7%	42.0%	38.7%
Distribution costs	12.2	16.1	19.6	12.1	20.3
Administrative expenses	9.2	12.3	15.6	11.3	12.4
Other expenses, net	2.7	8.6	17.5	9.9	14.1
Total expenses	24.1	37.0	52.7	33.3	46.8
Profit for the year/period	26.3	37.0	46.9	36.0	43.7
Net profit margin	17.0%	17.0%	16.2%	20.1%	17.3%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Nine months ended 30 September 2012 compared to nine months ended 30 September 2011

The turnover of the Jade Bird Fire Alarm Group for the nine months ended 30 September 2012 increased by approximately RMB73.3 million, or approximately 40.9%, as compared to that for the nine months ended 30 September 2011. As stated in the quarterly report for the nine months ended 30 September 2012, such increase was mainly attributable to the joint efforts of dealers in exploring market opportunities and promotional campaigns launched in a number of cities in the PRC. Besides, the uplift in sales was also attributable to the Jade Bird Fire Alarm Group's efforts in building and consolidating its brand.

The gross profit margin of the Jade Bird Fire Alarm Group decreased from approximately 42.0% for the nine months ended 30 September 2011 to approximately 38.7% for the nine months ended 30 September 2012. Such decrease was mainly attributable to the change in the Group's discount policy of offering discount to the distributors from semi-annually to quarterly in 2012.

The distribution costs for the nine months ended 30 September 2012 increased by approximately RMB8.2 million, or approximately 67.8%, as compared to that for the nine months ended 30 September 2011. Apart from an increase in sales volume, the increment was also due to the Jade Bird Fire Alarm Group's marketing strategies by launching a number of promotional campaigns during the period.

The net profit of the Jade Bird Fire Alarm Group for the nine months ended 30 September 2012 increased by approximately RMB7.7 million, or approximately 21.4%, as compared to that for the nine months ended 30 September 2011. Such increase was mainly due to an increase in its gross profit by approximately RMB22.4 million which was partially offset by the increase in expenses by approximately RMB13.5 million.

The decrease in the net profit margin of the Jade Bird Fire Alarm Group for the nine months ended 30 September 2012 as compared to that for the nine months ended 30 September 2011 was mainly due to the decrease in the gross profit margin of the Jade Bird Fire Alarm Group for the nine months ended 30 September 2012.

Year ended 31 December 2011 compared to year ended 31 December 2010

The turnover of the Jade Bird Fire Alarm Group for the year ended 31 December 2011 increased by approximately RMB72.3 million, or approximately 33.3%, as compared to that for the year ended 31 December 2010. The reasons for such increment are set out in the section headed "Information on the Group" above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The gross profit margin of the Jade Bird Fire Alarm Group for the year ended 31 December 2011 remained stable as compared to that for the year ended 31 December 2010.

The distribution costs and administrative expenses for the year ended 31 December 2011 increased by approximately 21.7% and 26.8% respectively as compared to that for the year ended 31 December 2010. Such increases were mainly due to increases in sales force and number of staff during the year ended 31 December 2011.

The net profit of the Jade Bird Fire Alarm Group for the year ended 31 December 2011 increased by approximately 26.8% as compared to that for the year ended 31 December 2010. Such increase was mainly due to the increase in turnover of the Jade Bird Fire Alarm Group for the year ended 31 December 2011.

The net profit margin of the Jade Bird Fire Alarm Group for the year ended 31 December 2011 dropped slightly due to a greater extent of increase in the total expenses for the year ended 31 December 2011 as compared to the increase in the turnover for the same year.

Year ended 31 December 2010 compared to year ended 31 December 2009

The turnover of the Jade Bird Fire Alarm Group for the year ended 31 December 2010 increased by approximately RMB62.2 million, or approximately 40.2%, as compared to that for the year ended 31 December 2009. The reasons for such increment are set out in the section headed "Information on the Group" above.

The gross profit margin of the Jade Bird Fire Alarm Group increased slightly from approximately 35.1% for the year ended 31 December 2009 to approximately 36.4% for the year ended 31 December 2010.

The distribution costs for the year ended 31 December 2010 increased by approximately 32.0%, which was mainly due to the increase in turnover by approximately 40.2% and the increase in sales force as compared to that for the year ended 31 December 2009.

The administrative expenses for the year ended 31 December 2010 increased by approximately 33.7%, as compared to that for the year ended 31 December 2009. The increase was mainly due to an increase in number of staff in all divisions to cope with the business expansion of the Jade Bird Fire Alarm Group.

The net profit of the Jade Bird Fire Alarm Group for the year ended 31 December 2010 increased by approximately 40.7% as compared to that for the year ended 31 December 2009. Such increase was mainly due to the increase in turnover of the Jade Bird Fire Alarm Group for the year ended 31 December 2010.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The net profit margin remained the same as the previous year.

As shown above, the Jade Bird Fire Alarm Group recorded significant growth in turnover that led to the substantial increment in net profit for the past three financial years and the nine months ended 30 September 2012.

2.2 Historical financial position of the Jade Bird Fire Alarm Group

The following table sets out the summary of the unaudited financial position of the Jade Bird Fire Alarm Group, which conformed with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and was reviewed by the Company's auditors, as at 31 December 2009, 31 December 2010, 31 December 2011 and 30 September 2012 as extracted from Appendix II to the Circular:

	As at 31 December			As at
	2009	2010	2011	30 September 2012
	<i>RMB (million)</i>	<i>RMB (million)</i>	<i>RMB (million)</i>	<i>RMB (million)</i>
Property, plant and equipment	21.2	23.2	28.0	47.5
Inventories	29.8	41.6	70.2	94.0
Trade receivables	20.4	24.3	47.6	102.6
Cash and cash equivalents	31.2	50.6	94.4	30.4
Trade payables	23.6	22.9	66.1	66.6
Accruals and other payables	11.7	37.7	29.3	37.2
Net assets	49.0	50.4	105.9	127.7

30 September 2012 compared to 31 December 2011

The net assets of the Jade Bird Fire Alarm Group as at 30 September 2012 increased by approximately RMB21.8 million, or approximately 20.6%, as compared to that as at 31 December 2011. Such increase was mainly attributable to an increase in property, plant and equipment by approximately RMB19.5 million, an increase in inventories by approximately RMB23.8 million and an increase in trade receivables by approximately RMB55.0 million which was partially offset by a decrease in cash and cash equivalents by approximately RMB64.0 million.

The substantial increase in trade receivables was mainly due to the settlement practice of the distributors of the Jade Bird Fire Alarm Group, who generally settled the trade receivables of the Jade Bird Fire Alarm Group during the last quarter of each calendar year.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The decrease in cash and cash equivalents by approximately RMB64.0 million was mainly attributable to net cash used in operating activities of approximately RMB22.3 million, purchase of property, plant and equipment and investment properties of approximately RMB24.4 million and dividend payment of RMB21.8 million for the nine months ended 30 September 2012.

31 December 2011 compared to 31 December 2010

The net assets of the Jade Bird Fire Alarm Group as at 31 December 2011 increased by approximately RMB55.5 million, or approximately 110.1%, as compared to that as at 31 December 2010. Such increase was mainly attributable to increases in inventories, trade receivables and cash and cash equivalents by approximately RMB28.6 million, RMB23.3 million and RMB43.8 million which were offset by the increase in trade payables by approximately RMB43.2 million.

The increases in inventories and the trade receivables of the Jade Bird Fire Alarm Group as at 31 December 2011, as compared to that as at 31 December 2010 was mainly attributable to the continuous business expansion of the Jade Bird Fire Alarm Group and the increase in sales during the year ended 31 December 2011.

The cash and cash equivalents of the Jade Bird Fire Alarm Group as at 31 December 2011 increased by approximately RMB43.8 million, or approximately 86.6%, as compared to that as at 31 December 2010 was primarily attributable to net cash generated from operating activities of approximately RMB54.2 million.

The trade payables of the Jade Bird Fire Alarm Group as at 31 December 2011 increased by approximately 188.6% as compared to that as at 31 December 2010. Such increase was mainly due to the increase in the Jade Bird Fire Alarm Group's production which was in line with the uplift in sales during the year ended 31 December 2011.

31 December 2010 compared to 31 December 2009

The net assets of the Jade Bird Fire Alarm Group as at 31 December 2010 increased by approximately RMB1.4 million, or approximately 2.9%, as compared to that as at 31 December 2009.

As shown above, net asset value of the Jade Bird Fire Alarm Group has increased in recent years as a result of its business growth.

2.3 Trading prospect of the Jade Bird Fire Alarm Group

According to the “Financial Information of the Group” set out in Appendix I to the Circular, the predetermined strategies for the Fire Alarm Business owned and operated by Jade Bird Fire Alarm, being dealer recruitment, selling terminal establishment and dealer coverage expansion will be continued to solidify market share. Trainings will be continued to upgrade the sales workforce while promotions will be conducted to further strengthen customer trust.

3. REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

As stated in the Letter from the Board, the Directors are of the view that the Proposed A Share Listing has clear commercial benefits to both the Company and Jade Bird Fire Alarm and is in the interests of the Company and the Shareholders as a whole for the following reasons:

- *Enhanced domestic market profile and growth potential:* There is a great potential for electronic fire alarm system in the PRC domestic market, both in terms of the market size and potential for further growth. The Proposed A Share Listing will increase the profile and reputation of Jade Bird Fire Alarm in the domestic market, and would therefore enhance Jade Bird Fire Alarm’s ability and chances to capture such potential market growth, which means a potential increase in the market share and sales of Jade Bird Fire Alarm. In addition, the increased profile and reputation due to the Proposed A Share Listing will also create more opportunities for Jade Bird Fire Alarm to participate in medium to large sized fire alarm projects in the domestic and international markets;
- *A focused and efficient business:* The Proposed A Share Listing will allow Jade Bird Fire Alarm to create a more defined business focus and efficient resource allocation, which in turn will help Jade Bird Fire Alarm develop into a first class professional fire alarm device company with its own integrated research and development, manufacture, sales and services;
- *Value accretive to the Company and the Shareholders:* The separate listing of the Fire Alarm Business will unlock value for the Shareholders and better identify and establish the fair value of the Fire Alarm Business. It is anticipated that this value will represent an enhancement to its existing value within the confines of the Company’s listing, which will, in turn, increase the value of the shares in the Company to the benefit of all of the Shareholders. In addition, A share listed companies on average trades at a higher valuation multiple, therefore the Proposed A Share Listing will likely to be value accretive to the Company and the Shareholders;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

- *Greater flexibility to Jade Bird Fire Alarm's business operation:* The Proposed A Share Listing will deliver greater shareholder value to the Company and the Shareholders because (a) Jade Bird Fire Alarm will enjoy enhanced flexibility to grow its business and to further build on its reputation and be in a better position to negotiate and solicit more business; and (b) Jade Bird Fire Alarm will enjoy an increased ability to pursue its own business;
- *Broadening financing channels:* The Proposed A Share Listing will enable Jade Bird Fire Alarm to have direct access to the domestic capital market, thus widening the financing channels available and increasing the financing ability of Jade Bird Fire Alarm;
- *Greater business clarity:* The Proposed A Share Listing will provide the investors, the market in general and rating agencies with greater clarity on the business and financial status of the Fire Alarm Business; and
- *Create own investor base for fire alarm business:* The Proposed A Share Listing will enable Jade Bird Fire Alarm to attract its own strategic and corporate investors, therefore creating its own investor base and market following.

3.1 Value accretive to the Company and the Shareholders

Considering the long list of applicants for listing in the PRC and the regulatory approvals required to be obtained and assuming the PRC authorities resume public offering and listing on the domestic exchanges, the Directors expect that the Proposed A Share Listing may take place in late 2013 or early 2014.

As stated in the "Letter from the Board", subject to market conditions at the time of the Proposed A Share Listing, the offer price per A share will be determined in accordance with the relevant PRC laws and regulations relating to A share listing, which will be determined by a book-building process with reference to the prices quoted by target subscribers or by other methods to be determined between the issuer and the lead underwriter.

In order to provide the Shareholders information regarding the valuation of companies that are engaged in businesses similar to the Jade Bird Fire Alarm Group, we set out below the price-to-earnings ratio (the "P/E ratio") for each of the companies that are engaged in manufacture and sale of fire prevention and/or fighting products mainly in PRC and the shares of which are listed on any of the PRC stock exchanges or the Hong Kong Stock Exchange. Based on above criteria and the information available from the websites of the stock exchanges and Bloomberg, we have identified three comparables companies (the "Comparables").

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As the Jade Bird Fire Alarm Group accounted for approximately 61.9% of the aggregated segment profits for the two profitable segments of the Group for the year ended 31 December 2011, we also set out below the relevant data of the Group for reference purpose.

Company (stock code)	Principal activities	Market capitalisation as at the Latest Practicable Date <i>(Notes 1 and 2)</i> RMB million	Profit/(loss) attributable to its owners for the latest financial year RMB million	P/E ratio <i>(Note 3)</i>
Jade Bird Fire Alarm	Research, development, manufacture, marketing and sales of wireless electronic fire alarm and interactive control systems and the provision of after-sales services	-	45.4	-
<i>Shenzhen Stock Exchange</i>				
Tianguang Fire-Fighting Co., Ltd. (SHE: 002509)	Design, development, production and distribution of fire fighting products	1,692.0	59.0	28.7
<i>Hong Kong Stock Exchange</i>				
China Fire Safety Enterprise Group Ltd. (HKG: 0445)	Installation of fire prevention and fighting systems, production and sale of fire engines, production and sale of fire prevention and fighting equipment, provision of maintenance services, provision of network monitoring system services and trading of fire engines, fire prevention and fighting and rescue equipment	458.5	(41.2)	N/A <i>(Note 4)</i>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Company (stock code)	Principal activities	Market capitalisation as at the Latest Practicable Date <i>(Notes 1 and 2)</i> RMB million	Profit/(loss) attributable to its owners for the latest financial year RMB million	P/E ratio <i>(Note 3)</i>
Shanghai Qingpu Fire-Fighting Equipment Co. Ltd. (HKG: 08115)	Manufacture and sale of fire fighting equipments and provision of fire technology consulting, testing and inspection services	8.4	14.8	0.6
The Company	Research, development, manufacture, marketing and sale of wireless fire alarm systems and related products, the development of travel and leisure business and investment holding	120.1	36.0	3.3

Source: The websites of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange and Bloomberg

Notes:

1. The closing prices denominated in Hong Kong dollar (“HK\$”) are calculated based on the exchange rate of HK\$1=RMB0.799.
2. Market capitalisation of the Comparables are calculated based on their respective closing prices as at the Latest Practicable Date and the total number of issued shares as extracted from their respective latest published annual reports.
3. P/E ratio of each of the Comparables is calculated based on its market capitalisation as at the Latest Practicable Date and profit attributable to its owners as extracted from its respective latest annual report.
4. Such company incurred loss in the latest financial year and, thus, its P/E ratio is not available.

As shown in the above table, Tianguang Fire-Fighting Co., Ltd. (listed on the SME Board) was traded at a P/E ratio of 28.7 times which was substantially higher than the respective P/E ratios of Shanghai Qingpu Fire-Fighting Equipment Co. Ltd. of 0.6 times and the Company of 3.3 times (both companies are listed on the Hong Kong Stock Exchange) as at the Latest Practicable Date. It should be noted that the above comparison is for illustrative purpose as the companies vary in terms of, among other things, scale of operations, asset base, risk profile and future prospect which affect P/E ratios.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

A shares listed companies on average trades at a higher valuation multiple than Hong Kong listed companies. This is illustrated by the fact that the average P/E ratio of the equities listed on the Shenzhen Stock Exchange was 24.0 times which was higher than that of the equities listed on the Hong kong Stock Exchange of 18.0 times as at the Latest Practicable Date.

The Directors have confirmed that even if the Proposed Spin-off and the Waiver are approved by the Shareholders at the SGM and the other conditions are fulfilled, the final decision of the Board as to whether or not to proceed with the Proposed Spin-off and the Proposed A Share Listing will continue to be subject to market conditions and pricing. The Company will proceed with the Proposed Spin-off and the Proposed A Share Listing only if the Board considers that the terms (including the offer price) of the Proposed A Share Listing are in the interests of the Company and the Shareholders.

Based on the aforesaid, we concur with the Directors' view that the Proposed Spin-off and the Proposed A Share Listing will likely to be value accretive to the Company and the Shareholders.

3.2 Other advantages of obtaining a separate listing status

The Proposed A Share Listing will increase Jade Bird Fire Alarm's exposure to domestic investors and extend its financing avenues to the domestic market. It is intended that the proceeds for the Proposed A Share Listing will be applied for upgrading, expansion and construction of manufacturing facilities; research and development of new products; and establishment of sales networks. Taking into consideration of the Jade Bird Fire Alarm Group's business growth in recent years as stated in the section headed "Information on the Jade Bird Fire Alarm Group" above and the intended use of net proceeds, we consider that the Proposed A Share Listing is beneficial to the Jade Bird Fire Alarm Group and, in turn, beneficial to the Remaining Group.

Furthermore, we consider that the Proposed A Share Listing will increase the profile of Jade Bird Fire Alarm in the domestic market that may result in a potential increase in its sales.

In light of the foregoing, we concur with the Directors' view that the Proposed Spin-off and the Proposed A Share Listing will have clear commercial benefits to both the Company and Jade Bird Fire Alarm and the Proposed Spin-off is in the interests of the Company and the Shareholders as a whole.

4. PRINCIPAL TERMS OF THE PROPOSED A SHARE LISTING

4.1 Percentage of A shares to be issued

We understand that it is currently proposed that Jade Bird Fire Alarm will issue A shares representing 25% of the enlarged issued share capital of Jade Bird Fire Alarm upon completion of the Proposed A Share Listing. Assuming that the A shares to be issued amount to 25% of the issued share capital of Jade Bird Fire Alarm as enlarged by the Proposed A Share Listing, it is expected that immediately upon completion of the Proposed Spin-off and the Proposed A Share Listing, the interest of the Company in Jade Bird Fire Alarm will be reduced from approximately 51.02% to approximately 38.27%. In the absence of other arrangements, Jade Bird Fire Alarm will cease to be a non-wholly owned subsidiary of the Company.

The Directors have confirmed that the Group will hold no less than 20% equity interest in Jade Bird Fire Alarm immediately upon completion of the Proposed A Share Listing. As such, Jade Bird Fire Alarm will be an associate of the Company, which will be accounted for in the Remaining Group's consolidated financial statements under the equity method. The Remaining Group would benefit from any future business growth of the Jade Bird Fire Alarm Group after completion of the Proposed A Share Listing.

4.2 Offer price

Our analysis on the offer price is set out in the sub-section headed "Value accretive to the Company and the Shareholders" above.

Based on the aforesaid, we consider that the principal terms of the Proposed A Share Listing are fair and reasonable.

5. THE REMAINING GROUP

After the Proposed Spin-off, the Remaining Group will continue its existing businesses which comprise the development of travel and leisure business and investment holding. The Remaining Group will also have an equity interest in the Jade Bird Fire Alarm Group.

5.1 Development of travel and leisure business

The Group's development of travel and leisure business is operated by Chuanqi Tourism Investment Co., Ltd. ("**Chuanqi Tourism**") and its subsidiaries (collectively, the "**Chuanqi Tourism Group**"). The Chuanqi Tourism Group is the operator of the environment tourist bus services at Hengshan Mountain, Hengyang, Hunan Province, the PRC. Hengshan Mountain is one of the five sacred mountains in the PRC and is famous for its natural scenery and strong Buddhism and Taoist cultures. In addition, the Chuanqi Tourism Group is also (i) engaged in management of certain properties owned by the local government in the Hengshan Mountain

scenic area; (ii) through its associate, engaged in investment and development of infrastructure projects, tourism and hotel, and currently, through subcontracting, provides construction services for the development of a piece of land of approximately 5,000 mu around the Songya Lake scenic area in Changsha, Hunan Province, the PRC; and (iii) through an investment, engaged in the restaurant and beverage business. Demolition and relocation process of Songya Lake Huanhu Project was commenced in the first half of 2012 and is still in progress.

As disclosed in the “Financial Information of the Group” set out in Appendix I to the Circular, the Company intends that besides striving for high bus service utilisation rate, the Group will continue to diversify the tourism development business through participating in relating projects. On 25 January 2013, the Group entered into a cooperation agreement in relation to the formation of a joint venture company in the PRC for the purpose of joint development of 長白山文化創意產業園 (Changbai Mountain Culture Creative Park) located at Chibei District, Jilin Province, the PRC, including, among others, 4-dimensional cinema(s), theme restaurant(s) and travel product shop(s) and resort(s).

5.2 Investment holding business

The Remaining Group is also engaged in fund, debt and equity investments. It has invested in two private equity funds, namely, SBI & BDJB China Fund, L.P. and Beijing Beida Jade Bird Hengsheng Investment Fund (Limited Partnership), which have invested and will invest in non-public companies in the PRC, with businesses ranging from the provision of information technology vocational education, insurance business, development and manufacturing of LED, baby products retailing business to property development. The Remaining Group has also invested in certain convertible bonds issued by a company listed on the Hong Kong Stock Exchange, the equity interest in a listed company in Hong Kong, and the equity interests in a non-public company in the PRC which is engaged in development and manufacturing of LED.

5.3 Other businesses

The Remaining Group is engaged in provision of network security services and production and sales of wine and related products.

Upon completion of the Proposed Spin-off, the Company will continue with the businesses of the Remaining Group. Currently, the Directors do not have any specific plan for expansion or development of the business of the Remaining Group, but will formulate more specific plans when opportunities arise.

We consider that there is a clear delineation between the businesses of the Remaining Group and the Jade Bird Fire Alarm Group.

6. FINANCIAL EFFECTS OF THE PROPOSED SPIN-OFF ON THE REMAINING GROUP

The following analysis is based on the unaudited pro forma financial information of the Remaining Group as disclosed in Appendix III to the Circular. Shareholders should note that the unaudited pro forma financial information of the Remaining Group has been prepared based on a number of assumptions, estimates, uncertainties and currently available information for illustrative purpose only to illustrate the financial effect that the Proposed Spin-off might have on the Remaining Group. The unaudited pro forma financial information of the Remaining Group is prepared based on certain assumptions, among other things, 20 million A shares will be issued under the Proposed A Share Listing at an indicative offer price of RMB18.90 per A share. It is estimated that total proceeds of approximately RMB378 million will be raised.

Under the above scenario, 20 million A shares will be issued, representing 25% of the enlarged issued capital of Jade Bird Fire Alarm immediately upon completion of the Proposed A Share Listing. Based on the indicative offer price of RMB18.9 per A share and 20 million A shares to be issued, Jade Bird Fire Alarm is valued at approximately RMB1,512 million. The implied P/E ratio is about 33.3 times based on profit for the year attributable to the owners of Jade Bird Fire Alarm of approximately RMB45.4 million for the year ended 31 December 2011.

Subject to market conditions at the time of the Proposed A Share Listing, the offer price per A share of Jade Bird Fire Alarm will be determined by a book-building process with reference to the prices quoted by target subscribers or by other methods to be determined between Jade Bird Fire Alarm and the lead underwriter. Shareholders should be aware that the indicative offer price per A share and the number of A shares to be issued are for illustrative purpose only and was based on a number of assumptions which may have changed substantially at the time of the Proposed A Share Listing. As such, the total proceeds raised as abovementioned is also for illustrative purpose only. The actual proceeds raised, if the Proposed A Share Listing is completed, may vary substantially from the total proceeds estimated above.

Under the above scenario, the interest of the Company in Jade Bird Fire Alarm will be diluted from approximately 51.02% to approximately 38.27% upon the completion of the Proposed Spin-off and the Proposed A Share Listing. In the absence of other arrangements, Jade Bird Fire Alarm will cease to be a non-wholly owned subsidiary of the Company and the results of the Jade Bird Fire Alarm Group will no longer be consolidated into the consolidated financial statements of the Remaining Group. The results of the Jade Bird Fire Alarm Group will be accounted for in the Remaining Group's consolidated financial statements under the equity method.

6.1 Net assets value

Based on the unaudited consolidated financial position of the Group as disclosed in the Company's second quarterly report of 2012, the net assets value of the Group was approximately RMB998.3 million as at 30 June 2012.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Assuming that the Proposed Spin-off and the Proposed A Share Listing had taken place on 30 June 2012, the net assets value of the Remaining Group would have increased to approximately RMB1,469.6 million based on the unaudited pro forma consolidated statement of financial position of the Remaining Group. The substantial increase in net assets value was principally attributable to the estimated interests in Jade Bird Fire Alarm of approximately RMB578.6 million based on the estimated offer price, the estimated number of A shares in issue immediately upon completion of the Proposed A Share Listing and the Remaining Group's 38.27% interest in Jade Bird Fire Alarm.

6.2 Earnings

Based on the audited consolidated comprehensive income of the Group as disclosed in the Company's annual report for the year ended 31 December 2011, the profit for the year attributable to owners of the Company was approximately RMB36.0 million for the year ended 31 December 2011.

Assuming that the Proposed Spin-off and the Proposed A Share Listing had taken place on 1 January 2011, the profit attributable to owners of the Company for the year would have increased to approximately RMB578.1 million. The estimated gain on the Proposed Spin-off of approximately RMB549.2 million resulted in the substantial increase in profit attributable to owners of the Company.

As discussed above, the interest of the Company in Jade Bird Fire Alarm will be diluted from approximately 51.02% to approximately 38.27% upon completion of the Proposed Spin-off and the Proposed A Share Listing under the scenario. In the absence of other arrangements, the results of the Jade Bird Fire Alarm Group will no longer be consolidated into the consolidated financial statements of the Remaining Group and will be accounted for in the Remaining Group's consolidated financial statements under the equity method. Under the equity method, the Remaining Group's share of profits or losses of the Jade Bird Fire Alarm Group after completion of the Proposed Spin-off and the Proposed A Share Listing will be recognised in its consolidated profit or loss. It is intended that the net proceeds to be raised from the Proposed A Share Listing will be used for upgrading, expansion and construction of manufacturing facilities; research and development of new products; and establishment of sales networks. The future financial performance of the Jade Bird Fire Alarm Group will depend on the continued success of existing products as well as the successful execution of the aforesaid growth strategies. As such, it is difficult to predict the impact on the Group's future earnings as a result of the decrease in its shareholding interest in Jade Bird Fire Alarm following completion of the Proposed Spin-off and the Proposed A Share Listing.

6.3 Working capital

Based on the audited consolidated statement of cash flows of the Group as disclosed in the Company's annual report for the year ended 31 December 2011, the balance of cash and cash equivalents of the Group was approximately RMB227.1 million as at 31 December 2011.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Assuming that the Proposed Spin-off and the Proposed A Share Listing had taken place on 1 January 2011, the balance of cash and cash equivalents of the Remaining Group would have decreased to approximately RMB132.6 million due to the results of the Jade Bird Fire Alarm Group will no longer be consolidated into the consolidated financial statements of the Remaining Group after completion of the Proposed Spin-off and the Proposed A Share Listing.

It is noted that the Directors are of the opinions that, having regard to the financial resources available to the Group, including internally generated funds, the Remaining Group will have sufficient working capital for its present requirements for the next twelve months from the date of the Circular.

In light of the foregoing, we consider that the Proposed A Share Listing would unlock value for the Shareholders and, therefore, it is in the interests of the Company and the Shareholders as a whole.

7. ASSURED ENTITLEMENT AND THE WAIVER

According to Practice Note 3 of the GEM Listing Rules, the Company is required to give due regard to the interests of the Shareholders by providing an assured entitlement to the A shares of Jade Bird Fire Alarm, if the Proposed A Share Listing proceeds.

The Board has considered the advice from the Company's PRC legal counsel and resolved not to provide assured entitlement to the Shareholders under the Proposed Spin-off for the following reasons:

- the A shares to be issued by Jade Bird Fire Alarm, if the Proposed Spin-off proceeds, will be offered by way of initial public offering in the PRC domestic market only and the A shares of Jade Bird Fire Alarm will only be listed and traded on the Shenzhen Stock Exchange and no other stock exchange for the time being; and
- under the current PRC laws and regulations, foreign investors (other than qualified foreign institutional investors and some other exceptions) including Shareholders holding the H Shares are restricted from subscribing for or trading in A shares listed on any of the PRC domestic stock exchanges.

Due to the legal restrictions, it is impossible for the Shareholders to participate in the Proposed A Share Listing directly. The Waiver is subject to approval by minority Shareholders. Despite the fact that the assured entitlement will not be provided to the Shareholders under the Proposed Spin-off, Jade Bird Fire Alarm will become an associate of the Company immediately upon completion of the Proposed A Share Listing in the absence of other arrangements, which will be accounted for in the Remaining Group's consolidated financial statements under the equity method and thus the Shareholders could benefit from any future growth of the Jade Bird Fire Alarm Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

RECOMMENDATION

Having considered the above principal factors and reasons and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- (a) the Proposed A Share Listing would unlock value for the Company as A share listed companies on average trades at a higher valuation multiple than Hong Kong listed companies;
- (b) the Company will proceed with the Proposed Spin-off and the Proposed A Share Listing only if the Board considers that the terms (including the offer price) of the Proposed A Share Listing are in the interests of the Company and the Shareholders as a whole;
- (c) the Company will hold no less than 20% equity interest in Jade Bird Fire Alarm immediately upon completion of the Proposed A Share Listing. In the absence of other arrangements, Jade Bird Fire Alarm will become an associate of the Company and the Jade Bird Fire Alarm Group's results will be accounted for in the Remaining Group's consolidated financial statements under the equity method;
- (d) it is intended that the net proceeds raised from the Proposed A Share Listing will be used for upgrading, expansion and construction of manufacturing facilities; research and development of new products; and establishment of sales networks; and
- (e) there is a clear delineation between the businesses of the Remaining Group and the Jade Bird Fire Alarm Group,

we consider the terms of the Proposed Spin-off and the Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Proposed Spin-off and the minority Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Waiver.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Noelle Hung
Managing Director

1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for each of the three years ended 31 December, 2009, 2010 and 2011 together with the relevant notes to the financial statements and the unaudited consolidated financial statements of the Group ended 30 June 2012, which are incorporated by reference in this circular, could be found in the annual reports and the 2012 interim report of the Company published on the GEM website (www.hkgem.com) and the Company's website (<http://www.jbu.com.cn>).

2. WORKING CAPITAL

The Directors are of the opinions that, having regard to the financial resources available to the Group, including internally generated funds, the Remaining Group will have sufficient working capital for its present requirements for the next twelve months from the date of this circular.

3. INDEBTEDNESS

At the close of business on 31 December 2012, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had total outstanding borrowings of approximately RMB138.8 million, comprising secured bank loans of approximately RMB92.6 million (of which approximately RMB82.6 million were guaranteed), unsecured and unguaranteed bank loans of approximately RMB0.2 million, a guaranteed finance lease payables of approximately RMB0.3 million and unsecured and unguaranteed other loans from an associate, a related party and third parties of approximately RMB0.8 million, RMB25.1 million and RMB19.8 million respectively.

At the close of business on 31 December 2012, the Group's secured bank loans of approximately of RMB92.6 million were secured by (i) the pledge of the Group's property, plant and equipment, investment property and intangible assets; (ii) all monies charge over deposits and bank balances executed by a subsidiary of the Company in favour of a bank; (iii) the corporate guarantees given by the Company and a subsidiary of the Company; (iv) personal guarantees by a non-controlling shareholder of a subsidiary of the Company and her spouse and (v) assignment of insurance policies owned by a subsidiary of the Company.

At the close of business on 31 December 2012, the contingent liability of the Group is the contingency as disclosed in Note 34 to the consolidated financial statements of the Company for the year ended 31 December 2011. During the year ended 31 December 2011, a subsidiary of the Company received an assessment demanding final tax for the year of assessment 2004/2005 from The Hong Kong Inland Revenue Department (the "IRD"). The amount of this assessment was approximately HK\$47.9 million (equivalent to approximately RMB38.8 million) in which approximately HK\$47.7 million (equivalent to approximately RMB38.7 million) relating to a claim for gain on disposal of long term investment recognised during the year ended 31 December 2004. Since pending reply from

the IRD, the outcome of the tax claim cannot be readily ascertained up to the Latest Practicable Date. Should the assessment regarding claim for the gain be finally judged against the subsidiary of the Company, the Group will have a cash outflow of approximately HK\$47.7 million (equivalent to approximately RMB38.7 million).

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, as at the close of business on 31 December 2012, the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there is no material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published audited financial statements of the Group were made up.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS AND OPERATIONS OF THE REMAINING GROUP

For the six months ended 30 June 2012

Liquidity, financial resources and capital structure

During the six months ended 30 June 2012, the Remaining Group's major operations were financed mainly by the internal financial resources and by corporate borrowings. As at 30 June 2012, the Remaining Group had cash and bank balances of approximately RMB55.0 million, which were denominated mainly in RMB, HK\$ and USD.

As at 30 June 2012, the Remaining Group had net assets of approximately RMB893.0 million. The Remaining Group's total indebtedness comprised short-term bank loan of RMB0.1 million and other loans of RMB29.7 million. The interest rate for the short-term bank loan of RMB0.1 million, which was unsecured and denominated in USD, was 7.25% per annum. The interest rate for other loan of RMB4.4 million, which was unsecured and denominated in USD, was 5.00% per annum, while the remaining other loan of RMB25.3 million was unsecured, denominated in USD and interest-free.

As at 30 June 2012, the Company's outstanding number of issued promoters shares and H shares of RMB0.10 each were 700,000,000 shares and 480,000,000 shares respectively. There was no change in share capital of the Company during the period.

The gearing ratio of the Remaining Group as at 30 June 2012, which is measured by the total indebtedness to the total equity, was 3.3%.

Significant investments held

Save as disclosed herein this section, for the six months ended 30 June 2012, the Remaining Group had no significant investment held.

Material acquisitions and disposals of subsidiaries and affiliated companies

On 27 January 2012, the Company, through Wesion, Inc., its indirect wholly-owned subsidiary, completed the acquisition of 75% equity interest in PWC Winery, LLC, a limited company established in the State of Virginia, the United States of America at a cash consideration of approximately USD2.9 million. PWC Winery, LLC is the owner of the Winery at la Grange in the State of Virginia, which is engaged in the production and sales of wine and related products.

Segmental information

For the six months ended 30 June 2012, the Remaining Group has three reportable operating segments, namely tourism development, investment holding and all other segments. The tourism development segment comprises the provision of environmental bus services in Hengshan Mountain, Hengyang, Hunan province, by Chuanqi Tourism Investment Co., Ltd., a 60% non wholly-owned subsidiary of the Company and its other investments. The investment holding segment comprises mainly investments in two funds, namely, SBI & BDJB China Fund, L. P. and Beijing Beida Jade Bird Hengsheng Investment Fund (Limited Partnership) (the "HS Fund") as well as investments in equities securities and debt investments. The all other segment comprises the provision of network security services and sales of wine and related products. The reportable segments were strategic business units that are managed separately and required different development and marketing strategies.

As at 30 June 2012, the tourism development segment had reportable segment assets of approximately RMB164.2 million. Reportable segment revenue of approximately RMB29.2 million was recorded for the six months ended 30 June 2012 for the tourism development segment and its reportable segment profit for the period was approximately RMB3.9 million.

As at 30 June 2012, the investment holding segment had reportable segment assets of approximately RMB727.4 million. No reportable segment revenue was recorded for the six months ended 30 June 2012 for the investment holding segment and its reportable segment loss for the period was approximately RMB3.9 million.

As at 30 June 2012, the all other segments had reportable segment assets of approximately RMB37.8 million. Reportable segment revenue of approximately RMB4.2 million was recorded for the six months ended 30 June 2012 for this segment and its reportable segment profit for the period was approximately RMB1.4 million.

Employees and remuneration policy

The Remaining Group had a workforce of over 400 people as at 30 June 2012. The Remaining Group strictly complied with applicable labour law and regulations. Competitive remuneration package with medical and travel insurance and subsidized training programs are offered to the staff. Adequate retirement funds and provident funds are contributed on a timely basis.

The Remaining Group's staff costs, including directors' emoluments, employees' salaries and retirement benefits scheme contribution amounted to approximately RMB11.8 million for the six months ended 30 June 2012.

Charges on assets

As at 30 June 2012, the Remaining Group did not have any assets which were pledged.

Future plans for material investments or capital assets

Save as disclosed herein this section, the Remaining Group did not have any significant investment plans as at 30 June 2012.

Foreign exchange exposure

The Remaining Group is exposed to certain foreign currency risk as most of its business activities, assets and liabilities are denominated in USD, HK\$ and RMB. The Remaining Group has not formulated a foreign currency hedging policy as RMB, being the functional currency of the Remaining Group, is comparatively strong. In addition, turnover and most of the production costs are denominated in RMB and they are automatically matched, leaving limited currency risk. The Remaining Group continues to monitor its foreign exchange exposure and will take measures to lower the foreign currency risk when necessary.

Capital commitments and contingent liabilities

As at 30 June 2012, the Remaining Group had capital commitments of approximately RMB190.5 million in respect of unpaid balances of capital contributions to a jointly controlled entity and an associate.

In 2011, a subsidiary of the Company received an assessment demanding final tax for the year of assessment 2004/2005 from the IRD. The amount of this assessment was approximately HK\$47.9 million (equivalent to approximately RMB39.0 million) in which HK\$47.7 million (equivalent to approximately RMB38.9 million) was related to a claim for gain on disposal of long term investment recognised during the year ended 31 December 2004. No provision was made as at 30 June 2012.

For the year ended 31 December 2011

Liquidity, financial resources and capital structure

During the year ended 31 December 2011, the Remaining Group's major operations were financed mainly by the internal financial resources and by corporate borrowings. As at 31 December 2011, the Group had cash and cash equivalents of approximately RMB132.6 million, which comprised mainly cash and bank balances, which were denominated mainly in RMB, HK\$ and USD.

As at 31 December 2011, the Remaining Group had net assets of approximately RMB912.9 million. The Remaining Group's total indebtedness comprised other unsecured loan of approximately of RMB25.2 million, which was denominated in USD and interest-free, and had no fixed repayment terms.

As at 31 December 2011, the Company's outstanding number of issued promoters shares and H shares of RMB0.10 each were 700,000,000 shares and 480,000,000 shares respectively. There was no change in share capital of the Company during the year.

The gearing ratio of the Remaining Group as at 31 December 2011, which is measured by total indebtedness to total equity, was 2.8%.

Significant investments held

Save as disclosed herein this section, for the year ended 31 December 2011, the Remaining Group had no significant investment held.

Material acquisitions

On 31 January 2011, the Company and two investors established an exempted limited partnership named the HS Fund for a period of ten years. The Remaining Group's total capital commitments to the Fund was RMB400.0 million. The Fund was owned as to 40% by the Company. The aim of the fund is to seek capital gains for the investors by participating in investments allowed by the relevant PRC laws and regulations. The target of the fund is to invest in unlisted enterprises or growing entities in the PRC.

On 30 April 2011, the Company disposed of its entire interest in Wuhan Beida Jade Bird Netsoft Co., Ltd., a non-wholly owned subsidiary, to an independent third party for an aggregate consideration of approximately RMB0.3 million. The Remaining Group recognised a gain of approximately RMB12.6 million for the year ended 31 December 2011.

On 25 July 2011, the Remaining Group acquired 46.6% equity interests in Changsha Songya Lake Construction Investment Co., Ltd. ("Songya Lake Construction") from a connected person of the Company for a consideration of RMB53.0 million in cash and agreed to provide an interest-free shareholder loan with an amount no more than RMB40.0 million to Songya Lake Construction for its working capital purpose.

Segmental information

As at 31 December 2011, the tourism development segment had reportable segment assets of approximately RMB176.7 million. Reportable segment revenue of approximately RMB78.5 million was recorded for the year ended 31 December 2011 for the tourism development segment and its reportable segment profit for the year was approximately RMB32.7 million.

As at 31 December 2011, the investment holding segment had reportable segment assets of approximately RMB701.5 million. No reportable segment revenue was recorded for the year ended 31 December 2011 for the investment holding segment and its reportable segment loss for the year was approximately RMB6.3 million.

As at 31 December 2011, the all other segment had reportable segment assets of approximately RMB0.2 million. Reportable segment revenue of approximately RMB1.8 million was recorded for the year ended 31 December 2011 for all other segments and their reportable segment loss for the year was approximately RMB0.8 million.

Employees and remuneration policy

The Remaining Group had a workforce of over 300 people as at 31 December 2011. The Remaining Group strictly complied with applicable labour law and regulations. Competitive remuneration package with medical and travel insurance and subsidized training programs are offered to the staff. Adequate retirement funds and provident funds are contributed on a timely basis.

The Remaining Group's staff costs, including directors' emoluments, employees' salaries and retirement benefits scheme contribution amounted to approximately RMB23.9 million for the year ended 31 December 2011.

Charges on assets

As at 31 December 2011, the Remaining Group did not have any assets which were pledged.

Future plans for material investments or capital assets

Save as disclosed herein this section, the Remaining Group did not have any significant investment plans as at 31 December 2011.

Foreign exchange exposure

The Remaining Group was exposed to certain foreign currency risk as most of its business activities, assets and liabilities are denominated in USD, HK\$ and RMB. The Remaining Group did not formulate a foreign currency hedging policy as RMB, being the functional currency of the Remaining Group, was comparatively strong. In addition, turnover and most of the production costs were denominated in RMB and they were automatically matched, leaving limited currency risk.

Capital commitments and contingent liabilities

As at 31 December 2011, the Remaining Group had capital commitments of approximately RMB227.9 million in respect of unpaid balances of capital contributions to a jointly controlled entity and an associate.

During the year ended 31 December 2011, a subsidiary of the Company received an assessment demanding final tax for the year of assessment 2004/2005 from the Hong Kong Inland Revenue Department. The amount of this assessment was approximately HK\$47.9 million (equivalent to approximately RMB38.8 million) in which HK\$47.7 million (equivalent to approximately RMB38.7 million) was related to a claim for gain on disposal of long term investment recognised during the year ended 31 December 2004. No provision was made as at 31 December 2011.

6. FINANCIAL AND TRADING PROSPECTS

The Group will remain focus on the two directions of strengthening core businesses and exploring investment opportunities.

The predetermined strategies for the Fire Alarm Business owned and operated by Jade Bird Fire Alarm, being dealer recruitment, selling terminal establishment and dealer coverage expansion will be continued to solidify market share. Trainings will be continued to upgrade the sales workforce while promotions will be conducted to further strengthen customer trust. The Company proposed the Proposed Spin-off of the Fire Alarm Business of Jade Bird Fire Alarm by way of a separate listing of the Fire Alarm Business under Jade Bird Fire Alarm on the SME Board operated by the Shenzhen Stock Exchange.

The Group will continue with the operation of the environmental tourist bus service business in Hengshan Mountain, Henyang, Hunan province and engaged in property management of certain properties in the Hengshan Mountain scenic area. Besides striving for high bus service utilization rate, the Group will continue to diversify the tourism development business through participating in relating projects. On 25 January 2013, the Group entered into a cooperation agreement in relation to the formation of a joint venture company in the PRC for the purpose of joint development of 長白山文化創意產業園 (Changbai Mountain Culture Creative Park[#]) located at Chibei District, Jilin Province, the PRC, including, among others, 4-dimensional cinema(s), theme restaurant(s) and travel product shop(s) and resort(s), further details of which are set out in the announcement of the Company dated 25 January 2013.

The Group is also engaged in fund, debt and equity investments and other businesses. The Group will remain focus on exploring any further investment opportunities to diversify its businesses. The Group newly acquired a grape wine business in early 2012 and its export of wine to PRC started. By conducting a series of marketing campaigns and improving the facilities of the winery, remarkable growth in the grape wine business is expected.

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

Set out below are the unaudited consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of Jade Bird Fire Alarm Group for each of the three years ended 31 December 2011 and the nine months ended 30 September 2011 and 2012 (the “Relevant Periods”) and the unaudited consolidated statements of financial position of Jade Bird Fire Alarm Group as at 31 December 2009, 2010 and 2011 and 30 September 2012, which have been reviewed by the Company’s auditor, RSM Nelson Wheeler, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Nine months ended 30 September	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	154,884	217,108	289,390	179,352	252,715
Cost of sales	<u>(100,607)</u>	<u>(138,078)</u>	<u>(183,064)</u>	<u>(104,083)</u>	<u>(154,973)</u>
Gross profit	54,277	79,030	106,326	75,269	97,742
Other income	956	1,234	1,841	1,583	775
Distribution costs	(12,217)	(16,116)	(19,635)	(12,098)	(20,322)
Administrative expenses	(9,179)	(12,272)	(15,592)	(11,328)	(12,447)
Other operating expenses	(3,276)	(9,062)	(18,324)	(10,749)	(14,224)
Finance costs	<u>(421)</u>	<u>(798)</u>	<u>(1,030)</u>	<u>(749)</u>	<u>(621)</u>
Profit before tax	30,140	42,016	53,586	41,928	50,903
Income tax expense	<u>(3,879)</u>	<u>(5,052)</u>	<u>(6,675)</u>	<u>(5,885)</u>	<u>(7,227)</u>
Profit for the year/period	<u>26,261</u>	<u>36,964</u>	<u>46,911</u>	<u>36,043</u>	<u>43,676</u>
Other comprehensive income after tax:					
Exchange differences on translating foreign operation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95)</u>
Other comprehensive income for the year/period, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95)</u>
Total comprehensive income for the year/period	<u>26,261</u>	<u>36,964</u>	<u>46,911</u>	<u>36,043</u>	<u>43,581</u>

APPENDIX II	FINANCIAL INFORMATION OF JADE BIRD FIRE ALARM GROUP
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	Year ended 31 December			Nine months ended	
	2009	2010	2011	30 September	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year/period attributable to:					
Owners of Jade Bird Fire Alarm Group	25,296	35,876	45,408	35,841	43,304
Non-controlling interests	965	1,088	1,503	202	372
	<u>26,261</u>	<u>36,964</u>	<u>46,911</u>	<u>36,043</u>	<u>43,676</u>
Total comprehensive income for the year/period attributable to:					
Owners of Jade Bird Fire Alarm Group	25,296	35,876	45,408	35,841	43,228
Non-controlling interests	965	1,088	1,503	202	353
	<u>26,261</u>	<u>36,964</u>	<u>46,911</u>	<u>36,043</u>	<u>43,581</u>

B. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December			As at
	2009	2010	2011	30 September 2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets				
Property, plant and equipment	21,202	23,248	27,952	47,463
Investment property	–	–	–	8,700
Goodwill	6,125	6,125	6,125	6,125
Other intangible assets	–	–	–	75
Available-for-sale financial assets	250	250	250	250
	<u>27,577</u>	<u>29,623</u>	<u>34,327</u>	<u>62,613</u>
Current assets				
Inventories	29,773	41,582	70,191	93,966
Trade receivables	20,366	24,308	47,566	102,581
Prepayments, deposits and other receivables	6,517	7,612	13,754	16,815
Pledged time deposits with original maturity of more than three months	–	–	–	71
Cash and cash equivalents	31,246	50,643	94,432	30,371
	<u>87,902</u>	<u>124,145</u>	<u>225,943</u>	<u>243,804</u>
Total assets	<u>115,479</u>	<u>153,768</u>	<u>260,270</u>	<u>306,417</u>
Current liabilities				
Trade payables	23,592	22,932	66,108	66,609
Advances from customers	5,963	10,545	27,422	31,146
Accruals and other payables	11,686	37,672	29,252	37,158
Bank and other loans	10,000	15,000	14,000	25,495
Finance lease payables	–	–	–	104
Current tax liabilities	15,263	17,236	17,594	17,975
	<u>66,504</u>	<u>103,385</u>	<u>154,376</u>	<u>178,487</u>
Net current assets	<u>21,398</u>	<u>20,760</u>	<u>71,567</u>	<u>65,317</u>
Non-current liabilities				
Finance lease payables	–	–	–	205
	<u>–</u>	<u>–</u>	<u>–</u>	<u>205</u>
NET ASSETS	<u>48,975</u>	<u>50,383</u>	<u>105,894</u>	<u>127,725</u>
Capital and reserves				
Share capital	11,500	11,500	14,700	14,700
Reserves	35,320	34,660	86,468	109,696
Equity attributable to owners of the Jade Bird Fire Alarm Group	46,820	46,160	101,168	124,396
Non-controlling interests	2,155	4,223	4,726	3,329
TOTAL EQUITY	<u>48,975</u>	<u>50,383</u>	<u>105,894</u>	<u>127,725</u>

C. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the owner of Jade Bird Fire Alarm Group							
	Share capital RMB'000	Capital reserve RMB'000	Reserve fund RMB'000	Foreign currency translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2009	11,500	750	1,692	-	7,582	21,524	1,190	22,714
Total comprehensive income for the year	-	-	-	-	25,296	25,296	965	26,261
Transfer	-	-	2,447	-	(2,447)	-	-	-
Changes in equity for the year	-	-	2,447	-	22,849	25,296	965	26,261
At 31 December 2009 and 1 January 2010	11,500	750	4,139	-	30,431	46,820	2,155	48,975
Total comprehensive income for the year	-	-	-	-	35,876	35,876	1,088	36,964
Transfer	-	-	3,777	-	(3,777)	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	980	980
Dividend paid	-	-	-	-	(36,536)	(36,536)	-	(36,536)
Changes in equity for the year	-	-	3,777	-	(4,437)	(660)	2,068	1,408
At 31 December 2010 and 1 January 2011	11,500	750	7,916	-	25,994	46,160	4,223	50,383
Total comprehensive income for the year	-	-	-	-	45,408	45,408	1,503	46,911
Capital contribution from shareholders	3,200	6,400	-	-	-	9,600	-	9,600
Dividend paid	-	-	-	-	-	-	(1,000)	(1,000)
Changes in equity for the year	3,200	6,400	-	-	45,408	55,008	503	55,511
At 31 December 2011 and 1 January 2012	14,700	7,150	7,916	-	71,402	101,168	4,726	105,894
Total comprehensive income for the period	-	-	-	(76)	43,304	43,228	353	43,581
Dividend paid	-	-	-	-	(20,000)	(20,000)	(1,750)	(21,750)
Changes in equity for the period	-	-	-	(76)	23,304	23,228	(1,397)	21,831
At 30 September 2012	14,700	7,150	7,916	(76)	94,706	124,396	3,329	127,725
At 1 January 2011	11,500	750	7,916	-	25,994	46,160	4,223	50,383
Total comprehensive income for the period	-	-	-	-	35,841	35,841	202	36,043
Capital contribution from shareholders	3,200	6,400	-	-	-	9,600	-	9,600
Dividend paid	-	-	-	-	-	-	(1,000)	(1,000)
Changes in equity for the period	3,200	6,400	-	-	35,841	45,441	(798)	44,643
At 30 September 2011	14,700	7,150	7,916	-	61,835	91,601	3,425	95,026

D. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Nine months ended	
	2009 2010 2011			30 September	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax	30,140	42,016	53,586	41,928	50,903
Adjustments for:					
Allowance for doubtful other receivables	–	1,552	2,316	–	–
Depreciation and amortisation	1,755	2,250	2,637	1,914	2,634
Interest expenses	435	795	1,028	749	972
Interest income	(36)	(72)	(117)	(82)	(183)
(Gain)/loss on disposal of property, plant and equipment	(9)	(1)	127	1	(15)
Net foreign exchange losses	–	2	–	–	–
Reversal of allowance for doubtful trade receivables	(308)	(201)	(166)	(166)	–
Reversal of allowance for obsolete and slow-moving inventories	(122)	(14)	–	–	–
Write-back of other payables	–	–	–	–	(241)
	31,855	46,327	59,411	44,344	54,070
Operating profit before working capital changes	31,855	46,327	59,411	44,344	54,070
Increase in inventories	(14,259)	(11,795)	(28,609)	(29,942)	(23,775)
Increase in trade receivables	(5,332)	(5,293)	(25,408)	(52,156)	(55,015)
Increase in prepayments, deposits and other receivables	(2,539)	(1,095)	(6,142)	(8,877)	(3,061)
Increase/(decrease) in trade payables	7,168	(660)	43,176	36,918	742
(Decrease)/increase in advances from customers	(82)	4,582	16,877	376	3,724
(Decrease)/increase in accruals and other payables	(695)	16,386	1,180	(11,132)	7,906
	16,116	48,452	60,485	(20,469)	(15,409)
Cash generated from/(used in) operations	16,116	48,452	60,485	(20,469)	(15,409)
Income taxes paid	(1,392)	(3,079)	(6,317)	(6,317)	(6,846)
	14,724	45,373	54,168	(26,786)	(22,255)
Net cash generated from/(used in) operating activities	14,724	45,373	54,168	(26,786)	(22,255)

APPENDIX II	FINANCIAL INFORMATION OF JADE BIRD FIRE ALARM GROUP
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	Year ended 31 December			Nine months ended	
	2009	2010	2011	30 September	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment	-	-	2	2	515
Purchases of property, plant and equipment	(5,229)	(4,295)	(7,470)	(2,931)	(22,266)
Purchases of investment property	-	-	-	-	(2,163)
Purchase of other intangible assets	-	-	-	-	(80)
Increase in pledged time deposits with original maturity of more than three months	-	-	-	-	(71)
Interest received	36	72	117	82	183
	<u>36</u>	<u>72</u>	<u>117</u>	<u>82</u>	<u>183</u>
Net cash used in investing activities	<u>(5,193)</u>	<u>(4,223)</u>	<u>(7,351)</u>	<u>(2,847)</u>	<u>(23,882)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Bank loans raised	10,000	10,000	10,000	10,000	10,000
Repayment of bank loans	-	(10,000)	(10,000)	(10,000)	(10,050)
Other loans raised	-	8,000	4,000	4,000	5,000
Repayment of other loans	-	(3,000)	(5,000)	-	-
Repayment of finance lease payables	-	-	-	-	(8)
Increase in accruals and other payables	-	6,600	-	-	-
Increase in amount due to a shareholder	-	3,000	-	-	-
Interest paid	(435)	(795)	(1,028)	(749)	(972)
Dividend paid	-	(36,536)	(1,000)	(1,000)	(21,750)
Capital contribution from non-controlling interests	-	980	-	-	-
	<u>-</u>	<u>980</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash generated from/(used in) financing activities	<u>9,565</u>	<u>(21,751)</u>	<u>(3,028)</u>	<u>2,251</u>	<u>(17,780)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	19,096	19,399	43,789	(27,382)	(63,917)
Effect of foreign exchange rate changes	-	(2)	-	-	(144)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	12,150	31,246	50,643	50,643	94,432
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	<u>31,246</u>	<u>50,643</u>	<u>94,432</u>	<u>23,261</u>	<u>30,371</u>

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

As reference to the announcement of the Company dated 17 December 2012, the Company announced the Proposed Spin-off. Upon completion of the Proposed Spin-off, Jade Bird Fire Alarm Group will cease to be subsidiaries of the Company.

2. BASIS OF PRESENTATION OF THE FINANCIAL INFORMATION

The unaudited financial information of Jade Bird Fire Alarm Group has been prepared in accordance with Rule 19.68(2)(a)(i) of the GEM Listing Rules, and is solely for the purpose of inclusion in the circular issued by the Company in connection with the Proposed Spin-off.

The amounts included in the unaudited financial information for the Relevant Periods have been recognised and measured in accordance with the relevant accounting policies of the Company and its subsidiaries adopted in the preparation of the Company's consolidated financial statements, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements".

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The accompanying unaudited pro forma financial information of the Remaining Group has been prepared to illustrate the effect of the Proposed Spin-off which might have affected the financial information of the Group.

The unaudited pro forma consolidated statement of comprehensive income and consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2011 are prepared based on the audited consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2011 as extracted from the annual report of the Company for the year ended 31 December 2011 as if the Proposed Spin-off had been completed on 1 January 2011.

The unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2012 is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2012 as extracted from the second quarterly results report of the Company for the six months ended 30 June 2012 as if the Proposed Spin-off had been completed on 30 June 2012.

The unaudited pro forma financial information of the Remaining Group is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the unaudited pro forma financial information of the Remaining Group, it may not give a true picture of the actual financial position, results of operation or cash flows of the Remaining Group that would have been attained had the Proposed Spin-off actually occurred on the dates indicated herein. Furthermore, the unaudited pro forma financial information of the Remaining Group does not purport to predict the Remaining Group's future financial position, results of operation or cash flows.

The unaudited pro forma financial information of the Remaining Group should be read in conjunction with other financial information included elsewhere in this circular.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

**B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME OF THE REMAINING GROUP**

For the year ended 31 December 2011

	The Group	RMB'000	RMB'000	Pro forma adjustments	RMB'000	RMB'000	RMB'000	The Remaining Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 1)	(Note 2)	(Note 3)	(Note 4)			
Turnover	369,695	(289,390)						80,305
Cost of sales and services	(215,736)	183,064						(32,672)
Gross profit	153,959	(106,326)						47,633
Other gains and income	35,453	(1,841)			549,167			582,779
Distribution costs	(22,667)	19,635						(3,032)
Administrative expenses	(57,839)	15,592	(2,000)					(44,247)
Other expenses	(20,647)	18,324						(2,323)
Finance costs	(12,413)	1,030						(11,383)
Change in fair value of derivative financial instruments	(1,857)							(1,857)
Share of (losses)/profits of associates	(444)					17,378		16,934
Share of losses of jointly controlled entities	(595)							(595)
Profit before tax	72,950							583,909
Income tax expense	(3,355)	6,675						3,320
Profit for the year attributable to equity holders of the Company	69,595							587,229
Other comprehensive income after tax:								
Investment revaluation reserve reclassified to profit or loss on disposal of available-for-sale financial assets	(2,264)							(2,264)
Change in fair value of available-for-sale financial assets	(38,196)							(38,196)
Exchange differences on translating foreign operations	(7,951)							(7,951)
Share of other comprehensive income of jointly controlled entities	41,936							41,936

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

For the year ended 31 December 2011

	The Group RMB'000	RMB'000 (Note 1)	Pro forma adjustments RMB'000			RMB'000 (Note 4)	The Remaining Group RMB'000
			RMB'000 (Note 2)	RMB'000 (Note 3)			
Income tax relating to change in fair value of available-for-sale financial assets	566						566
Other comprehensive income for the year, net of tax	(5,909)						(5,909)
Total comprehensive income for the year	63,686						581,320
Profit for the year attributable to:							
Owners of the Company	36,032	(22,443)	(2,000)	549,167	17,378		578,134
Non-controlling interests	33,563	(24,468)					9,095
	69,595						587,229
Total comprehensive income for the year attributable to:							
Owners of the Company	30,802	(22,443)	(2,000)	549,167	17,378		572,904
Non-controlling interests	32,884	(24,468)					8,416
	63,686						581,320

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE REMAINING GROUP

	At 30 June 2012				
	The Group		Pro forma adjustments		The
	RMB'000	RMB'000	RMB'000	RMB'000	Remaining
		(Note 5)	(Note 6)	(Note 7)	Group
				RMB'000	RMB'000
				(Note 2)	
Non-current assets					
Property, plant and equipment	99,202	(46,795)			52,407
Goodwill	14,647	(6,125)			8,522
Other intangible assets	21,150	(2,526)			18,624
Investments in associates	379,089		578,571		957,660
Investments in jointly controlled entities	227,584				227,584
Available-for-sale financial assets	141,489	(250)			141,239
	883,161				1,406,036
Current assets					
Inventories	100,757	(91,062)			9,695
Trade receivables	81,247	(81,127)			120
Due from related parties	27				27
Due from associates	33,917			211	34,128
Prepayments, deposits and other receivables	65,169	(14,469)			50,700
Derivative financial instruments	48				48
Non-pledged time deposits with original maturity of more than three months when acquired	1,100				1,100
Cash and cash equivalents	77,175	(22,173)			55,002
	359,440				150,820
Total assets	1,242,601				1,556,856

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

At 30 June 2012

	The Group		Pro forma adjustments			The Remaining Group
	RMB'000	RMB'000 (Note 5)	RMB'000 (Note 6)	RMB'000 (Note 7)	RMB'000 (Note 2)	RMB'000
Current liabilities						
Trade payables	73,800	(72,321)				1,479
Advances from customers	23,089	(22,665)				424
Accruals and other payables	71,343	(23,663)			2,000	49,680
Due to the Remaining Group	-	(211)		211		-
Due to a shareholder	198					198
Due to related parties	11					11
Due to non-controlling interests	1,837	(1,837)				-
Bank and other loans	55,023	(25,199)				29,824
Current tax liabilities	19,015	(13,329)				5,686
	<u>244,316</u>					<u>87,302</u>
Net current assets	<u>115,124</u>					<u>63,518</u>
NET ASSETS	<u>998,285</u>					<u>1,469,554</u>
Capital and reserves						
Share capital	118,480					118,480
Reserves	<u>758,418</u>	(46,444)	578,571		(2,000)	<u>1,288,545</u>
Equity attributable to owners of the Company	876,898					1,407,025
Non-controlling interests	<u>121,387</u>	(58,858)				<u>62,529</u>
TOTAL EQUITY	<u>998,285</u>					<u>1,469,554</u>

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

**D. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS
OF THE REMAINING GROUP**

For the year ended 31 December 2011

	The Group RMB'000	RMB'000 (Note 8)	Pro forma adjustments		RMB'000 (Note 4)	The Remaining Group RMB'000
			RMB'000 (Note 2)	RMB'000 (Note 3)		
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax	72,950	(53,586)	(2,000)	549,167	17,378	583,909
Adjustments for:						
Allowance for doubtful trade receivables	2,410	(2,316)				94
Allowance for obsolete and slow-moving inventories	55					55
Change in fair value of derivative financial instruments	1,857					1,857
Depreciation and amortisation expenses	16,282	(2,637)				13,645
Gain on disposal of a subsidiary	(12,601)					(12,601)
Gain on bargain purchase of an associate	(6,994)					(6,994)
Gain on disposal of available-for-sale financial assets	(3,116)					(3,116)
Gain on disposal of Jade Bird Fire Alarm Group	-			(549,167)		(549,167)
Interest expenses	1,028	(1,028)				-
Interest income	(6,123)	117				(6,006)
Loss on disposal of property, plant and equipment	127	(127)				-
Net foreign exchange losses	11,385					11,385
Reversal of allowance for doubtful trade receivables	(166)	166				-
Share of losses/(profits) of associates	444				(17,378)	(16,934)
Share of losses of jointly controlled entities	595					595
Write-back of trade and other payables	(4,196)					(4,196)
Operating profit before working capital changes	73,937					12,526
Increase in inventories	(28,952)	28,609				(343)
Increase in trade receivables	(26,325)	25,408				(917)
Increase in prepayments, deposits and other receivables	(12,491)	6,142				(6,349)

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

For the year ended 31 December 2011

	The Group RMB'000	RMB'000 (Note 8)	Pro forma adjustments		RMB'000 (Note 4)	The Remaining Group RMB'000
			RMB'000 (Note 2)	RMB'000 (Note 3)		
Increase in trade payables	46,643	(43,176)				3,467
Increase/(decrease) in advances from customers	15,439	(16,877)				(1,438)
Decrease in accruals and other payables	(1,199)	(1,180)	2,000			(379)
Cash generated from operations	67,052					6,567
Income taxes paid	(51,133)	6,317				(44,816)
Net cash generated from/(used in) operating activities	15,919					(38,249)
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisition of a subsidiary	318					318
Disposal of a subsidiary	(197)					(197)
Dividend income from a jointly controlled entity	4,641					4,641
Decrease in non-pledged time deposits with original maturity of more than three months when acquired	2,170					2,170
Increase in amounts due from associates	(33,520)					(33,520)
Proceeds from disposal of available-for-sale financial assets	8,712					8,712
Proceeds from disposal of property, plant and equipment	2	(2)				-
Proposed Spin-off	-			(50,643)		(50,643)
Purchases of property, plant and equipment	(13,036)	7,470				(5,566)
Purchases of available-for-sale financial assets	(53,894)					(53,894)
Investments in associates	(336,600)					(336,600)
Investments in jointly controlled entities	(31,268)					(31,268)
Loans to others	(4,300)					(4,300)
Repayment from loans to others	7,300					7,300
Interest received	4,595	(117)				4,478
Net cash used in investing activities	(445,077)					(488,369)

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

For the year ended 31 December 2011

	The Group RMB'000	RMB'000 (Note 8)	Pro forma adjustments		RMB'000 (Note 4)	The Remaining Group RMB'000
			RMB'000 (Note 2)	RMB'000 (Note 3)		
CASH FLOWS FROM FINANCING ACTIVITIES						
Bank loan raised	10,000	(10,000)				-
Repayment of bank loan	(10,000)	10,000				-
Other loans raised	29,204	(4,000)				25,204
Repayment of other loan	(5,000)	5,000				-
Decrease in amounts due from related parties	91					91
Decrease in amount due to a shareholder	(474)					(474)
Decrease in amounts due to related parties	(2,515)					(2,515)
Interest paid	(1,028)	1,028				-
Dividend paid to non-controlling interests	(6,000)	1,000				(5,000)
Capital contribution from non-controlling interests	200					200
	14,478					17,506
NET DECREASE IN CASH AND CASH EQUIVALENTS						
	(414,680)					(509,112)
Effect of foreign exchange rate changes	(2,112)					(2,112)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
	643,845					643,845
CASH AND CASH EQUIVALENTS AT END OF YEAR						
	227,053					132,621

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

E. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. The adjustments represent the exclusion of the results of Jade Bird Fire Alarm Group for the year ended 31 December 2011 as if the Proposed Spin-off had been completed on 1 January 2011.
2. The adjustment represents the transactions costs of approximately RMB2,000,000, which are in relation to the Proposed Spin-off.
3. The adjustment represents the estimated gain on the Proposed Spin-off as if the Proposed Spin-off had been completed on 1 January 2011.

	<i>RMB'000</i>
Net assets of Jade Bird Fire Alarm Group at 1 January 2011	50,383
Non-controlling interests	(20,979)
Gain on Proposed Spin-off	549,167
Deemed consideration based on estimated offer price of RMB18.9 per A share (<i>Note a</i>)	578,571
Net cash outflow arising on Proposed Spin-off:	
Cash consideration received	–
Cash and cash equivalents disposed of	(50,643)
	(50,643)

(Note a)

Assuming a total of 20,000,000 A shares of Jade Bird Fire Alarm Group will be issued immediately following completion of the Proposed Spin-off, it is estimated that total proceeds of approximately RMB378,000,000 will be raised. Subject to market conditions at the time of the Proposed Spin-off, the offer price per A share will be determined in accordance with the relevant PRC laws and regulations relating to the proposed listing on the SME Board operated by the Shenzhen Stock Exchange, which will be determined by a book-building process with reference to the prices quoted by target subscribers or by other methods to be determined between the issuer and the lead underwriter. In accordance with the requirements of the relevant PRC laws and regulations, there will not be a floor price for the Proposed Spin-off.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

4. The adjustment represents the share of profit of Jade Bird Fire Alarm Group which represents 38.27% of the profit for the year ended 31 December 2011 of Jade Bird Fire Alarm Group of approximately RMB45,408,000 attributable to the owners of Jade Bird Fire Alarm Group as extracted from the unaudited consolidated statements of comprehensive income of Jade Bird Fire Alarm Group for the year ended 31 December 2011 as if the Proposed Spin-off had been completed on 1 January 2011.

5. The adjustments represent the exclusion of the assets and liabilities of Jade Bird Fire Alarm Group as at 30 June 2012 as if the Proposed Spin-off had been completed on 30 June 2012.

6. The adjustment represents the estimated interests in Jade Bird Fire Alarm Group which represents 38.27% of the estimated fair value of Jade Bird Fire Alarm Group of approximately RMB1,512,000,000 by using the estimated offering price of about RMB18.9 per A share (*Note 3a*) as if the Proposed Spin-off had been completed on 30 June 2012.

	<i>RMB'000</i>
Net assets of Jade Bird Fire Alarm Group at 30 June 2012	105,302
Non-controlling interests	(58,858)
Release of foreign currency translation reserve	(9)
Gain on Proposed Spin-off	532,136
Deemed consideration based on estimated offer price of RMB18.9 per A share (<i>Note 3a</i>)	578,571

7. The adjustment represents the reclassification of the amount due from Jade Bird Fire Alarm Group upon completion of the Proposed Spin-off on 30 June 2012.

8. The adjustments represent the exclusion of the net cash inflows of Jade Bird Fire Alarm Group for the year ended 31 December 2011 as if the Proposed Spin-off had been completed on 1 January 2011.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

F. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, RSM Nelson Wheeler, Certified Public Accountants, Hong Kong.



29th Floor
Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

27 February 2013

The Board of Directors
Beijing Beida Jade Bird Universal Sci-Tech Company Limited

Dear Sirs,

We report on the unaudited pro forma financial information of Beijing Beida Jade Bird Universal Sci-Tech Company Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed spin-off of the existing manufacturing and sale of electronic fire equipment business might have affected the financial information of the Group presented, for inclusion in Appendix III to the circular of the Company dated 27 February 2013 (the “**Circular**”). The basis of preparation of the unaudited pro forma financial information is set out on page III-1 to the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibilities solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

It is our responsibility to form an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 30 June 2012 or any future date; or
- the results and cash flows of the Group for the year ended 31 December 2011 or any future periods.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

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 OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

- (a) As at the Latest Practicable Date, the interests and short positions of each of Directors, Supervisors and chief executives of the Company in the shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange were as follows:

Long positions in ordinary shares and underlying shares of the Company

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)	Interests in H Shares	Total			
Mr. Xu Zhendong	Beneficial owner and beneficiary of trust	205,414,000	12,070,000	217,484,000	29.34%	2.49%	18.36%
Mr. Xu Zhixiang	Beneficial owner and beneficiary of trust	205,414,000	11,527,000	216,941,000	29.34%	2.38%	18.31%

Name of Director	Capacity	Number of ordinary shares			Total	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)	Interests in H Shares					
Mr. Zhang Wanzhong	Beneficial owner and beneficiary of trust	205,414,000	12,070,000	217,484,000	29.34%	2.49%	18.36%	
Mr. Chen Zongbing	Beneficial owner	-	16,209,000	16,209,000	-	3.34%	1.37%	
Name of Supervisor								
Mr. Zhang Yongli	Beneficial owner and beneficiary of trust	205,414,000	13,200,000	218,614,000	29.34%	2.72%	18.45%	
Ms. Zhou Min	Beneficiary of trust	205,414,000	-	205,414,000	29.34%	-	17.34%	

Note: The above Directors and Supervisors are taken to be interested in the Shares 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, 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 北京北大宇環微電子系統有限公司 (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 of the Company 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 Yue’s resignation as a trustee on the same date) are trustees holding 60, 20 and 20 shares out of 100 shares in the issued share capital of Heng Huat.

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

- (b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors, Supervisors or chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

- (a) As at the Latest Practicable Date, so far as is known to the Directors, the following persons, other than the Director, Supervisor or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which are required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in ordinary shares and underlying shares of the Company

	Name of shareholder	Note	Capacity	Number of promoter Shares held	Approximate percentage of the Company's total number of issued promoter Shares	Approximate percentage of the Company's total issued share capital
1.	Peking University	(a)	Through controlled corporations	200,000,000	28.57%	16.88%
2.	北大資產經營有限公司 Beida Asset Management Co., Ltd. [#]	(a)	Through controlled corporations	200,000,000	28.57%	16.88%
3.	北京北大青鳥軟件系統有限公司 Beijing Beida Jade Bird Software System Co., Ltd. [#] ("JB Software")	(a) and (b)	Through controlled corporations	200,000,000	28.57%	16.88%
4.	北京北大青鳥有限責任公司 Beijing Beida Jade Bird Limited [#] ("Beida Jade Bird")	(a) and (c)	Directly beneficially owned and through a controlled corporation	200,000,000	28.57%	16.88%
5.	深圳市北大青鳥科技有限公司 Shenzhen Beida Jade Bird Sci-Tech Co., Ltd. [#] ("SZ Jade Bird")	(a)	Directly beneficially owned	85,000,000	12.14%	7.17%
6.	Grand East (H.K.) Limited		Directly beneficially owned	110,000,000	15.71%	9.28%

	Name of shareholder	Note	Capacity	Number of promoter Shares held	Approximate percentage of the Company's total number of issued promoter Shares	Approximate percentage of the Company's total issued share capital
7.	Heng Huat Investments Limited ("Heng Huat")	(d)	Through a controlled corporation	205,414,000	29.34%	17.34%
8.	Dynamic Win Assets Limited ("Dynamic Win")	(d)	Directly beneficially owned	205,414,000	29.34%	17.34%
9.	Mongolia Energy Corporation Limited	(e)	Through a controlled corporation	84,586,000	12.08%	7.14%
10.	New View Venture Limited	(e)	Directly beneficially owned	84,586,000	12.08%	7.14%
11.	亞洲技術投資有限公司 Asian Technology Investment Company Limited [#]		Directly beneficially owned	50,000,000	7.14%	4.22%

Notes:

- (a) Peking University is taken to be interested in 16.88% 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 SZ Jade Bird, which is 90% beneficially owned by Beida Jade Bird;
 - (ii) 115 million Shares (representing approximately 9.71% of the Company's total issued share capital) held by Beida Jade Bird itself, which is 46% beneficially owned by JB Software.
- Beida Asset Management Co., Ltd. is wholly-owned by Peking University.
- (b) The interests of JB Software comprise 200 million Shares held by Beida Jade Bird.
- (c) The interests of Beida Jade Bird comprise 115 million Shares held by it and 85 million Shares held by SZ Jade Bird.
- (d) The Shares are held by Dynamic Win, which is beneficially wholly-owned by Heng Huat.
- (e) The Shares are held by New View Venture Limited, which is wholly-owned by Mongolia Energy Corporation Limited.

- (f) Mr. Xu Zhendong is the chairman and a director of JB Software, Mr. Xu Zhixiang is a director of JB Software, a director and the chief executive officer of Beida Jade Bird and each of Mr. Zhang Wanzhong, Mr. Chen Zongbing and Ms Zheng Zhong is a vice president of Beida Jade Bird.

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- (b) Save as disclosed in this circular, so far as is known to the Directors, as at the Latest Practicable Date, there was no other person who had an interest or short position in the shares and underlying shares of the Company which are required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

As at the Latest Practicable Date,

- (a) none of the Director or the Supervisors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up; and
- (b) none of the Directors or the Supervisors was materially interested in contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

5. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors has entered into a service contract with the Company for a term of three years commencing on 21 June 2012 and ending on the date of the 2014 annual general meeting of the Company which will be convened in 2015.

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

6. DIRECTORS' AND SUPERVISORS' COMPETING BUSINESS

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors or their respective associates had any interests in a business, which competes or is likely to compete either directly or indirectly with the business of the Group which would be required to be disclosed under Rule 11.04 of the GEM Listing Rules, if the Directors were controlling Shareholders.

7. QUALIFICATIONS AND CONSENT OF EXPERTS

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

Name	Qualification
RSM Nelson Wheeler	Certified public accountants
Quam Capital Limited	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO.

RSM Nelson Wheeler and Quam Capital Limited have given and have not withdrawn their respective written consent to the issue of this circular with references to their respective name, in the form and context in which they appear.

As at the Latest Practicable Date, RSM Nelson Wheeler and Quam Capital Limited were not interested in any Share or share in any member of the Group nor did they have 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, RSM Nelson Wheeler and Quam Capital Limited 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. LITIGATION

Neither the Company nor any other member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any other member of the Group as at the Latest Practicable Date.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately preceding the date of this circular which are or may be material:

- (a) the renewal agreement dated 30 May 2011 entered into between Jade Bird Fire Alarm, and 上海北大青鳥消防設備銷售有限公司 (Shanghai Beida Jade Bird Fire Equipment Marketing Company Limited[#]) (“**Shanghai Jade Bird Fire**”), pursuant to which Jade Bird Fire Alarm agreed to continue to supply fire alarm products to Shanghai Jade Bird Fire for three years ending 31 December 2013, at the estimated annual cap amounts being RMB16 million, RMB22 million and RMB30 million for each of the three years ending 31 December 2011, 2012 and 2013 respectively, further details of which are set out in the announcement of the Company dated 30 May 2011;
- (b) the equity transfer agreement dated 30 May 2011 entered into between 北京北大高科技產業投資有限公司 (Beijing Beida High Technology Investment Co., Ltd.[#]) (“**Beida High Technology**”) and 傳奇旅遊投資有限公司 (Chuanqi Tourism Investment Co., Ltd.[#]) (“**Chuanqi Tourism**”), a directly non-wholly owned subsidiary of the Company, pursuant to which Chuanqi Tourism conditionally agreed to acquire and Beida High Technology conditionally agreed to sell 46.6% of the registered capital of Songya Lake Construction at the consideration of RMB53 million and Chuanqi Tourism also agreed to provide an interest-free shareholder’s loan with an amount of no more than RMB40 million to Songya Lake Construction, further details of which are set out in the announcement of the Company dated 30 May 2011;
- (c) the purchase and sale agreement dated 30 November 2011 entered into between members (“**Members**”) holding their equity interests in PWC Winery, LLC (“**PWC Winery**”) and WESION, INC (“**WESION**”), an indirect wholly-owned subsidiary of the Company, pursuant to which WESION conditionally agreed to acquire and Members conditionally agreed to sell up to 75% of the Members’ equity interest in PWC Winery, at the consideration of approximately USD3.2 million, further details of which are set out in the announcement of the Company dated 2 December 2011;
- (d) the cooperation agreement dated 25 January 2013 entered into between Chuanqi Tourism, a direct non-wholly owned subsidiary of the Company, and 吉林省長白山開發建設(集團)有限責任公司 (Jilin Province Changbai Mountain Development and Construction Limited[#]) (“**CMDC**”), in relation to the formation of the joint venture company to be established in the PRC for the purpose of joint development of 長白山文化創意產業園 (Changbai Mountain Culture Creative Park[#]), and the registered capital of which will be contributed as to RMB35 million by Chuanqi Tourism and as to RMB15 million by CMDC, further details of which are set out in the announcement of the Company dated 25 January 2013; and

- (e) the guarantee executed by the Company, China Development Bank Co. Ltd. and Bank of Beijing Co. Ltd. dated 31 January 2013 to secure the obligations of Songya Lake Construction (an associated company of the Company of which 46.6% of its registered capital is owned by Chuanqi Tourism, under the facility agreement entered into between Songya Lake Construction as the borrower and China Development Bank Co. Ltd. and Bank of Beijing Co. Ltd. as lenders for the provision of a term loan facility to Songya Lake Construction in the aggregate amount of RMB986 million, further details of which are set out in the announcement of the Company dated 31 January 2013.

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10. MISCELLANEOUS

- (a) The registered office of the Company is at 3rd Floor, Beida Jade Bird Building, Yanyuan District Area 3, No.5 Haidian Road, Haidian District, Beijing 100080, the PRC.
- (b) The principal place of business of the Company in the PRC is 3rd Floor, Beida Jade Bird Building, No.207 Chengfu Road, Haidian District, Beijing 100871, PRC.
- (c) The principal place of business of the Company in Hong Kong is Room 1002, 10/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.
- (d) The secretary of the Company is Mr. Chan Chi Hung, who is a fellow member of Association of Chartered Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants.
- (e) The compliance officer of the Company is Mr. Zhang Wanzhong, who is an executive Director and the general manager of the Company.
- (f) The Company established its Audit Committee with terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee include monitoring the financial reporting system and internal control procedure of the Group, reviewing financial information and advising the Board on the engagement and independence of external auditors.

The Audit Committee comprises four members. The chairman is Mr. Shao Jiulin (“**Mr. Shao**”). The three members are Mr. Cai Chuanbing (“**Mr. Cai**”), Mr. Lin Yan (“**Mr. Lin**”) and Mr. Li Juncai (“**Mr. Li**”). All of them are independent non-executive Directors.

Mr. Shao is a senior accountant, certified accountant and certified tax agent in the PRC. He was an independent director of 濰坊北大青鳥華光科技股份有限公司 (Weifang Beida Jade Bird Huaguang Technology Co., Ltd.) (Stock code:

600076), a company listed on The Shanghai Stock Exchange. He is currently an independent director of 榮豐控股集團股份有限公司 (Rongfeng Holding Group Co., Ltd.) (Stock code: 000668), 廣西貴糖(集團)股份有限公司 (Guangxi Guitang (Group) Co., Ltd.) (Stock code: 000833) and 金谷源控股股份有限公司 (Jingu Yuan Holding Co., Ltd.) (Stock code: 000408), the shares of these three companies are listed on Main Board of Shenzhen Stock Exchange. Mr. Shao is also the vice president of China Qinlu Industrial Development Co., Ltd. Mr. Cai is the chairman of the communications branch of China Institute of Internal Audit. He was an independent non-executive director of Yue Da Mining Holdings Limited (Stock code: 629), a company listed on Main Board of the Hong Kong Stock Exchange, from November 2001 to May 2010. Mr. Lin was qualified as a PRC solicitor for securities of the first batch in 1993. Mr. Lin is a solicitor and a partner of Beijing Xinghe Law Firm. Mr. Li is a senior engineer of geological and mineral resources, certified appraiser of mining concession and certified valuer of real estate. He is currently the chairman of Heilongjiang Province Huan Cheng Mineral Resources Appraisal and Consultant Ltd.

- (g) The Company's share registrar and transfer office in Hong Kong is Hong Kong Registrars Limited, Rooms 1806-7, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (h) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. (other than Saturday, Sunday and public holidays) at the principal office of the Company 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) material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;
- (c) the annual reports of the Company for the years ended 31 December 2010 and 2011;
- (d) the interim report of the Company for the six months ended 30 June 2012;
- (e) the letter from the Independent Board Committee as set out on page 15 of this circular;
- (f) the letter from Quam Capital Limited as set out on pages 16 to 37 of this circular;

- (g) the review report of Jade Bird Fire Alarm Group from RSM Nelson Wheeler, the text of which is set out in Appendix II to this circular;
- (h) the letter on unaudited pro forma financial information of the Remaining Group from RSM Nelson Wheeler, the text of which are set out in Appendix III to this circular;
- (i) the written consents referred to in the paragraph headed “Qualifications and Consent of Experts” in this Appendix; and
- (j) 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)

NOTICE IS HEREBY GIVEN THAT the special general meeting (the “**SGM**”) of Beijing Beida Jade Bird Universal Sci-Tech Company Limited (the “**Company**”) will be held at Room 312, Block A, 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the People’s Republic of China (the “**PRC**”), on Monday, 15 April 2013 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolutions:

1. “**THAT:**

- (a) the spin-off of 北大青鳥環宇消防設備股份有限公司 (Beida Jade Bird Universal Fire Alarm Device Company Limited[#]) (“**Jade Bird Fire Alarm**”), a 51.02% non-wholly owned subsidiary of the Company, and a separate listing of the electronic fire alarm and interactive control system business owned and operated by Jade Bird Fire Alarm on The Small and Medium Enterprises Board of The Shenzhen Stock Exchange (“**SME Board of the Shenzhen Stock Exchange**”) as more particularly described in the circular of the Company dated 27 February 2013 (the “**Circular**”) contained in the document marked “A” and despatched to the shareholders of the Company of which the notice convening this meeting forms part and produced to the meeting and for the purpose of identification signed by the chairman of the meeting thereof (the “**Proposed Spin-off**”), be and is hereby approved; and
- (b) the directors of the Company be and is hereby authorised on behalf of the Company to do all such acts and sign all such documents and to enter into all such transactions and arrangements as may be necessary or expedient in order to give effect to the Proposed Spin-off.”

2. “**THAT** any entitlement or right of the shareholders of the Company to assured entitlements to the shares to be issued by Jade Bird Fire Alarm if the proposed listing of the securities of Jade Bird Fire Alarm on the SME Board of the Shenzhen Stock Exchange proceeds as stated in the Circular be and is hereby waived.”

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

By Order of the Board of Directors of
Beijing Beida Jade Bird Universal Sci-Tech Company Limited
Xu Zhendong
Chairman

Beijing, the PRC
27 February 2013

Notes:

(A) The registers of shareholders of the Company will be closed from Monday, 18 March 2013 to Monday, 15 April 2013 (both days inclusive) during which period no transfer of shares of the Company (the “Shares”) will be registered. Any holder of the H Shares and whose name appearing in the Company’s register of holders of H Shares with Hong Kong Registrars Limited at 4:30 p.m. on Friday, 15 March 2013 and have completed the registration process will be entitled to attend the SGM.

(B) Holders of H Shares who intend to attend the SGM must complete the reply slip for attending the SGM and return them to the Company’s H share registrar in Hong Kong, Hong Kong Registrars Limited, not later than 20 days before the date of the SGM, i.e. no later than 4:30 p.m. on Tuesday, 26 March 2013.

The address of Hong Kong Registrars Limited is as follows:

Rooms 1806-7, 18th Floor, Hopewell Centre, 183 Queens Road East, Hong Kong (Fax no: 852-2865-0990)

(C) Holders of promoter Shares who intend to attend the SGM must complete the reply slips for attending the SGM and return them to the principal place of business of the Company in Beijing not later than 20 days before the date of the SGM, i.e. no later than 4:30 p.m. on Tuesday, 26 March 2013.

The principal place of business of the Company in Beijing is as follows:

3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC (Fax no: 86-10-6275-8434)

(D) Each holder of H Shares entitled to attend and vote at the SGM shall have the right to appoint one or several persons (who may not be shareholders of the Company (the “Shareholders”)) to act as his/her proxy, to act as his/her proxy to attend and vote at the SGM on his/her behalf.

(E) The instrument appointing a proxy must be in writing under the hand of the principal or his/her attorney duly authorised in writing ; for a legal person, the form of proxy must be affixed with the common seal or signed by its director or attorney duly authorized in writing. If that instrument is signed by a person authorized by the principal, the power of attorney or other authorization documents authorized to be signed shall be notarized.

(F) The instrument of proxy, and if the instrument of proxy is signed by a person authorized by the principal, a notarized copy of that power of attorney or other authorization documents, must be deposited at the Company’s H share registrar in Hong Kong, Hong Kong Registrars Limited, the address of which is set out in Note (B) above, not less than 24 hours before the time for holding the SGM or any adjournment thereof in order for such documents to be valid.

(G) Each holder of promoter Shares entitled to attend and vote at the SGM shall have the right to appoint in writing one or several persons (who may not be Shareholders) to act as his/her proxy to attend and vote at the SGM on his/her behalf. Notes (E) and (F) above also apply to holders of promoter Shares, except that the instrument of proxy or other documents of authority must be deposited at the principal place of business of the Company in Beijing, the address of which is set out in Note (C) above, not less than 24 hours before the time for holding the SGM or any adjournment thereof in order for such documents to be valid.

(H) If a Shareholder appoints other to attend the SGM, the proxy shall produce his/her own identification documents and the instrument of proxy signed by the proxy or his/her legal representative, and specifying the date of its issuance. If a legal person Shareholder appoints a proxy to attend the SGM, such proxy should produce his/her identification documents and a notarized copy of the resolution of the board of directors of the legal person appointing such proxy.

(I) The SGM is expected to last for one hour. Shareholders attending the SGM are responsible for their own transportation and accommodation expenses.