



北京北大青鳥環宇科技股份有限公司

BEIJING BEIDA JADE BIRD UNIVERSAL SCI-TECH COMPANY LIMITED

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

(Stock Code: 08095)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

CHARACTERISTICS OF THE GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Directors”) of Beijing Beida Jade Bird Universal Sci-Tech Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.

RESULTS

The board of Directors (the “Board”) announces the annual consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2017, together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	<i>Notes</i>	2017 RMB'000	2016 <i>RMB'000</i>
Turnover	4	1,613,075	1,412,542
Cost of sales and services		<u>(872,685)</u>	<u>(764,842)</u>
Gross profit		740,390	647,700
Gain on bargain purchase of associates		–	26,628
Gain on bargain purchase of subsidiaries		–	8,735
Other gains and income	5	36,163	27,016
Distribution costs		(123,052)	(95,192)
Administrative expenses		(129,845)	(123,144)
Other expenses		<u>(86,645)</u>	<u>(78,749)</u>
Profit from operations		437,011	412,994
Finance costs	7	(14,931)	(5,969)
Share of losses of associates		(3,737)	(54,748)
Share of losses of joint ventures		<u>(773)</u>	<u>(784)</u>
Profit before tax		417,570	351,493
Income tax expense	8	<u>(76,080)</u>	<u>(68,411)</u>
Profit for the year	9	<u>341,490</u>	<u>283,082</u>
Other comprehensive income after tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Investment revaluation reserve reclassified to profit or loss on step-acquisition of a subsidiary		–	(7,260)
Changes in fair value of available-for-sale financial assets		11,519	(58,601)
Exchange differences on translating foreign operations		(25,755)	22,335
Share of other comprehensive income of associates		(31,874)	(36,584)
Share of other comprehensive income of joint ventures		48,502	26,435
Income tax relating to changes in fair value of available-for-sale financial assets		<u>(694)</u>	<u>16,713</u>
Other comprehensive income for the year, net of tax		<u>1,698</u>	<u>(36,962)</u>
Total comprehensive income for the year		<u>343,188</u>	<u>246,120</u>

	<i>Notes</i>	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Profit for the year attributable to:			
Owners of the Company		170,668	129,560
Non-controlling interests		170,822	153,522
		<u>341,490</u>	<u>283,082</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		171,455	100,369
Non-controlling interests		171,733	145,751
		<u>343,188</u>	<u>246,120</u>
		<i>RMB</i>	<i>RMB</i>
Earnings per share			
Basic and diluted (cents per share)	<i>10</i>	<u>12.5</u>	<u>10.5</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

		2017	2016
	Notes	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		311,778	260,460
Goodwill		17,761	17,761
Other intangible assets		6,154	6,638
Biological assets		4,276	1,267
Investments in associates		685,366	667,042
Investments in joint ventures		316,421	286,923
Investments in film production		11,991	–
Available-for-sale financial assets		232,606	157,829
Deposits paid for potential investments		9,400	19,888
Deferred tax assets		12,991	11,272
		<u>1,608,744</u>	<u>1,429,080</u>
Current assets			
Inventories		158,851	155,436
Trade and other receivables	12	753,562	581,492
Time deposits with original maturity of more than three months when acquired		1,159	1,234
Cash and cash equivalents		658,235	509,341
		<u>1,571,807</u>	<u>1,247,503</u>
Total assets		<u>3,180,551</u>	<u>2,676,583</u>

		2017	2016
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities			
Trade and other payables	<i>13</i>	435,484	441,030
Bank loans		220,850	166,356
Current tax liabilities		33,659	44,770
		<u>689,993</u>	<u>652,156</u>
Net current assets		<u>881,814</u>	<u>595,347</u>
Total assets less current liabilities		<u>2,490,558</u>	<u>2,024,427</u>
Non-current liabilities			
Deferred tax liabilities		<u>2,310</u>	<u>1,616</u>
NET ASSETS		<u>2,488,248</u>	<u>2,022,811</u>
Capital and reserves			
Share capital		137,872	128,176
Reserves		<u>1,630,469</u>	<u>1,346,461</u>
Equity attributable to owners of the Company		1,768,341	1,474,637
Non-controlling interests		<u>719,907</u>	<u>548,174</u>
TOTAL EQUITY		<u>2,488,248</u>	<u>2,022,811</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the Company									Total equity RMB'000
	Share capital RMB'000	Capital reserve RMB'000	Reserve funds RMB'000	Foreign currency translation reserve RMB'000	Investment revaluation reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2016	118,480	377,720	113,798	(55,855)	157,585	12,552	568,249	1,292,529	397,686	1,690,215
Issued of shares	9,696	72,246	-	-	-	-	-	81,942	-	81,942
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	3,691	3,691
Total comprehensive income for the year	-	-	-	22,677	(51,868)	-	129,560	100,369	145,751	246,120
Transfer	-	-	19,832	-	-	-	(19,832)	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	25,850	25,850
Disposal of a subsidiary without loss of control	-	-	-	-	-	-	(203)	(203)	4,584	4,381
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(29,388)	(29,388)
Changes in equity for the year	9,696	72,246	19,832	22,677	(51,868)	-	109,525	182,108	150,488	332,596
At 31 December 2016	<u>128,176</u>	<u>449,966</u>	<u>133,630</u>	<u>(33,178)</u>	<u>105,717</u>	<u>12,552</u>	<u>677,774</u>	<u>1,474,637</u>	<u>548,174</u>	<u>2,022,811</u>
At 1 January 2017	128,176	449,966	133,630	(33,178)	105,717	12,552	677,774	1,474,637	548,174	2,022,811
Issued of shares	9,696	112,553	-	-	-	-	-	122,249	-	122,249
Total comprehensive income for the year	-	-	-	(26,088)	26,875	-	170,668	171,455	171,733	343,188
Transfer	-	-	15,980	-	-	-	(15,980)	-	-	-
Appropriation of safety production fund	-	-	-	-	-	3,743	(3,743)	-	-	-
Changes in equity for the year	9,696	112,553	15,980	(26,088)	26,875	3,743	150,945	293,704	171,733	465,437
At 31 December 2017	<u>137,872</u>	<u>562,519</u>	<u>149,610</u>	<u>(59,266)</u>	<u>132,592</u>	<u>16,295</u>	<u>828,719</u>	<u>1,768,341</u>	<u>719,907</u>	<u>2,488,248</u>

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the People's Republic of China (the "PRC") as a sino-foreign joint stock limited liability company. The Company's H shares are listed on the GEM of the Stock Exchange. The address of its registered office is 3rd Floor, Beida Jade Bird Building, Yanyuan District Area 3, No.5 Haidian Road, Haidian District, Beijing 100080, the PRC. The addresses of its principal place of business in the PRC and Hong Kong are 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC and Unit 7605, 76th Floor, The Center, 99 Queen's Road Central, Hong Kong respectively.

The Company is engaged in the marketing and sale of embedded system products and related products. The principal activities of its subsidiaries are research, development, manufacture, marketing, contract work and sale of electronic fire equipment, the development of travel and leisure business, investment holding and production and sales of wine and related products.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

(a) Application of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2017:

Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to HKAS 40 Investment Property: Transfers of investment property	1 January 2018
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

HKFRS 9 Financial Instruments

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

(a) Classification and measurement

The Group expects to irrevocably designate those listed and unlisted equity securities currently classified as available-for-sale as at fair value through other comprehensive income.

Fair value gains and losses on these instruments will no longer be recycled to profit or loss on disposal. Impairment losses on equity securities will no longer be recognised in profit or loss but rather in other comprehensive income.

(b) Impairment

HKFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses. Based on a preliminary assessment, if the Group were to adopt the new impairment requirements at 31 December 2017, accumulated impairment loss at that date would not be significantly impacted.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

Currently, revenue arising from the provision of construction contracts and travel and leisure services are recognised over time, whereas revenue from the sale of embedded systems and wine and related products are generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised goods or service in the contract. HKFRS 15 identifies three situations in which control of the promised goods or service is regarded as being transferred over time:

- a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these three situations, then under HKFRS 15 the entity recognises revenue for the sale of that goods or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The Group has assessed that the new revenue standard is not likely to have significant impact on how it recognises revenue from the provision of construction contracts.

For contracts with customers in which the sale of embedded systems and wine and related products and provision of travel and leisure services are generally expected to be the only performance obligation, adoption of HKFRS 15 is not expected to have any impact on the Group's revenue or profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Warranty obligations

The Group generally provides for warranties for repairs to any defective electrical products and does not provide extended warranties in its contracts with customers. As such, most existing warranties will be assurance-type warranties under HKFRS 15, which will continue to be accounted for under HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office property leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

The Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to RMB34,831,000 as at 31 December 2017. The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in HKFRS 16 and the effects of discounting.

4. TURNOVER

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Sales and contract works of embedded system products and related products	1,461,455	1,268,479
Rendering of travel and leisure services	132,819	130,043
Sales of wine and related products	11,304	10,150
Management fee income	7,497	3,870
	<u>1,613,075</u>	<u>1,412,542</u>

5. OTHER GAINS AND INCOME

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Bank interest income	1,397	1,095
Government grants (<i>note</i>)	19,130	10,232
Interest income from loans to others	849	75
Gain from changes in fair value less costs to sell of biological assets	3,352	–
Realised gain on reclassification from investment revaluation reserve on step-acquisition of a subsidiary	–	7,260
Rental income	71	2
Reversal of allowance for doubtful other receivables	1,553	1,397
Reversal of allowance for doubtful trade receivables	634	1,375
Waiver of trade payables	919	–
Waiver of other payables	321	–
Others	7,937	5,580
	<u>36,163</u>	<u>27,016</u>

Note: Government grants represented subsidy to the Group by the PRC government as incentives primarily to encourage the development of the Group and the contribution to the local economic development.

6. SEGMENT INFORMATION

The Group determines its operating segments based on its strategic business units that are managed separately by the chief operating decision-maker. Each strategic unit requires different technology, development and marketing strategies.

During the year, the Group had four reportable segments, which were managed separately based on their business nature:

Manufacture and sale of electronic fire equipment	– research, development, manufacture, marketing, contract work and sale of electronic fire alarm systems and related products
Tourism development	– development of travel and leisure business
Investment holding	– holding of fund, debt and equity investment
All other segments	– business activities and operating segments not separately reported, including production and sales of wine and related products

The accounting policies of the operating segments are the same as those applied by the Group in the consolidated financial statements. Segment profits or losses do not include interest income, unallocated other gains and income, finance costs and unallocated corporate expenses. Segment assets do not include unallocated corporate assets. Segment non-current assets do not include available-for-sales financial assets and deferred tax assets.

The Group accounts for intersegment sales and transfers as if the sale or transfers were to third parties, i.e. at current market prices.

Information about reportable segment profit or loss:

	Manufacture and sale of electronic fire equipment <i>RMB'000</i>	Tourism development <i>RMB'000</i>	Investment holding <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2017					
Revenue from external customers	<u>1,461,455</u>	<u>132,819</u>	<u>7,497</u>	<u>11,304</u>	<u>1,613,075</u>
Segment profit/(loss)	<u>389,900</u>	<u>66,157</u>	<u>(13,364)</u>	<u>3,086</u>	<u>445,779</u>
Interest income	1,238	76	32	900	2,246
Finance costs					(14,931)
Unallocated corporate expenses					<u>(15,524)</u>
Profit before tax					<u>417,570</u>
Other segment information:					
Allowance for:					
doubtful other receivables	334	1,000	-	-	1,334
doubtful trade receivables	13,002	-	-	-	13,002
Interest expenses	9,106	1,790	-	313	11,209
Depreciation and amortisation	19,074	3,476	35	1,875	24,460
Impairment loss on investments in associates	-	-	4,875	-	4,875
Share of (losses)/profit of associates	(4,249)	(714)	1,226	-	(3,737)
Share of losses of joint ventures	-	-	(773)	-	(773)
Income tax expense	<u>60,054</u>	<u>16,010</u>	<u>16</u>	<u>-</u>	<u>76,080</u>
Year ended 31 December 2016					
Revenue from external customers	<u>1,268,479</u>	<u>130,043</u>	<u>3,870</u>	<u>10,150</u>	<u>1,412,542</u>
Segment profit/(loss)	<u>341,342</u>	<u>61,752</u>	<u>(18,892)</u>	<u>(9,566)</u>	<u>374,636</u>
Interest income	747	188	45	190	1,170
Finance costs					(5,969)
Unallocated corporate expenses					<u>(18,344)</u>
Profit before tax					<u>351,493</u>
Other segment information:					
Allowance for:					
deposits paid for potential investments	-	-	1,000	-	1,000
doubtful other receivables	2,783	1,110	-	-	3,893
doubtful trade receivables	10,060	-	-	5	10,065
Interest expenses	6,151	5,280	-	345	11,776
Depreciation and amortisation	11,062	3,639	33	11	14,745
Share of (losses)/profit of associates	(3,873)	2,438	(53,313)	-	(54,748)
Share of losses of joint ventures	-	-	(784)	-	(784)
Income tax expense/(credit)	<u>52,618</u>	<u>15,684</u>	<u>116</u>	<u>(7)</u>	<u>68,411</u>

Information about reportable segment assets:

	Manufacture and sale of electronic fire equipment <i>RMB'000</i>	Tourism development <i>RMB'000</i>	Investment holding <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2017					
Segment assets	<u>1,735,444</u>	<u>284,845</u>	<u>1,061,105</u>	<u>29,477</u>	<u>3,110,871</u>
Unallocated corporate assets					
Property, plant and equipment					7,493
Cash and cash equivalents					45,274
Others					<u>16,913</u>
					<u>69,680</u>
Total assets					<u>3,180,551</u>
Segment assets including:					
Investments in associates	21,866	197,220	466,280	–	685,366
Investments in joint ventures	–	–	316,421	–	316,421
Additions to non-current assets	<u>96,305</u>	<u>873</u>	<u>126,119</u>	–	<u>223,297</u>
At 31 December 2016					
Segment assets	<u>1,337,270</u>	<u>273,841</u>	<u>933,083</u>	<u>30,692</u>	<u>2,574,886</u>
Unallocated corporate assets					
Property, plant and equipment					7,771
Cash and cash equivalents					81,299
Others					<u>12,627</u>
					<u>101,697</u>
Total assets					<u>2,676,583</u>
Segment assets including:					
Investments in associates	6,627	197,934	462,481	–	667,042
Investments in joint ventures	–	–	286,923	–	286,923
Additions to non-current assets	<u>92,557</u>	<u>3,046</u>	<u>88,415</u>	<u>336</u>	<u>184,354</u>

Geographical information:

	Revenue		Non-current assets	
	2017	2016	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PRC except Hong Kong	1,601,226	1,402,392	1,283,755	1,201,930
The United States	11,841	10,150	16,257	15,911
Canada	–	–	63,135	42,138
Others	8	–	–	–
	<u>1,613,075</u>	<u>1,412,542</u>	<u>1,363,147</u>	<u>1,259,979</u>

In presenting the geographical information, revenue is based on the locations of the customers.

For the years ended 31 December 2017 and 2016, revenue from any single external customer does not attribute to 10% or more of the Group's revenue.

7. FINANCE COSTS

	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other loans	11,209	11,776
Net foreign exchange loss/(gain)	3,722	(5,807)
	<u>14,931</u>	<u>5,969</u>

8. INCOME TAX EXPENSE

	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
Provision for the year		
PRC	76,604	68,045
Under/(over)-provision in prior year		
PRC	1,195	1,714
Hong Kong	–	(7)
	<u>77,799</u>	<u>69,752</u>
Deferred tax	<u>(1,719)</u>	<u>(1,341)</u>
	<u>76,080</u>	<u>68,411</u>

No provision for Hong Kong Profits Tax is required for the year ended 31 December 2017 and 2016 since the Group had no assessable profit for both years.

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

Three subsidiaries of the Company had been certified by the relevant PRC authorities as high technology enterprises. Pursuant to the Income Tax Law in the PRC, the three subsidiaries are subject to PRC Enterprise Income Tax (“EIT”) at a rate of 15% effective for three years within 2019.

Other subsidiaries of the Company established in the PRC are generally subject to income tax on their taxable income at a tax rate of 25% (2016: 25%).

In 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 HK\$47,852,000 (equivalent to RMB39,774,000) in which HK\$47,748,000 (equivalent to RMB39,913,000) relating to a claim for gain on disposal of long term investment recognised during the year ended 31 December 2004. On 25 February 2013, the IRD issued a notice to the subsidiary informing that the case has been forwarded to the Appeals Section of the IRD for further processing. No provision was made as at 31 December 2017 and 2016 as the directors opine that the subsidiary has strong grounds and sufficient evidence to defend the capital nature of the gain. Moreover, the IRD regarded the assessment as protective action and allowed those part of tax relating to the contended capital gain to be held over unconditionally pending the outcome of objection. The directors opine that the action of the IRD highly correlates with timing factor because the year of assessment 2004/2005 became statutorily time-barred by the end of March 2011.

Should the assessment regarding the claim for the gain be finally judged against the subsidiary, current tax liabilities and corresponding income tax expense of HK\$47,748,000 (equivalent to RMB39,913,000) will be recognised.

9. PROFIT FOR THE YEAR

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Allowance for deposits paid for potential investments	–	1,000
Allowance for doubtful other receivables	1,334	3,893
Allowance for doubtful trade receivables	13,002	10,065
Amortisation of other intangible assets	2,147	1,734
Auditors' remuneration	1,780	1,700
Cost of inventories sold	831,662	723,218
Depreciation	22,998	13,011
(Gain)/loss from changes in fair value less costs to sell of biological assets	(3,352)	3,113
Loss on disposal and written off of property, plant and equipment	46	3,319
Operating leases charges in respect of land and buildings	18,487	11,959
Research and development expenditure	66,340	53,214
Reversal of allowance for doubtful other receivables	(1,553)	(1,397)
Reversal of allowance for doubtful trade receivables	(634)	(1,375)
Impairment loss on goodwill	–	2,701
Impairment loss on investments in associates	4,875	–

Cost of inventories sold includes staff costs and depreciation of approximately RMB55,558,000 (2016: RMB50,034,000) which are included in the amounts disclosed separately above.

10. EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of RMB170,668,000 (2016: RMB129,560,000) and the weighted average number of ordinary shares of 1,369,157,000 (2016: 1,230,896,000) in issue during the year. No adjustment has been made to the basic profit per share amounts presented for the years ended 31 December 2017 and 2016. Therefore, the calculation of the diluted earnings per share is the same as basic earnings per share.

11. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

12. TRADE AND OTHER RECEIVABLES

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Trade and bills receivables	733,313	546,626
Less: allowance for doubtful debts	<u>(81,045)</u>	<u>(68,677)</u>
	652,268	477,949
Advances to staff	2,200	2,557
Deposits	2,642	2,869
Due from associates	51,178	64,195
Due from shareholders	151	130
Loans and interest receivables	1,000	1,000
Other receivables	40,782	45,216
Less: allowance for doubtful debts	<u>(29,517)</u>	<u>(29,736)</u>
	68,436	86,231
Advances to suppliers	10,903	6,238
Prepayments	19,344	8,425
Gross amount due from customers for contract work	<u>2,611</u>	<u>2,649</u>
	753,562	581,492

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

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
0 to 90 days	433,569	322,037
91 to 180 days	88,628	72,075
181 to 365 days	75,084	53,638
Over 365 days	<u>54,987</u>	<u>30,199</u>
	652,268	477,949

13. TRADE AND OTHER PAYABLES

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Trade payables	259,707	263,175
Gross amount due to customers for construction work	541	1,490
Accruals and other payables	69,327	89,146
Salaries and staff welfare payables	43,838	45,894
Due to associates	3,507	–
Due to a shareholder	2,256	848
Due to related parties	4,087	3,464
Advance from customers	52,221	37,013
	<u>435,484</u>	<u>441,030</u>

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
0 to 90 days	203,745	219,734
91 to 180 days	35,186	33,025
181 to 365 days	11,256	856
Over 365 days	9,520	9,560
	<u>259,707</u>	<u>263,175</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Company, through its subsidiaries, is principally engaged in research, development, manufacture, marketing, contract work and sale of electronic fire equipment, development of travel and leisure businesses as well as investment holding.

Manufacture and sale of electronic fire equipment

The Group focused on research, development, manufacture, marketing and sale of comprehensive and integrated fire safety solution, including fire automatic alarm and control linkage system, electrical fire monitoring system, automatic gas fire extinguishing system and gas detection monitoring system. The Group mainly distributes its fire safety products through dealers across the region in the PRC. Its main production facilities are located in Hebei, Beijing and Sichuan, the PRC.

During the year, the Group increased investment in the new production lines of electrical fire safety products and advanced equipment to meet the steady needs of the market. The Group also focused on research and development of new series of fire power monitoring products with higher product performance and stability. In 2017, the Group won the honorary qualification of “Famous Brand Product of Hebei Province” and “Top Ten Alarm Brands”.

Reference is made to the announcements of the Company dated 1 February 2013 and 17 November 2014 and the circular of the Company dated 27 February 2013 on the proposed spin-off of Beida Jade Bird Universal Fire Alarm Device Company Limited (“Jade Bird Fire Alarm”), a subsidiary of the Company, and a separate listing of the manufacture and sale of electronic fire equipment business owned and operated by Jade Bird Fire Alarm on The Small and Medium Enterprises Board (the “SME Board”) of the Shenzhen Stock Exchange. On 10 April 2017, the Main Board Issuance Approval Committee (the “Issuance Approval Committee”) of the China Securities Regulatory Commission (“CSRC”) issued the reviewing results announcement of the 51st conference meeting of the Issuance Approval Committee for 2017 on the website of the CSRC and announced that the proposed initial public offering on the SME Board of the Shenzhen Stock Exchange of Jade Bird Fire Alarm was reviewed and passed by the Issuance Approval Committee. Details were disclosed in the announcements of the Company dated 6 April 2017 and 10 April 2017.

Tourism development

The Group is the environmental shuttle bus operator in Hengshan Mountain scenic area, the PRC. The Group is also engaged in provision of property management services and operation of tourist service center and tourist souvenir shops in the scenic area. The Group's associates took part in several tourism development projects in Hunan Province, including the construction and development of landscape architectures and primary land development of land around the Sonya Lake region at Changsha County, and the development of tourist sight project located at Tianzi Mountain.

During the year, fare revenue from tourists and pilgrims continued to be the main source of income of the Group's tourism development business. Approximately 2.01 million arrivals visited Hengshan in 2017, up 9.2% (2016: 1.84 million arrivals) year-on-year. Service utilisation rate of the Group's environmental bus service remained steady at 93% during the year under review.

Investment holding

As at 31 December 2017, the Group's investment holding business mainly included investments in private equity funds (the investment areas of which included private enterprises in the PRC with businesses ranging from the provision of information technology vocational education, insurance business, baby products retailing business, manufacturing and sale of light-emitting diode related products, property development, IT development and solution business, air transport agency and provision of technical consultancy services etc.), the equity interests in listed companies in Hong Kong, and the equity interest in a private enterprise in the PRC which is principally engaged in manufacture and sale of light-emitting diode related products.

During the year, the Group invested in co-production of films and television dramas in the PRC, because of continuous growth in the entertainment industry, and the Group is entitled to benefits generated from the distribution based on the percentage of capital contributed in the film and television drama projects. On 14 September 2017, the Company (as a limited partner) entered into the partnership agreement in relation to the formation of the investment fund, namely Beida Jade Bird Tongling Semiconductor Industry Investment Fund (Limited Partnership). The total capital to be contributed to the investment fund is RMB350 million, in which the Company agreed to contribute RMB66.50 million to the investment fund, accounting for 19% of the fund size. The investment scope of the investment fund is to target semiconductor industry chain projects in the city of Tongling, Anhui province. Details were disclosed in the announcements of the Company dated 14 September 2017 and 24 October 2017.

Outlook

Looking ahead, the Group's manufacture and sale of electronic fire equipment will pay attention to enhancing the effectiveness and efficiency of the manufacturing process and system, improving product quality and investing in technological innovation. The Group will actively explore the market by increasing support to the dealers and strengthening marketing and promotion.

With the recent promotion of Hengshan Mountain scenic area by the local government, the number of tourists and pilgrims is expected to steadily increase. The Group's tourism development business will continue to be benefited from the booming tourism industry of the PRC.

The Group targets to diversify its business and investment portfolio in order to achieve continuous business growth. The Group will continue to seek new promising investment opportunities in the market to broaden its income sources and increase profitability.

Financial review

Manufacture and sale of electronic fire equipment

Turnover from manufacture and sale of electronic fire equipment of approximately RMB1.461 billion was recorded for the year ended 31 December 2017 (2016: RMB1.268 billion), which was increased by 15.2% year-on-year. The continued growth in the manufacture and sale of electronic fire equipment business was mainly due to brand effect and industry recognition of the Group's fire safety solutions and satisfactory sales performance of the dealers during the year.

Tourism development

The Group's tourism development business recorded steady turnover of RMB132.8 million during the year ended 31 December 2017 (2016: RMB130.0 million), representing an increase of 2.2% year-on-year. Such increase was mainly attributable to the increase in visitors to Hengshan during the year.

Investment holding

The segment total assets of the investment holding business increased from approximately RMB933.1 million as at 31 December 2016 to approximately RMB1,061.1 million as at 31 December 2017, representing an increase of 13.7%, as a result of the formation of Tongling Investment Fund, investments in film production and the increase in fair values of the investment portfolio during the year under review.

Overall performance

On the back of the continuing good performance of the Group's main business, turnover totalled approximately RMB1.613 billion for the year ended 31 December 2017 (2016: RMB1.413 billion, increased by approximately RMB200 million or 14.2% year-on-year. Gross profit reached approximately RMB740.4 million (2016: RMB647.7 million), increased by approximately RMB92.7 million or 14.3% year-on-year. The Group maintained a steady gross profit margin of 46% (2016: 46%), which is a key performance indicator of the Group's overall efficiency and profitability. The Group's distribution costs, administrative expenses and other expenses were increased by 14.3% to approximately RMB339.5 million (2016: RMB297.1 million), following to the continued growth of the Group's main businesses, in particular the manufacture and sale of electronic fire equipment business. During the reporting year, the profit attributable to owners of the Company was increased by approximately 31.7% year to approximately RMB170.7 million (2016: RMB129.6 million) mainly as a result of increase in turnover. Together with the increase in fair value of the available-for-sale financial assets held by the Group and joint ventures of the Group and other comprehensive income during the year under review, the total comprehensive income for the year attributable to owners of the Company was RMB171.5 million (2016: RMB100.4 million).

Financial position

As at 31 December 2017, the Group's current ratio (being ratio of current assets and current liabilities) and the gearing ratio (being measured by total interest-bearing debts to total equity), which are key performance indicators of the Group's short-term solvency position and financial leverage, were 2.28 (2016: 1.91) and 8.9% (2016: 8.2%) respectively. During the year, the total bank loans were increased for the continuous business expansion. The Group's financial position remain solid.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after reporting period of the Group.

PURCHASES, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

CORPORATE GOVERNANCE PRACTICES

The Board is of the view that the Company has complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules during the year ended 31 December 2017.

AUDIT COMMITTEE

The Company has established the audit committee (the "Audit Committee") with written terms of reference in compliance with the requirements as set out in the GEM Listing Rules. The Audit Committee is accountable to the Board. Its primary duties include monitoring the financial reporting system and risk management and internal control systems of the Group, reviewing financial information, and advising the Board on engagement and independence of independent auditor.

The Audit Committee currently comprises four independent non-executive Directors, namely Mr. Shao Jiulin, Mr. Li Juncai, Mr. Lin Yan and Mr. Li Chonghua. Mr. Shao Jiulin is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed the financial reporting matters including the annual results for the year ended 31 December 2017 with the management and the independent auditor.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Group's independent auditor, RSM Hong Kong ("RSM"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by RSM in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by RSM on this preliminary announcement.

By order of the Board
**Beijing Beida Jade Bird Universal
Sci-Tech Company Limited**
Ni Jinlei
Chairman

Beijing, the PRC
20 March 2018

As at the date of this announcement, Mr. Zhang Wanzhong, Ms. Zheng Zhong and Mr. Ip Wing Wai are executive Directors, Mr. Ni Jinlei, Ms. Xue Li and Mr. Xiang Lei are non-executive Directors and Mr. Shao Jiulin, Mr. Li Juncai, Mr. Lin Yan and Mr. Li Chonghua are independent non-executive Directors.

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

This announcement will remain on the GEM website at "www.hkgem.com" on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at "www.jbu.com.cn".