

BUSINESS OBJECTIVE AND FUTURE PLANS

BUSINESS OBJECTIVE AND STRATEGIES

Our business objective is to become a significant optical fiber deployment service provider for telecommunication operators in the PRC. By adopting our business strategies set out below, we plan to strengthen our position in our home market of Hebei Province, to expand our client network through marketing efforts by our sales and marketing team and to capture business opportunities in China by recruiting more engineering professionals and establishing local teams in new markets.

We intend to achieve our business objective by adopting the following strategies:

1. ***Further strengthening our deployment services of optical fibers in the PRC***

Our deployment services of optical fibers use traditional deployment methods as well as micro-ducts and mini-cables system integration methods. The application of a combination of different deployment methods allows us to provide flexible solutions to our clients based on physical circumstances of specific projects. Our Directors believe that this advantage would allow us to seize business opportunities in the near future.

In order to maintain our competitiveness and match up with our business strategies, we intend to apply [●], in purchasing vehicles and pipe jacking machines for our deployments services of optical fibers and other equipment required for our provision of maintenance services. Besides, given that we intend to extend our deployment services of optical fibers by means of our micro-ducts and mini-cables system integration methods to those provinces or cities where we have built experimental sections in respect of micro-ducts and mini-cables system integration methods. As at the Latest Practicable Date, experimental sections were successfully built in Liaoning Province, Shaanxi Province, Beijing, Anhui Province and Jilin Province where we plan to expand our business in 2012 and we have obtained construction contracts in Liaoning Province, Shaanxi Province and Beijing.

As the implementation of the micro-ducts and mini-cables system integration methods matures in the provinces and cities referred to above, we intend to expand our business to other provinces and cities in the PRC with populations of over 500,000 from 2013 onwards. Hence, in order to explore the feasibility and lay down the business pipeline regarding our deployment services of optical fibers to other provinces and cities in the PRC after 2013, we intend to utilise [●], to build 20 experimental sections in targeted cities and provinces in the PRC.

To enhance our local presence and understanding of our clients’ needs, we intend to set up two representative offices in two of the aforesaid provinces and cities in the PRC. We also intend to expand our sales and marketing network by attending industry related conferences and tradeshow and launching marketing campaigns which include offering sponsorships to corporate events organised by telecommunication operators in the PRC to promote our corporate image. We plan to apply [●], in these two aspects, respectively.

If the results of the experimental sections are satisfactory, we intend to apply [●], to secure relevant assets or rights which are necessary for our deployment services of optical fibers by means of micro-ducts and mini-cables system integration methods so as to enhance our competitiveness in the local markets of the targeted provinces or cities. If there exists any unsatisfactory results of experimental sections in a particular location, we will reallocate the net proceeds which are originally planned to apply in such location to other locations where the experimental sections were successfully built such as Liaoning Province, Shaanxi Province, Beijing, Anhui Province and Jilin Province.

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Of [●], is planned as reserve for potential future acquisitions of companies which engage in similar business. We believe that our market position will be strengthened and our ability to fend off the competition will be enhanced through the acquisitions. At the Latest Practicable Date, our Directors confirmed that our Group has not identified any acquisition targets or entered into any agreement or negotiation nor did we have any definite plans at present in relation to any potential acquisition.

We intend to apply [●], for recruiting additional technical staff and providing training to our existing staff, as well as conducting research and development on the equipment and technologies adopted when applying the micro-ducts and mini-cables system integration methods. We also intend to apply [●], to continue exploring collaboration opportunities with different entities, such as telecommunication operators in the PRC and universities, in order to keep abreast of trends and developments of the deployment of optical fibers industry.

At present, we plan to expand our business of deployment of optical fibers by utilising an aggregate amount of [●].

2. Expanding our business of low-voltage equipment integration services in the PRC

In order to broaden the revenue stream, we acquired Shijiazhuang Qiushi on 1 March 2011, as a result of which we also provide low-voltage equipment integration services to clients such as financial institutions, governmental departments, road and transportation companies, state-owned and private companies in the PRC. Shijiazhuang Qiushi is principally engaged in the provision of low-voltage equipment integration services.

We plan to expand our business of low-voltage equipment integration services. As this business is a new addition by way of a recent acquisition, we expect to fully integrate the business to our Group in the short term and to expand our sales and marketing network for the low-voltage equipment integration services business in the long term. Currently, we intend to expand our sales and marketing network by way of promotion including attending industry related conferences and tradeshow and intend to utilise [●].