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*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the listing of Securities on the Growth Enterprise Market of the Stock Exchange 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*



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: 8095)*

**MAJOR AND CONNECTED TRANSACTION  
RELATING TO THE PROPOSED ACQUISITION OF 44% EQUITY INTEREST IN  
BEIJING CHENGJIAN DONGHUA  
REAL ESTATE DEVELOPMENT COMPANY LIMITED**

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



The Board is pleased to announce that on 24 March 2005, the Company and the Vendor entered into the Share Transfer Agreement pursuant to which the Vendor conditionally agreed to sell and the Company conditionally agreed to purchase the Sale Shares, representing 44% of the registered capital of Donghua, and the Sale Loan for an aggregate cash consideration of RMB314.19 million (approximately HK\$296.4 million). The consideration, which was agreed between the parties with reference to the acquisition cost of the Sale Shares paid by the Vendor and the book value of the Shareholders' Loan, has been fully paid in cash from the Group's internal resources.

The only major asset of Donghua is the Land, which is located at Dong Zhi Men Wai, Dongcheng District, Beijing (北京市東城區東直門外) and has a site area of about 143,000 m<sup>2</sup>. The indicative valuation of the Land as at 28 February 2005 as valued by Chesterton Petty Ltd, an independent valuer, was about RMB3,500 million (approximately HK\$3,300 million). Planning approvals have been given for the development of the Land into a transportation terminal for high-speed trains linking the city and the airport and other transports and a large-scale commercial and residential complex having a total gross floor area of about 729,000 m<sup>2</sup>. Construction of the project, which is one of the large-scale projects relating to the Olympic Games in Beijing in 2008, is expected to be completed by end of 2007.

The Vendor is one of the promoters of the Company. Both the asset ratio and the consideration ratio for the Acquisition exceed 25% but are below 100%. Pursuant to Rule 20.13(1)(a) and Rule 19.08 of the GEM Listing Rules, the Acquisition constitutes a major and connected transaction of the Company and is subject to approval by the Independent Shareholders, voting by way of poll, at the SGM.

A circular containing, among other things, details of the Share Transfer Agreement, a valuation report of the Land, a letter of advice from an independent financial adviser and a recommendation of the Independent Board Committee, together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable. The circular will be despatched to the Shareholders at the same time as (or before) the Company gives notice of the SGM.

**Shareholders and potential investors should note that Completion, which is subject to approval by the Independent Shareholders and other conditions, may or may not take place. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.**

The Board is pleased to announce that on 24 March 2005, the Company and the Vendor entered into the Share Transfer Agreement pursuant to which the Vendor conditionally agreed to sell and the Company conditionally agreed to purchase the Sale Shares, representing 44% of the registered capital of Donghua, and the Sale Loan for an aggregate cash consideration of RMB314.19 million (approximately HK\$296.4 million).

## THE SHARE TRANSFER AGREEMENT

### Date

24 March 2005

### Parties

Purchaser : The Company

Vendor : Beijing Beida Jade Bird Limited

The Vendor is one of the promoters of the Company and is therefore a connected person of the Company. As at the date of this announcement, the Vendor and its associates collectively hold approximately 26.16% of the total issued share capital of the Company.

The principal business of the Vendor is high technology and telecommunications related businesses, which include business activities relating to or investments in software, microelectronics, system integration, telecommunications, network operation, education and real estate etc.

**Assets to be acquired**

44% of the registered capital of Donghua and 44% of the Shareholders' Loan.

**Consideration**

The consideration for the Sale Shares is RMB252.59 million (approximately HK\$238.3 million) and the consideration for the Sale Loan is RMB61.6 million (approximately HK\$58.1 million).

The consideration for the Sale Shares has been agreed between the parties by making reference to the acquisition cost of the Vendor. On 23 March 2005, the Vendor entered into an agreement with Dongcheng Residential Centre, which is under the supervision of Dongcheng District of the Beijing Municipal Government, pursuant to which the Vendor agreed to acquire from Dongcheng Residential Centre 54% of the registered capital of Donghua for an aggregate cash consideration of RMB310 million (approximately HK\$292.5 million). The acquisition cost of the Sale Shares to the Vendor is therefore RMB252.59 million (approximately HK\$238.3 million).

The consideration for the Sale Loan has been agreed between the parties by making reference to the book value of the Shareholders' Loan of RMB140 million (approximately HK\$132.1 million) and is equal to 44% of such book value.

Pursuant to the Share Transfer Agreement, the consideration for the Sale Shares and the Sale Loan shall be fully satisfied in cash upon signing of the Share Transfer Agreement, which amount shall be fully refunded to the Company, without interest, if the conditions of the Share Transfer Agreement cannot be fulfilled or are not waived by the Company and Completion does not take place.

To secure the right to participate in the Project via the Vendor, the Company has paid, as at the date of this announcement, as earnest money an amount of about RMB320 million (approximately HK\$301.9 million) to Dongcheng Residential Centre via the Vendor in respect of the Sale Shares. An amount of RMB314.19 million (approximately HK\$296.4 million) of the earnest money has been applied by the Vendor as full payment for the consideration of the Acquisition. The remaining balance of the earnest money over the aggregate consideration for the Acquisition will be repaid to the Company within 10 business days from the date of the Share Transfer Agreement.

The earnest money and hence the consideration has been paid by the Company from its internal cash resources.

## Conditions

Completion is conditional upon the following conditions:

1. completion of the acquisition of 54% of the registered capital of Donghua by the Vendor from Dongcheng Residential Centre;
2. due execution of the Share Transfer Agreement by the authorised signatory of the Company and the Vendor;
3. approval of the transfer of the Sale Shares to the Company by the shareholders of Donghua;
4. approval by the shareholders of the Vendor of the Share Transfer Agreement and the transactions contemplated therein;
5. approval by the Independent Shareholders of the Share Transfer Agreement and the transactions contemplated therein at the SGM;
6. all necessary approvals and permissions from the relevant government and/or regulatory authorities to give effect to the transactions contemplated under the Share Transfer Agreement being obtained, including but not limited to, the amendment of the articles of association and business licence of Donghua to reflect the change in its shareholders;
7. the fair market value of the Land as valued by an independent qualified valuer is not less than RMB3,500 million;
8. a bank loan of not less than RMB2 billion has been obtained by Donghua to partially finance the Project; and
9. the Company being satisfied with its due diligence review of the legal and financial affairs of Donghua.

If any of the above conditions is not fulfilled or waived by the Company within 180 days from the date of the Share Transfer Agreement (or such later date as the parties may agree), the Share Transfer Agreement shall terminate.

Subject to fulfillment (or waiver) of the above conditions (other than conditions 1 to 5 above which cannot be waived) within 180 days from the date of the Share Transfer Agreement on or before 20 September 2005 (or such other date as the parties may agree), Completion shall take place on the 20th business day after all the conditions have either been fulfilled or waived or at such other time as the parties shall agree. It is currently expected that Completion shall take place on or before 31 July 2005.

## INFORMATION OF DONGHUA

Donghua was incorporated with limited liability in the PRC on 29 March 2000 and has a registered capital of RMB50 million (approximately HK\$47.2 million), which amount has been fully paid up. The principal business of Donghua is property development in the PRC.

As at the date of this announcement, the only major asset of Donghua is the Land. The Land is located at Dong Zhi Men Wai, Dongcheng District, Beijing (北京市東城區東直門外) and has a site area of about 143,000 m<sup>2</sup>. The indicative valuation of the Land as at 28 February 2005 as valued by Chesterton Petty Ltd, an independent valuer, was about RMB3,500 million (approximately HK\$3,300 million). Planning approvals has been given for the development of the Land into a transportation terminal for high-speed trains linking the city and the airport and other transports and a large-scale commercial and residential complex (the “Project”).

Based on the current development plan, the Project will comprise the following structures:

| Structure                         | Description  | Gross floor area (m <sup>2</sup> ) |
|-----------------------------------|--|------------------------------------|
| Transportation terminal<br>(Note) | Transportation terminal for high-speed trains linking the city and the airport (with flight check-in services) and interchange station for city subway and long distance buses | 82,000                             |
| Hotel and service apartments      | A complex comprising a 5-star or above deluxe hotel and about 400 serviced apartments  | 95,000                             |
| Office towers                     | 2 high-rise grade-A office buildings with facilities for holding exhibitions and conferences   | 160,000                            |
| Mid-rise commercial blocks        | A number of mid-rise commercial blocks   | 116,000                            |
| Commercial cum residential blocks | 2 commercial cum residential blocks targeted at foreign trade companies, multi-national companies etc  | 276,000                            |
|                                   |  | <hr/>                              |
|                                   |  | <u>729,000</u>                     |

*Note:* Pursuant to the approved development plans, ownership of the transportation terminal belongs to the Beijing Municipal Government

As at the date of this announcement, demolition of the old buildings on the site, relocation of the original residents and tenants and leveling works of the Land have been completed. The foundation and piling works for the transportation terminal has been done. Construction of the transportation terminal, the hotel, the office towers and the various buildings has not yet commenced. According to the current plan, construction of the Project will be completed by end of 2007. Total development cost of the Project (including the expenses at the initial stage and the land cost) is estimated to be about RMB6 billion (approximately HK\$5.7 billion). As at the date of this announcement, the shareholders of Donghua have invested an aggregate amount of RMB190 million (approximately HK\$179 million) in Donghua by way of registered capital and shareholders' loans. Donghua is in the process of securing a bank loan of not less than RMB2 billion (approximately HK\$1.9 billion) from a PRC bank to partially finance the Project. The balance of the development cost is expected to be financed by the proceeds from the pre-sale of the commercial units. At present, the Company does not expect to make any financial contribution to Donghua in relation to the development cost of the Project after Completion.

The financial position and the results of Donghua for the two years ended 31 December 2004, as extracted from its audited financial statements prepared under accounting principles generally accepted in the PRC, are summarised below:

|                                   | <b>For the year ended<br/>31 December 2004</b> | <b>For the year ended<br/>31 December 2003</b> |
|-----------------------------------|--|--|
|                                   | <i>RMB million</i>                             | <i>RMB million<br/>(Note)</i>                  |
| Net profit/(loss) before taxation | (13.2)   | 213.4  |
| Net profit/(loss) after taxation  | (13.2)   | 142.7  |
|                                   | <b>As at 31 December<br/>2004</b>              | <b>As at 31 December<br/>2003</b>              |
|                                   | <i>RMB million</i>                             | <i>RMB million<br/>(Note)</i>                  |
| Net assets                        | 16.8   | 193.3  |

*Note:*

The figures for 2003 are extracted from the audited financial statements of Donghua for the year ended 31 December 2003. As explained in the audited financial statements of Donghua for the year ended 31 December 2004, the PRC auditors have made some prior year adjustments. Taking into account such prior year adjustments made by the PRC auditors, Donghua recorded a loss before and after taxation of approximately RMB15.8 million for the year ended 31 December 2003 and had net assets of approximately RMB30.0 million as at 31 December 2003.

Upon Completion, the Company will be interested in 44% of the equity interest of Donghua and Donghua will become an associated company of the Company. Accordingly, the results of Donghua will be equity accounted for in the Company's accounts so long as Donghua remains as an associated company of the Company.

## SHAREHOLDING STRUCTURE OF DONGHUA

The following table shows the shareholding structure of Donghua as at the date of this announcement and immediately after Completion (assuming no other changes to the shareholding structure of Donghua from the date of this announcement to the date of Completion, other than pursuant to the transaction contemplated by the Share Transfer Agreement):

| Shareholder  | As at the date of<br>this announcement | Immediately<br>after Completion |
|--|--|---------------------------------|
| The Company  | 0%                                     | 44.0%                           |
| Dongcheng Residential Centre ( <i>Note 1&amp;2</i> ) | 64.0%                                  | 10.0%                           |
| The Vendor   | 4.5%                                   | 14.5%                           |
| Hainan Jinghao Company ( <i>Note 3</i> )             | 31.5%                                  | 31.5%                           |
|  | <hr/>                                  | <hr/>                           |
|  | 100.0%                                 | 100.0%                          |
|  | <hr/> <hr/>                            | <hr/> <hr/>                     |

### Notes:

1. Dongcheng Residential Centre is under the supervision of the Dongcheng District of the Beijing Municipal Government and is an independent party not connected with the Company and connected persons of the Company
2. Pursuant to the transfer agreement dated 23 March 2005 entered into between the Vendor and Dongcheng Residential Centre, the Vendor agreed to acquire and Dongcheng Residential Centre agreed to sell 54% equity interest in Donghua which sale and purchase has not yet been completed as at the date of this announcement
3. Hainan Jinghao Company is owned as to 80% by Beijing Beida Education Investment Co., Ltd, and 20% by Hainan Beida Jade Bird Software Company Limited. Beijing Beida Education Investment Co., Ltd, and Hainan Beida Jade Bird Software Company Limited are associates of the Vendor

## REASONS FOR AND THE BENEFITS OF THE ACQUISITION

The Group is principally engaged in the research, development, production, marketing and sales of embedded systems, including network security products, wireless fire alarm systems, application specific integrated circuits, smart card application systems, remote automatic meter-reading systems and related products. The Group is also engaged in the sales of computer products and the provision of total solution services through application of its existing embedded system products. To diversify and enhance the Group's long-term earnings base, the Directors consider it appropriate to invest in other projects in the PRC, particularly in areas in which the Group is familiar with. Given the fact that the Group is headquartered in Beijing and the Directors' believing in the potential of the property sector of Beijing, the Directors consider investing in property-related projects in Beijing fit the Group's investment strategy.



The Directors consider that the Project, which is located in Beijing and is one of the major large-scale projects relating to the Olympic Games in Beijing in 2008, offers tremendous investment potential. The Directors are optimistic about the mass usage of the transportation terminal of the Project, which will only take about 8 minutes to be traveled from the Beijing Capital Airport (via high-speed train). The transportation terminal will also be the major transportation interchange for city subway and long distance buses, will be easily accessible and is expected to command a high-volume traffic of passengers. The Directors also consider that the hotel, residential units and office buildings of the Project will be of great demand as it is located at a prime location which will be constructed with adequate transport facilities. Besides, high standard hotel and office units are generally lacked in the Dongcheng region where the Project is located. With the Olympic Games in Beijing in 2008, the Directors expect that the economic condition of Beijing including the property sector will continue to prosper in the next few years. The Directors believe that the Group, through its participation in the Project, will be able to capture part of the economic growth of Beijing in the next few years and generate attractive returns to the Shareholders.

The Board considers that the terms of the Share Transfer Agreement are fair and reasonable having regard to the consideration for the Acquisition which is determined with reference to the investment cost paid by the Vendor and the indicative valuation of the Land and are in the interest of the Group and the Shareholders as a whole.

## **GENERAL**

The Vendor is one of the promoters of the Company. Both the asset ratio and the consideration ratio for the Acquisition exceed 25% but are below 100%. Pursuant to Rule 20.13(1)(a) and Rule 19.08 of the GEM Listing Rules, the Acquisition constitutes a major and connected transaction of the Company and is subject to approval by the Independent Shareholders at the SGM. The Vendor and its associates, which collectively hold approximately 26.16% of the total issued share capital of the Company, will abstain from voting on the resolution to approve the Share Transfer Agreement and the transactions contemplated therein and any vote exercised by Independent Shareholders at the SGM shall be taken by poll.

An Independent Board Committee will be established to advise the Independent Shareholders in respect of the terms of the Share Transfer Agreement and an independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders.

A circular containing, among other things, details of the Share Transfer Agreement, a valuation report of the Land, a letter of advice from an independent financial adviser and a recommendation of the Independent Board Committee, together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable. The circular will be despatched to the Shareholders at the same time as (or before) the Company gives notice of the SGM.

**Shareholders and potential investors should note that Completion, which is subject to approval by the Independent Shareholders and other conditions, may or may not take place. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.**



## DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

|                                |   |
|--------------------------------|---|
| “Acquisition”                  | the proposed acquisition of the Sale Shares, representing 44% equity interest in Donghua, and the Sale Loan by the Company from the Vendor pursuant to the Share Transfer Agreement                     |
| “associate”                    | has the meaning ascribed to it under the GEM Listing Rules  |
| “Board”                        | the board of Directors  |
| “Company”                      | 北京北大青鳥環宇科技股份有限公司(Beijing Beida Jade Bird Universal Sci-Tech Company Limited), a sino-foreign joint stock limited company incorporated in the PRC with limited liability with its H Shares listed on GEM |
| “Completion”                   | completion of the Acquisition in accordance with the terms of the Share Transfer Agreement  |
| “connected person(s)”          | has the meaning ascribed to it under the GEM Listing Rules  |
| “Directors”                    | directors of the Company  |
| “Dongcheng Residential Centre” | 北京市東城區住宅發展中心(Beijing Dongcheng Residential Centre) which is under the supervision of Dongcheng District of the Beijing Municipal Government   |
| “Donghua”                      | 北京城建東華房地產開發有限責任公司 (Beijing Chengjian Donghua Real Estate Development Company Limited), a company incorporated with limited liability in the PRC   |
| “GEM”                          | The Growth Enterprise Market of the Stock Exchange  |
| “GEM Listing Rules”            | the Rules Governing the Listing of Securities on GEM  |
| “H Shares”                     | overseas-listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB0.1 each and which are listed on GEM and traded in Hong Kong dollars                            |
| “HK\$”                         | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Independent Board Committee”  | the committee of Directors to be established to advise the Independent Shareholders in respect of the terms of the Share Transfer Agreement   |
| “Independent Shareholders”     | Shareholders other than the Vendor and its associates   |

|                            |   |
|----------------------------|---|
| “Land”                     | a parcel of land with a site area of about 143,000 m <sup>2</sup> located at Dong Zhi Men Wai, Dongcheng District, Beijing (北京市東城區東直門外)   |
| “m <sup>2</sup> ”          | square metres   |
| “PRC”                      | People’s Republic of China  |
| “RMB”                      | Reminbi, the lawful currency of the PRC   |
| “Sale Loan”                | 44% of the Shareholders’ Loan to be assigned to the Company pursuant to the Share Transfer Agreement  |
| “Sale Shares”              | 44% of the registered capital of Donghua to be acquired by the Company pursuant to the Share Transfer Agreement   |
| “SGM”                      | the special general meeting of the Company to be convened for the purpose of approving the Share Transfer Agreement and the transactions contemplated therein by the Independent Shareholders |
| “Share Transfer Agreement” | the conditional share transfer agreement dated 24 March 2005 and entered into between the Vendor and the Company in relation to the Acquisition   |
| “Shareholders”             | shareholders of the Company   |
| “Shareholders’ Loan”       | the loans owing by Donghua to its shareholders in the aggregate amount of RMB140 million (approximately HK\$132.1 million)  |
| “Stock Exchange”           | The Stock Exchange of Hong Kong Limited   |
| “Vendor”                   | 北京北大青鳥有限責任公司 (Beijing Beida Jade Bird Limited), a company incorporated with limited liability in the PRC and a promoter of the Company  |

*Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated to HK\$ at the rate of HK\$1.00 = RMB1.06. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates or at all.*

By order of the Board  
**Xu Zhen Dong**  
Chairman

Beijing, the PRC, 24 March 2005

*As at the date of this announcement, the Board comprises the following members:*

|  |          |   |
|--|----------|---|
| <i>Executive Directors</i>                     | <i>:</i> | <i>Mr. Xu Zhen Dong, Mr. Xu Zhi Xiang and<br/>Mr. Zhang Wan Zhong</i>   |
| <i>Non-executive Directors</i>                 | <i>:</i> | <i>Mr. Lo Lin Shing, Simon, Mr. Liu Yong Jin,<br/>Mr. Hao Yi Long, Mr. Wu Min Sheng and<br/>Mr. Li Li Xin</i> |
| <i>Independent non-executive<br/>Directors</i> | <i>:</i> | <i>Mr. Wang Chao Yong, Professor Nan Xiang Hao and<br/>Professor Chin Man Chung, Ambrose</i>                  |

*As at the date of this announcement, the members of the supervisory committee of the Company are Mr. Zhang Yong Li, Mr. Du Hong, Ms. Lu Qing, Mr. Li De Yong and Ms. Dong Xiao Qing.*

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