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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: 8095)

**DISCLOSEABLE TRANSACTION
RELATING TO
INVESTMENT IN A JOINT VENTURE COMPANY**

This circular will remain on the "Latest Company Announcements" page on the GEM website at www.hkgem.com for at least 7 days from the date of this circular.

19 February 2008

CHARACTERISTICS OF GEM

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DEFINITIONS

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

“Apollo Detectors”	Apollo Fire Detectors Limited, a limited company incorporated in UK and is a wholly-owned subsidiary of Halma
“Apollo Universal”	Apollo Universal Fire Detection Products Ltd., a sino-foreign joint venture limited company to be established under the PRC laws and is the subject of this transaction
“Board”	the board of Directors
“Company”	北京北大青鳥環宇科技股份有限公司(Beijing Beida Jade Bird Universal Sci-Tech Company Limited), a sino-foreign joint stock limited company incorporated in the PRC with limited liability with its H Shares listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	directors of the Company
“Disposal”	Conditional disposal of 21% equity interests in Apollo Universal by Hebei Fire Alarm to Halma pursuant to a share transfer agreement entered into between Parties on 23 January 2008
“Establishment”	the establishment of Apollo Universal pursuant to the JV Agreement
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Halma”	Halma International Limited, a limited company incorporated in the UK under the UK laws
“Hebei Fire Alarm”	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 company incorporated in PRC with limited liability and is a non-wholly owned subsidiary of the Company. It is 65.22% held by the Company
“JV”	joint venture

DEFINITIONS

“JV Agreement”	the joint venture agreement dated 23 January 2008 entered into between Hebei Fire Alarm and Halma in connection with the establishment of Apollo Universal
“Latest Practicable Date”	14 February 2008, being the latest practicable date prior to printing of this circular for ascertaining certain information contained herein
“Parties”	Hebei Fire Alarm and Halma as a whole
“Party”	Either of Hebei Fire Alarm or Halma
“PRC”	People’s Republic of China
“Registered Capital”	registered capital of Apollo Universal, being RMB50 million
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Investment”	total investment amount of Apollo Universal, being RMB50 million
“UK”	United Kingdom
“US Dollars”	United States dollars, the lawful currency of the United States of America
“Zhuolu Assets”	A factory premise with a gross area of approximately 613,000 square feet together with the land use right of the 涿鹿下路工業園 (Zhuolu Xia Lu Industrial Zone) and those plant and machinery currently used by Hebei Fire Alarm in the factory premise. The net book value of Zhuolu Assets was approximately RMB32 million as at 23 January 2008
“%”	per cent

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: 8095)

Executive Directors:

Mr. Xu Zhen Dong (*Chairman*)

Mr. Xu Zhi Xiang

Mr. Zhang Wan Zhong

Non-executive Directors:

Mr. Liu Yong Jin

Mr. Hao Yi Long

Mr. Li Li Xin

Independent non-executive Directors:

Professor Nan Xiang Hao

Professor Chin Man Chung, Ambrose

Mr. Cai Chuan Bing

Legal address:

Rooms 1117/1119

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PRC

Principal place of business

in the PRC:

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Beijing 100871

PRC

Principal place of business

in Hong Kong:

Unit 02, 7th Floor

Asia Pacific Centre

8 Wyndham Street

Central

Hong Kong

19 February 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION RELATING TO INVESTMENT IN A JOINT VENTURE COMPANY

INTRODUCTION

The Board is pleased to announce that on 23 January 2008, Hebei Fire Alarm and Halma entered into a JV Agreement pursuant to which both Parties agreed to establish Apollo Universal for the research, development, manufacture, marketing and sale of fire detection, safety and surveillance products. Among the Registered Capital of RMB50 million, Hebei Fire Alarm is required to inject RMB35 million in terms of Zhuolu Assets,

LETTER FROM THE BOARD

representing 70% of the Registered Capital. Halma is required to inject an equivalent amount of RMB15 million in terms of US Dollars cash, representing 30% of the Registered Capital. The term of Apollo Universal is 25 years starting from the date of issuance of business license. Each Party is eligible to share profits of Apollo Universal in accordance with its equity interest in Registered Capital of Apollo Universal. After completion of Register Capital contribution and inclusion of Apollo Universal in the List, Hebei Fire Alarm conditionally agrees to sell and Halma conditionally agrees to buy 21% equity interests in Apollo Universal at a consideration of RMB20 million. As the relevant size tests do not exceed 5%, the Disposal does not constitute a notifiable transaction of the Company under the GEM Listing Rules.

As the consideration test ratio exceeds 5% but is below 25%, the Establishment constitutes a discloseable transaction of the Company pursuant to Rule 19.07 of the GEM Listing Rules. It is subject to the disclosure requirements pursuant to Rule 19.34 and 19.38 of the GEM Listing Rules.

PRINCIPAL TERMS OF THE JV AGREEMENT

Basic information

Date:	23 January 2008
Name of JV:	Apollo Universal Fire Detection Products Ltd.
Parties:	Hebei Fire Alarm (a non-wholly owned subsidiary of the Company) and Halma (a wholly-owned subsidiary of Halma plc)
Scope of business:	research, development, manufacture, marketing and sale of fire detection, safety and surveillance products in the PRC and oversea markets
Registered Capital:	RMB50 million Among the Registered Capital, Hebei Fire Alarm is required to inject RMB35 million in terms of Zhuolu Assets, representing 70% of the Registered Capital. Halma is required to inject an equivalent amount of RMB15 million in terms of US Dollars cash, representing 30% of the Registered Capital
Total Investment:	RMB50 million
Term of JV:	25 years starting from the date of issuance of business license of Apollo Universal. Extension of the term of the JV is allowed after proposal by either Party and unanimous approval by the board of directors of Apollo Universal

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Registered Capital and Total Investment

Any alteration in Registered Capital must be approved by Hebei Fire Alarm and Halma unanimously and approved by corresponding Administration for Industry & Commerce and Bureau of Commerce.

Registered Capital to be contributed by Hebei Fire Alarm is payable within a period of 3 months after:

- (1) issuance of business license of Apollo Universal by State Administration for Industry & Commerce and Bureau of Commerce;
- (2) inclusion of Apollo Universal in the 消防產品生產企業名單(list of fire fighting product manufacturer) of 中華人民共和國公安部消防產品合格評定中心(China Certification Center for Fire Products of The Ministry of Public Security of the PRC) (the "List"); and
- (3) opening of foreign currency account.

Registered Capital will be settled by way of injection of Zhuolu Assets. Zhuolu Assets include a factory premise with a gross area of approximately 613,000 square feet, corresponding land use right of the 涿鹿下路工業園(Zhuolu Xia Lu Industrial Zone) with remaining period not less than 30 years and those plant and machinery currently used by Hebei Fire Alarm in the factory premise. If the final valuation of Zhuolu Assets by an independent valuer to be agreed and appointed by Parties is equal to or greater than RMB35 million, the capital contribution by Hebei Fire Alarm will be capped by this amount. On the other hand, Hebei Fire Alarm is required to make up the shortage by cash from internal source of fund within 30 working days after deadline of Registered Capital contribution by Hebei Fire Alarm if the final valuation of Zhuolu Assets is less than RMB35 million. The contributions of Hebei Fire Alarm in Total Investment and Registered Capital respectively are determined after arms-length negotiation between Hebei Fire Alarm and Halma about the size of the JV and with reference to the net book value of the Zhuolu Assets in the amount of approximately RMB32 million as at 23 January 2008. No independent valuer is appointed up to date of this circular.

Apollo Universal will be accounted for as an interest in a jointly controlled entity in the financial statements of the Group. There is no effect on the earnings and net assets of the Group immediately after the completion of the investment in Apollo Universal.

Hebei Fire Alarm has no further capital commitment to Apollo Universal.

Disposal of equity interests in Apollo Universal

In accordance with the JV Agreement, Hebei Fire Alarm conditionally agrees to sell and Halma conditionally agrees to buy 21% equity interests in Apollo Universal at a consideration of RMB20 million after completion of Registered Capital contributions by both Parties and successfulness of inclusion of Apollo Universal in the List.

LETTER FROM THE BOARD

The condition precedents for the Disposal are as follows:

- (1) the equity interests held by Hebei Fire Alarm immediately before the Disposal is without encumbrance;
- (2) Apollo Universal has obtained new 外商投資企業批准證書(Certificate of Approval for Establishment of Enterprises with Foreign Investment) whereas the terms do not amend any terms and conditions of the share transfer agreement relating to the Disposal; and
- (3) Apollo Universal has obtained new business license.

The consideration of RMB20 million is determined after arms-length negotiation between Parties and is arrived at with reference to the substantial effort Hebei Fire Alarm will take for inclusion of Apollo Universal in the List.

As a result of the Disposal, the Group's equity interests in Apollo Universal will decrease to 49% and the Group will still account for Apollo Universal as an interest in a jointly controlled entity in the financial statements of the Group. The Group will record a gain or loss on disposal with reference to the difference between the Disposal consideration amount of RMB20 million and 21% of the net assets value of Apollo Universal at completion date of Disposal. Hebei Fire Alarm intends to use RMB10 million of the proceeds from Disposal to repay its bank loans and the remaining balance for market exploration and product development. As the relevant size tests do not exceed 5%, the Disposal does not constitute a notifiable transaction of the Company under the GEM Listing Rules.

Save as disclosed above, either Party who wish to transfer all or part of its equity interest in Apollo Universal to any third party must receive prior written approval from the other Party.

The board of directors

The board of directors of Apollo Universal shall consist of four directors. Two of whom shall be appointed by Hebei Fire Alarm while two of whom shall be appointed by Halma. The chairman and deputy chairman of the board should be appointed by either Party alternatively. The first chairman of the board shall be appointed by Hebei Fire Alarm while the first deputy chairman of the board shall be appointed by Halma. The chairman of the board and the board of directors shall have a term of four years. They are eligible for re-election by the appointing Parties. After two years from the date of Establishment, those directors appointed by Halma should have the casting vote except for those resolutions required unanimous approval.

The composition of the board of directors will remain unchanged after the Disposal.

LETTER FROM THE BOARD

Profits sharing

Each Party is eligible to share profits of Apollo Universal in accordance with its equity interest in Registered Capital. Apollo Universal is mandatory to distribute 50% of its profits after tax to Parties each year.

Purchase of raw materials and work-in-progress from Hebei Fire Alarm (the “Purchase”)

After the completion of Registered Capital contributions by both Parties and the successfulness of inclusion of Apollo Universal in the List, Apollo Universal should purchase those raw materials and work-in-progress originally belongs to and held by Hebei Fire Alarm before the Establishment at original purchase price. The Purchase is a one-off transaction for the sake of a smooth migration of production and operation processes. Since the Purchase amount depends on the stock balance after completion of the above-mentioned matters, the consideration of the Purchase has not been finalised up to date of this circular. As Apollo Universal will not be a connected person nor an associate of connected person of the Company upon the Establishment, the Purchase is not subject to Chapter 20 of the GEM Listing Rules.

Others

The terms of the JV Agreement were arrived at after arm’s length negotiation between Hebei Fire Alarm and Halma. The Board (including the independent non-executive Directors) considers the terms of the JV Agreement to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION OF APOLLO UNIVERSAL

Apollo Universal is principally engaged in research, development, manufacture, marketing and sale of fire detection, safety and surveillance products. It will diversify its business both in the PRC and oversea markets.

INFORMATION OF HEBEI FIRE ALARM

Hebei Fire Alarm is principally engaged in technology research, development, manufacture and sale of fire alarm system products in the PRC.

INFORMATION OF HALMA

Halma was established as a limited liability company in the UK and principally engaged in investment holdings outside UK. It is a wholly-owned subsidiary of Halma plc which is a company incorporated in the UK and listed on the London Stock Exchange. Halma plc is principally engaged in the production and sale of products for hazard detection and life protection.

LETTER FROM THE BOARD

Save for the entering into of the JV Agreement, to the best of the Director's knowledge, information and belief having made all reasonable enquires, Halma and its beneficial owners are third parties independent of the Company and its connected persons as at the date of this circular.

INFORMATION OF THE GROUP

The Group is principally engaged in the research, development, manufacture, marketing and sale of embedded systems products, including network security products, wireless fire alarm systems and related products. The Group is also engaged in the sale of computer products and provision of total solution services through the application of its existing embedded system products.

REASONS FOR INVESTMENT IN APOLLO UNIVERSAL AND PROPOSED SUBSEQUENT DISPOSAL

Halma plc is market leaders in specialist electronic, safety and environmental technologies. It recorded a huge turnover of GBP354.6 million (equivalent to approximately RMB50.3 billion) for the year ended 31 March 2007 and had a market capitalization of approximately GBP764.8 million (equivalent to approximately RMB108.5 billion) as at 18 January 2008. Apollo Detectors, being an indirectly wholly-owned subsidiary of Halma plc, is a reputable fire detection device manufacturer in Europe and the world largest independent detectors manufacturer. Having more than 25 years of experience in product development, Apollo Detectors has developed business with many of the leading original equipment manufacturers in the market. Investment in Apollo Universal provides a good opportunity for Hebei Fire Alarm as well as the Group to enhance oversea recognition. Hebei Fire Alarm is able to enhance its product technology and improve operation through observation from, learning from, knowledge sharing with and technology exchange with Halma plc and Apollo Detectors. As Hebei Fire Alarm is allowed to sell end products of Apollo Universal in the PRC, the Group is able to raise its recognition in the PRC and share the monetary benefits through product distribution.

Halma plc would like to retain control of Apollo Universal after inclusion in the List in exchange of sharing its know-how with the Group. The Establishment enables Hebei Fire Alarm to better control the application process for such inclusion. Given that (i) Halma plc is a world famous specialist and its know-how is a valuable asset to the Group in future development; (ii) Apollo Universal is mandatory to distribute 50% of its profits after tax to Parties each year; and (iii) the Group still retains an equity interest of 49%, the Group considers it worthy to give up control in Apollo Universal and proceeds with the Disposal.

LETTER FROM THE BOARD

IMPLICATIONS UNDER GEM LISTING RULES

As the consideration test ratio exceed 5% but is below 25%, the Establishment constitutes a discloseable transaction of the Company pursuant to Rule 19.07 of the GEM Listing Rules. It is subject to the disclosure requirements pursuant to Rule 19.34 and 19.38 of the GEM Listing Rules.

As the Company will hold 70% equity interest in Apollo Universal after Registered Capital contribution, Apollo Universal falls within the definition of a subsidiary of the Company pursuant to Rule 1.01 of the GEM Listing Rules upon Establishment. After Disposal, the Company's equity interest in Apollo Universal will reduce to 49%. Apollo Universal will then fall outside the definition of a subsidiary under the GEM Listing Rules and will not be a subsidiary of the Company. No matter the classification of Apollo Universal as subsidiary or non-subsidiary of the Company under the GEM Listing Rules, Apollo Universal will be accounted for as an interest in a jointly controlled entity in the financial statements of the Company based on the fact that Hebei Fire Alarm has contractually agreed sharing of control of Apollo Universal with Halma as a result of entering into the JV Agreement and evidenced by the composition of the board of directors.

Save from the Establishment and Disposal, the Group and Halma had not involved in any other transaction within a period of 12 month period. The transaction is thus not subject to Rule 19.22 of the GEM Listing Rules.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendix to this circular.

Yours faithfully,
By order of the Board
**Beijing Beida Jade Bird Universal
Sci-Tech Company Limited**
Xu Zhen Dong
Chairman

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:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are found on bases and assumptions that are fair and reasonable.

2. DIRECTORS, SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At the Latest Practicable Date, the interests (including interests in shares and short positions) of the Directors, supervisors and chief executive in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which will be required to be notified to the Company and the Stock Exchange pursuant to: (a) Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them is taken or deemed to have taken under such provisions of the SFO); or (b) which will be required pursuant to section 352 of the SFO to be entered in the register referred to in that section; or (c) will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in ordinary shares of the Company:

	<i>Note</i>	Number of shares held, capacity and nature of beneficiary interest of a trust	Approximate % of the Company's total issued domestic share capital	Approximate % of the Company's total issued share capital
Name of director				
1. Mr. Xu Zhen Dong	(a)	205,414,000	29.34%	17.34%
2. Mr. Xu Zhi Xiang	(a)	205,414,000	29.34%	17.34%
3. Mr. Zhang Wan Zhong	(a)	205,414,000	29.34%	17.34%
4. Mr. Liu Yong Jin	(a)	205,414,000	29.34%	17.34%
Name of supervisor				
1. Mr. Zhang Yong Li	(a)	205,414,000	29.34%	17.34%
2. Ms. Dong Xiao Qing	(a)	205,414,000	29.34%	17.34%

Note:

- (a) The above directors and supervisors of the Company are taken to be interested in the issued share capital of the Company through their respective interests as beneficiaries, among other beneficiaries, of Heng Huat Trust. By a declaration of trust ("Heng Huat Trust") made as a deed on 19 July 2000, Mr. Xu Zhen Dong, Mr. Zhang Wan Zhong and Ms. Liu Yue (who has been replaced by Mr. Xu Zhi Xiang 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 477 employees of Beijing Beida Jade Bird Software System Company, Beijing Beida Jade Bird Limited, Beijing Beida Yu Huan Microelectronics System Engineering Company and Beijing Tianqiao Beida Jade Bird Sci-Tech Company Limited 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 Zhen Dong, Mr. Zhang Wan Zhong and Mr. Xu Zhi Xiang (who replaced Ms. Liu Yue as a trustee on 9 May 2003 upon Ms. Liu's resignation as a trustee on the same date) are trustees holding 60, 20 and 20 shares out of 100 shares in the issued share capital of Heng Huat.

Save as disclosed above, none of the Directors, supervisors and chief executive had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be notified pursuant to Divisions 7 and 8 of Part XV of the SFO, recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Interests in share options

As at the Latest Practicable Date, no options have been granted by the Group pursuant to the share option scheme adopted by the Company on 5 July 2000.

3. DIRECTORS' SERVICE CONTRACTS

Except for Mr. Cai Chuan Bing whose service contract with the Company commenced on 20 October 2006, each of the Directors and supervisors of the Company has entered into a service contract with the Company for a term of three years commencing from 30 June 2006 until the date of the annual general meeting to be convened in 2009.

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

4. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

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

Long positions:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Approximate % of the Company's domestic issued share capital	Approximate % of the Company's total number of issued H shares	Approximate % of the Company's issued share capital
1. Peking University	(a)	Through a controlled corporation	310,000,000	44.28%	Not applicable	26.16%
2. Beijing Beida Yu Huan Microelectronics System Engineering Company	(a)	Directly beneficially owned	85,000,000	12.14%	Not applicable	7.17%
3. Beijing Beida Jade Bird Software System Company	(a)	Directly beneficially owned	110,000,000	15.71%	Not applicable	9.28%
4. Beijing Beida Jade Bird Limited	(a)	Directly beneficially owned	115,000,000	16.43%	Not applicable	9.71%
5. Heng Huat Investments Limited	(b)	Through a controlled corporation	205,414,000	29.34%	Not applicable	17.34%
6. Dynamic Win Assets Limited	(b)	Directly beneficially owned	205,414,000	29.34%	Not applicable	17.34%
7. Mongolia Energy Corporation Limited	(c)	Through a controlled corporation	84,586,000	12.08%	Not applicable	7.14%
8. New View Venture Limited	(c)	Directly beneficially owned	84,586,000	12.08%	Not applicable	7.14%
9. Asian Technology Investment Company Limited		Directly beneficially owned	50,000,000	7.14%	Not applicable	4.22%
10. Tai Fook Securities Company Limited	(d)	Directly beneficially owned	80,800,000	Not applicable	16.67%	6.82%
11. Tai Fook Finance Company Limited	(d)	Through a controlled corporation	80,800,000	Not applicable	16.67%	6.82%
12. Tai Fook (BVI) Limited	(d)	Through a controlled corporation	80,800,000	Not applicable	16.67%	6.82%

Notes:

- (a) Peking University is taken to be interested in 26.16% of the total issued share capital of the Company through the following companies:
- (i) 85,000,000 shares (representing approximately 7.17% of the Company's total share capital) held by 北京市北大宇環微電子系統工程公司 (Beijing Beida Yu Huan Microelectronics System Engineering Company) ("**Yu Huan**"), which is beneficially wholly-owned by Peking University;
 - (ii) 110,000,000 shares (representing approximately 9.28% of the Company's total share capital) held by 北京市北大青鳥軟件系統公司 (Beijing Beida Jade Bird Software System Company) ("**JB Software**"), which is beneficially wholly-owned by Peking University; and
 - (iii) 115,000,000 shares (representing approximately 9.71% of the Company's total share capital) held by 北京北大青鳥有限責任公司 (Beijing Beida Jade Bird Limited) ("**Beida Jade Bird**"), which is approximately 46% owned by Peking University.

On 21 January 2008, the Company has been notified by Yu Huan and JB Software that both companies have been entered into share transfer agreements with 杭州北大青鳥科技有限公司 (Hang Zhou Beida Jade Bird Sci-Tech Company Limited ("**HZ Jade Bird**") a non wholly-owned subsidiary of Beida Jade Bird which is 80% beneficially owned by it, respectively on 18 January 2008 whereas both companies agreed to sell to HZ Jade Bird their entire equity interests in the Company (collectively the "**Transfers**"). The Transfers are conditional upon approvals by the board of directors of both companies and 國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council). The Transfers are not effective as at the Latest Practicable Date.

- (b) The shares of the Company are held by Dynamic Win Assets Limited, which is wholly-owned by Heng Huat.
- (c) The shares of the Company are held by New View Venture Limited, which is wholly-owned by Mongolia Energy Corporation Limited.
- (d) The shares are held by Tai Fook Securities Company Limited, which is directly wholly-owned by Tai Fook Finance Company Limited and indirectly wholly-owned by Tai Fook (BVI) Limited.

Save as disclosed above, no person, other than the Directors and supervisors of the Company, whose interests are set out in the section "Directors', Supervisors and Chief Executive's interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

5. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, the management shareholders, employees and substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the businesses of the Group, or may have any conflicts of interest with the Group pursuant to the GEM Listing Rules.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

7. GENERAL

- (a) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.
- (b) The principal place of business of the Company in the PRC is at 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC.
- (c) The place of business of the Company in Hong Kong is at Unit 02, 7th Floor, Asia Pacific Centre, 8 Wyndham Street, Central, Hong Kong.
- (d) The share register and transfer office of the Company is Hong Kong Registrars Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The compliance officer of the Company is Mr. Zhang Wan Zhong ("**Mr. Zhang**"). Mr. Zhang graduated from Peking University with a master degree in science. He held various positions in the administrative arm of Peking University including the Deputy Head of the Remote Sensing and Geographic Information System Department.
- (f) The qualified accountant and secretary of the Company is Mr. Leung Wai Man ("**Mr. Leung**"). Mr. Leung is a fellow member of The Association of Chartered Certified Accountants and an associate member of each of The Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

- (g) Pursuant to rule 5.28 of the GEM Listing Rules, the Company has set up an audit committee. In compliance with rule 5.29 of the GEM Listing Rules, the authority and responsibility of the audit committee has been properly written out. The primary duties of the audit committee are to review the financial reporting process, internal control and corporate governance issues of the Company and make relevant recommendations to the Board. The audit committee has three members, namely the three independent non-executive Directors, Professor Nan Xiang Hao (“**Prof. Nan**”), Professor Chin Man Chung, Ambrose (“**Prof. Chin**”) and Mr. Cai Chuan Bing (“**Mr. Cai**”). Prof. Nan has been awarded various science awards such as 國家科技進步二等獎 (the Second Prize of State Technological Achievement). He is currently a part-time professor in the Graduate University of Chinese Academy of Science. Prof. Chin graduated from the Department of Oriental Language and Cultures of Peking University with a master degree in Literature. He is currently a professor of the History Department of the Fudan University and a researcher of morality and religion research centre of Tsinghua University. Mr. Cai graduated from Anhui University of Finance and Trade. He is currently the chairman of the Communications Branch of the China Institute of Internal Audit. He is also an independent non-executive director of Yue Da Holdings Limited (stock code: 629) whose shares are listed on the Stock Exchange.