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## BUSINESS OBJECTIVES AND STRATEGIES

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### BUSINESS OBJECTIVES

The mission of the Group is to become one of the largest CRM outsourcing service provider for the PRC and the Group aspires to achieve the following business objectives:

- expansion of the Group's geographical coverage through the setting up of new CRM service centres and/or acquisition of existing small to medium sized CRM service centres in the PRC;
- expansion of the Group's customer base to telecommunications service providers beyond Guangdong Province, the PRC and to companies in the non-telecommunications industries; and
- to expand the Group's existing services by introducing new services to its customers such as Internet CRM services.

### BUSINESS STRATEGIES

The Group intends to implement key strategic initiatives to achieve the above business objectives in accordance with the schedule as set out in the paragraph headed "Business Plan" in this section. The key strategic initiatives which the Group plans to implement in the future are as follows:

#### Expansion of seating capacity

Currently the Group operates three CRM service centres in Guangzhou, the PRC, providing a total seating capacity of approximately 4,100 seats. As outsourcing has become the market trend, the Group plans to further expand its business and increase the Group's seating capacity to over 10,000 seats by having additional CRM service centres in the PRC through (i) the setting up of two additional CRM service centres, and/or (ii) acquisitions of small to medium sized CRM service centres in the southern, north-eastern and/or other regions in the PRC in which the Group currently has no service sites. The Group has strategically chosen the north-eastern region in the PRC as the location of its next service site to expand its business as the Group considers it will not only help to extend its geographical coverage but the presence of Korean and Japanese speaking residents in the north-eastern region may be of particular advantage when the Group enters the Korean and Japanese markets if opportunities arise. By acquiring CRM service centres in other regions of the PRC, the Group also intends to expand its geographical coverage in the PRC and provide CRM outsourcing services to customers in other provinces, one such customer being China Unicom with whom the Group shall continue to have a business relationship. At present, no specific CRM service centre has been identified for acquisition.

#### Expansion of customer base and markets

The Group plans to continuously broaden its customer base within the telecommunications industry in which the Group possesses expertise, experience and knowledge. Currently, the Group serves China Unicom, one of the leading telecommunications service providers in the PRC. The Group intends to seek more business opportunities with China Unicom for the provisions of CRM outsourcing services in the PRC other than the Guangdong Province, the PRC. In order to further broaden its customer base in the PRC, if opportunities arise in the future, the Group will participate in the bidding of CRM outsourcing service contracts from China Mobile, another leading telecommunications service provider in the PRC. The Group is also seeking further opportunities to co-operate with other telecommunications service providers in Hong Kong and other overseas countries, including Japan, Korea, Taiwan and Canada.

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In addition to maintaining a stable growth of the Group's CRM outsourcing business within the telecommunications industry, the Group also seeks to develop a customer base in other industries. With the increasing recognition of the importance of CRM, it is anticipated that demand for quality CRM outsourcing services from various other industries, including finance (banks, insurance companies, securities houses, investment funds houses), Internet, travel, medical/health, market research, retail industries, etc will increase. Currently, the Group provides CRM outsourcing services to travel, insurance, health care and information technology companies and intends to further broaden its customer base to other industries. The Group has been in contact with several non-telecommunications companies and the Directors believe that there are good chances of co-operation with these companies in the near future after the new service sites are ready for operation. Furthermore, the Group's sales and marketing department is also actively seeking opportunities to co-operate with non-telecommunications companies through various exhibitions and forums held as mentioned in the sub-section headed "Sales and Marketing" under the "Business" section of this prospectus.

The Group also plans to expand its business into overseas markets. The Group entered into a service agreement for provision of telemarketing services with Times Telecom at the end of 2006. The Directors hope that the Group can enter into overseas markets ahead of other CRM outsourcing service providers in the PRC and thus getting the first bite of these markets.

### **Continuous improvement of services to existing customers**

The Group seeks to consolidate and strengthen its existing customer base through continuous improvement of its services. As telecommunications service providers seek to transform their business model to providers of comprehensive information and value-added services, the Group plans to play an active role in their transformation by utilising its technical and service advantages, experience and know-how in the CRM outsourcing industry to assist in the business development of its customers, thereby becoming an indispensable supplier to such business operations.

The Directors believe that the Group's initiatives will allow it to offer its customers a complete spectrum of high quality customised and differentiated services that will position the Group as the leading integrated CRM outsourcing service provider to its existing customers and to potential customers in both telecommunications and non-telecommunications industries.

### **Provision of new services**

To maintain a competitive edge over other competitors in the industry, the Group is aware of the constant need to catch up with modern technology and provide innovative services to its customers. The Group is therefore constantly developing new services for its existing and potential customers.

The Group intends to launch a new super secretarial service which is based on the existing BIS services. The new super secretarial service is targeted mainly at the high end subscribers of the telecommunications customers of the Group. Each operator will only serve about one hundred subscribers, and he/she will provide services similar to a real life secretary, such as making restaurant, air ticket and hotel reservations.

As the number of Internet users has been increasing significantly in the PRC during the last couple of years, communication through the use of instant messaging systems has become a part of everyday life. The Internet also plays an important role in the marketing of products and/or

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services and has become an increasingly important channels that connects customers to businesses. The Directors believe that providing customer services through the Internet will become a significant market trend in the foreseeable future.

For the future development of the Group, the Group plans to extend its provision of CRM outsourcing services from the application of telephone calls to the Internet by developing an e-channel. Preliminary plans of the Group include the use of artificial intelligence to respond to customers' enquiries via instant messaging systems. After adding the Group's artificial operator, namely “小E ” (“Little E”) to its contact list, the customer can then enjoy this e-customer service free of charge. For example, if a customer wishes to find information on, for instance, “hotel Guangzhou”, all he/she has to do is to send an instant message to the artificial operator through the instant messaging system and the artificial operator will search the database and provide several choices to the customer in a user friendly language. If the artificial operator is unable to answer the customer's enquiry, the system will divert the message to a human operator, who will provide the solution to the customer. The human solution will then be added to the database of the artificial operator, thereby continually improving the system while directly increasing the service capacity.

Furthermore, this new service can also be provided through a webpage to facilitate the webpage owner, i.e. the company using the Internet to promote its products and/or services, to communicate directly with its potential customers, i.e. those browsing its webpage. For example, when a potential customer is browsing the webpage, a separate window will be opened through which the customer can contact the customer service representatives while at the same time the company can identify the needs of its potential customers through the same window. The Group can provide the CRM outsourcing services to companies that value direct and instantaneous communication with customers.

Providing traditional CRM customer services i.e. handling various customer enquiries and conducting telesales through the Internet has the following benefits:

- Provides personalised customer services;
- Reduces costs over providing CRM services via telephones;
- Strengthens customer relationships; and
- Maximises sales opportunities

The Directors believe that providing customer services through the Internet will become the future trend in the market and a focus of the Group. Through this new Internet CRM service, the Group can further broaden its customer base into non-telecommunications industries, e.g. restaurants, retail shops, travel agents, etc., thus reducing its current reliance on its telecommunications customers.

The Group intends to co-operate with a licensed instant messaging system service provider in the PRC in respect of the provision of CRM services through its instant messaging system. Under preliminary negotiation, the Group will pay an annual licence fee to the service provider. However, as at the Latest Practicable Date, the calculation basis of the licence fee has not yet been finalized.

## BASES AND ASSUMPTIONS

The Directors have assessed the potential of the CRM outsourcing services market and have formulated the above corporate strategies and business plans to achieve the Group's business objectives on the bases of (i) past market trend; (ii) anticipated market demand; and (iii) future growth

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of its services based on the Directors' experience and knowledge. The Directors have made the following principal assumptions in making such assessment and formulation:

### General assumptions

- (1) The Group is not materially adversely affected by any change in existing government policies or political, legal (including changes in legislations or regulations or rules), fiscal market, or economic conditions in the Cayman Islands, the PRC, Hong Kong and Macau in which the Group carries on business.
- (2) The Group is not materially adversely affected by any change in bases or rates of taxation or duties in the PRC or in any other places in which the Group operates or is incorporated.
- (3) The Group is not materially adversely affected by any change in inflation rates, interest rates or exchange rates from those currently prevailing.

### Specific assumptions

- (1) The Placing will be completed in accordance with and as described in the section headed "Structure of the Placing" of this prospectus.
- (2) The Group is not adversely affected by any of the risk factors set out in the section headed "Risk factors" of this prospectus.
- (3) There will be increasing demand for the Group's services.
- (4) The Group will not encounter any significant difficulty in recruiting and retaining sufficiently qualified personnel.
- (5) The Group will not encounter any significant problems or disruptions adversely affecting its operations or business objectives in any ways, including but not limited to:
  - failure in the Group's operation system for whatever reasons;
  - serious accidents, natural and political disasters, labour disputes, or litigation affecting the operation of the Group; and
  - any other force majeure events.

## BUSINESS PLAN

In light of the Group's objectives as described above, the Group has formulated the following business plan to implement its strategies:

### Expansion of seating capacity

#### **From the Latest Practicable Date to 31 December 2007**

In the south and north-eastern regions of the PRC, set up and commence operation of new CRM service centres through 1) the acquisition or rental of suitable land and buildings; and/or 2) the acquisition of suitable small to medium sized CRM service centres.

Purchase computers, machinery and equipment and carry out renovation of the new CRM service centres.

Recruit and train operators for the new CRM service centres.

#### **For the six months ending 30 June 2008**

Identify suitable small to medium sized CRM service centres in other regions which the Group currently has no service sites.

Continue to purchase computers, machinery and equipment for the new CRM service centres.

Continue to recruit and train new operators to optimize utilisation rate of the seating capacity of the newly set-up CRM service centres.

#### **For the six months ending 31 December 2008**

Negotiate with identified centres.

Carry out maintenance on the existing computers, machinery and equipment to optimise the operating efficiency.

Provide intensive training to all the operators to improve their operating efficiency.

#### **For the six months ending 30 June 2009**

Carry out acquisitions under reasonable terms and conditions.

Purchase new machinery and equipment and carry out renovation of the newly acquired CRM service centres.

Recruit and train operators for the newly acquired CRM service centres.

#### **For the six months ending 31 December 2009**

Commence operation of the newly acquired CRM service centre.

Upgrade computers, machinery and equipment in existing CRM service centres currently operated by the Group.

Continue to recruit and train new operators to optimise utilisation rate of the seating capacity of the newly acquired CRM service centres.

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## Expansion of customer base and markets

**From the Latest Practicable Date to 31 December 2007**

Further develop relationships with non-telecommunications companies.

Reinforce the Group's relationships with existing overseas telecommunications customers (including overseas companies in Canada) for aggressively expanding the Group's overseas business markets.

**For the six months ending 30 June 2008**

Further cooperate with non-telecommunications companies (including but not limited to the insurance, medical and pharmaceutical as well as marketing research sectors).

Expand business in regions (such as Japan, Korea Taiwan and Canada) outside China.

**For the six months ending 31 December 2008**

Further cooperate with other non-telecommunications companies (including but not limited to the aviation sector).

Continuously expand business in regions (such as Japan, Korea, Taiwan and Canada) outside China.

**For the six months ending 30 June 2009**

Further cooperate with other non-telecommunications companies (including but not limited to travel agencies, hotels and the retail sector).

Reinforce relationships with overseas telecommunications customers, expand overseas client base into non-telecommunications market and continuously develop other overseas markets.

**For the six months ending 31 December 2009**

Consolidate cooperation relationship with customers and explore further clientele cooperation opportunities.

Reinforce relationships with overseas telecommunications customers, expand overseas client base into non-telecommunications market and continuously develop other overseas markets.

## Continuous improvement of services to existing customers

**From the Latest Practicable Date to 31 December 2007**

Execute various business expansion strategies and cooperate with China Unicom in marketing CRM outsourcing services in regions outside Guangdong Province.

**For the six months ending 30 June 2008**

Increase the number of subscribers of telecommunications customers and build up customer resources through the application of CRM services for providing customers with new value-added service items.

**For the six months ending 31 December 2008**

Reinforce relationships with telecommunications operators, strive to serve more telecommunications customers and enhance customers' service satisfaction and loyalty with the use of the Group's new value-added service.

**For the six months ending 30 June 2009**

Through the cooperation with telecommunications customers and aggressive development of non-telecommunications customers as well as the support of data analysis, establish more comprehensive value-added services needed in everyday life.

**For the six months ending 31 December 2009**

With the support of data research and analysis, provide personalized value-added service in line with the preferences of general subscribers.

## Provision of new services

**From the Latest Practicable Date to 31 December 2007**

Carry out research on technology and platform for various new Internet-based CRM services.

**For the six months ending 30 June 2008**

Launch a new super secretarial service and carry out research and development on technology for supporting the Group's new services.

Launch a “小E” (“Little E”) e-channel service and enhance capability for system programming and input, and database.

Launch Internet-based conventional CRM customer services, improve Internet-based customer services, deal with technology involved therein and continue to develop new services.

**For the six months ending 31 December 2008**

Continuously develop the new super secretarial service and also carry out maintenance of product technology, implement marketing plan to attract customers.

Continuously develop the “小E” (“Little E”) e-channel service, improve system programming and input, and database as well as implement marketing activities to arouse publicity of products.

Reinforce Internet-based conventional CRM services, improve technology maintenance for Internet-based customer services, develop and retain Internet-based CRM customers.

**For the six months ending 30 June 2009**

Explore and retain customers of the new super secretarial service, arouse publicity in the consumer market and develop value-added services for products.

Expand the system database on the “小E” (“Little E”) e-channel service, implement marketing activities to arouse publicity and development of value-added services for products.

Reinforce Internet-based CRM services, improve technology maintenance for Internet-based customer services, develop and retain Internet-based CRM customers and set up a customer database.

**For the six months ending 31 December 2009**

Explore and retain customers of the new super secretarial service and launch new value-added services for products.

Explore and retain customers of the “小E” (“Little E”) e-channel service, expand the system database and promote value-added services for products.

Reinforce Internet-based CRM customer services, improve technology maintenance for Internet-based customer services on an ongoing basis, develop and retain Internet-based CRM customers, expand the customer database and carry out value-added sales with further use of customer resources.

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### USE OF PROCEEDS

The Directors consider that net proceeds from the Placing are crucial for financing the Group's business strategies and assisting the Group to consolidate its position as an active player in the CRM outsourcing services market.

The Group's future plan is to expand its business through the setting up of new CRM service centres and/or acquisition of other CRM service centres. At present, there is no definite plan or timetable for the Group's business expansion. The Directors intend to use the net proceeds of the Placing to provide fundings for the Group's capital expenditure and business expansion. The net proceeds of the Placing, after deducting related expenses of approximately HK\$25.0 million, are estimated to amount to approximately HK\$285.0 million (assuming the Over-allotment Option is not exercised). It is at present intended that the net proceeds will be applied as follows:

- Approximately 75.5% of the net proceeds, or approximately HK\$215.0 million, for the Group's business expansion, including i) the setting up of two CRM service centres; and/or ii) the acquisitions of small to medium sized CRM service centres in the PRC, in the southern, the north-east and/or other regions of the PRC in which the Group currently has no service sites.
  - (i) Setting up of a CRM service centre in the southern region of the PRC
    - approximately HK\$81 million for the acquisition of land and buildings for the CRM service centre, which is expected to occupy an area of over 12,000 square metres. However, no specific land and buildings had been identified by the Group as at the Latest Practicable Date;
    - approximately HK\$30 million for the renovation and furnishing of the CRM service centre, including approximately 5,000 work stations; and
    - approximately HK\$28 million for the purchase of equipment and facilities including exchange system, server, central network server cluster, personal computers etc.
  - (ii) Setting up of a CRM service centre in the north-eastern region of the PRC
    - approximately HK\$19 million for the acquisition of land and buildings for the CRM service centre, which is expected to occupy an area of over 5,000 square metres. However, no specific land and buildings had been identified by the Group as at the Latest Practicable Date;
    - approximately HK\$14 million for the purchase of equipments and facilities including exchange system, server, central network server cluster, personal computers etc.; and
    - approximately HK\$11 million for the renovation and furnishing of the CRM service centre, including approximately 2,000 work stations.
  - (iii) Acquisition of small to medium sized CRM service centres
    - approximately HK\$32 million for the acquisition of small to medium sized CRM service centres. However, the Group has not identified any suitable small to medium sized CRM service centres for acquisition as at the Latest Practicable Date;

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- approximately 10.8% of the net proceeds, or approximately HK\$30.8 million, for the repayment of the entire outstanding non-trade balance due to related parties of the Company;
- approximately 4.0% of the net proceeds, or approximately HK\$11.5 million, for the development of new Internet CRM services which will be the focus of the Group's future development; and
- approximately 9.7% of the net proceeds, or approximately HK\$27.7 million, for the Group's general working capital.

For the period from the Latest Practicable Date to 31 December 2009, the Group's net proceeds from Placing will be used as follows:

	From the Latest Practicable Date to 31 December 2007	For the six months ending 30 June 2008	For the six months ending 31 December 2008	For the six months ending 30 June 2009	For the six months ending 31 December 2009	Total
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)
Set up of new CRM service centres in the Southern and Northeastern region . . . . .						
— Acquisition of land and building . . . . .	99.7	—	—	—	—	99.7
— Purchase of equipment and facilities . . . . .	42.0	—	—	—	—	42.0
— Renovation and furnishing . . . . .	41.3	—	—	—	—	41.3
Acquisition of small to medium sized CRM service centers . . . . .	—	—	—	16.0	16.0	32.0
Repayment of non-trade balance due to related parties of the Company . . . . .	30.8	—	—	—	—	30.8
Development of new Internet CRM services . . . . .	—	2.4	2.4	3.3	3.4	11.5
General working capital . . . . .	—	6.9	6.9	6.9	7.0	27.7
<b>Total . . . . .</b>	<b>213.8</b>	<b>9.3</b>	<b>9.3</b>	<b>26.2</b>	<b>26.4</b>	<b>285.0</b>

Part of the additional proceeds received from any exercise of the Over-allotment Option will firstly be allocated to the general working capital up to the level so that the total general working capital is equal to 10% of the then net proceeds, with the remaining additional proceeds to be allocated to the acquisitions of small to medium sized CRM service centres under the Group's business expansion as mentioned above.

To the extent that the net proceeds from the Placing are not immediately required for the above purposes, it is the present intention of the Directors that they will be placed as short-term deposits with licensed banks in Hong Kong.

The Directors consider that the net proceeds from the Placing together with the internal resources of the Group will be sufficient to finance the implementation of the Group's business plans as set out in the paragraph headed "Business plan" in the section headed "Business Objectives and Strategies" of this prospectus. Investors should be aware that any part of the business plans of the Group may not proceed

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according to the time frame as described under the above paragraph headed “Business plan” in the section headed “Business Objectives and Strategies” of this prospectus due to various factors such as delay in development and launching of new services, delay in identifying suitable sites for CRM service centres, delay in delivery of newly acquired machinery, delay in recruiting sufficiently qualified personnel, prolonged time to identify suitable businesses for mergers and acquisitions and changes in market conditions. In such circumstances, the Directors will evaluate carefully the situation and will hold the funds as short-term deposits until the relevant business plan materializes.