This prospectus contains forward-looking statements that include, among other things, statements of business objectives concerning the Company's data broadcasting business, expectations as to funding its capital requirements, anticipated customer demand, statements as to the revenue and profitability of the Company and other statements of expectations, belief, future plans and strategies, anticipated developments and others matters that are not historical facts. The Directors generally identify these forward-looking statements by using the words "may", "will", "expect", "continue", "believe" or similar expressions. The Directors caution potential investors that there are risks and uncertainties associated with the Company and actual events or results may differ materially from those expressed or implied by the statements.

Potential investors should carefully consider all of the information set out in this prospectus and, in particular, should consider the following risks and special considerations associated with an investment in the Company before making any investment decision in relation to the Company.

RISK RELATING TO GEM

Characteristics of GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, a company may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks attached to the emerging nature of many companies listed on GEM and the business sectors or countries in which the companies operate. 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. The greater risk profile and other characteristics of GEM mean that it is a market more likely to meet the expectations of professional and other sophisticated investors.

Prospective investors should be aware that the minimum percentage of any class of GEM-listed equity securities of a company required, at all times, to be held by the public, is lower than the equivalent provision applicable to equity securities listed on the Main Board. Accordingly, securities traded on GEM may be susceptible to greater 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.

It is emphasised that no application is being or is proposed to be made for admission of the securities of the Company to list on the Main Board at the present time.

RISK RELATING TO THE GROUP

Dependence on TV network operators and other distributors

The Group relies on TV network operators in the PRC to provide data broadcasting services via local TV networks. The Group also depends on strategically allied TV network operators and other distributors to assist it in promoting and creating demand for the Group's products and services. Sales of the Group's data broadcasting reception hardware and software and income derived from data broadcasting service subscription are dependent on a number of factors such as the number of TV network operators providing data broadcasting services, the number of data broadcasting service subscribers and the sharing ratio between the Group and the TV network operators in respect of income derived from data broadcasting service subscription. There can be no assurance that the number of local TV network operators providing data broadcasting services, the number of other distributors who promote the Group's products and services, the number of data broadcasting service subscribers, the number of purchasers of the Group's data broadcasting reception hardware and software and the income derived from data broadcasting service subscription will continue to increase or will not decrease. Nor can assurance be given on the number of local TV network operators strategically allied with the Group in the future to share income from data broadcasting service subscription or that the Group can bargain for a sharing ratio in its favour.

Competition

The Group is aware of at least two major competitors which engage in the business of broadcasting data via TV networks in the PRC and compete directly with the Group's existing VBI and FC data broadcasting business. The Company's performance and potential profitability may also be adversely affected by competition from other companies engaging in Internet and electronic information access, processing and distribution businesses, in particular, firms with better financial and technical resources and more experience in data and information broadcasting services than the Group. In addition, with the rapid growth of the Internet and development of broad-band multimedia networks, other companies may also provide access to or deliver similar products or services via online facilities. More competitors engaging in the provision of hardware and contents for data broadcasting, either local or overseas, may enter the market as demand for such products and services increases. Moreover, the PRC's entry to the WTO may bring along other foreign competitors as it is expected that customs duties on imported goods (as in the context of the Group, data broadcasting hardware or parts and components for its products) will be substantially reduced or eliminated. There can be no assurance that the Group will be able to provide the technical enhancements and new products and services to maintain or to sustain its competitive position in the data broadcasting industry.

Production of contents for data broadcasting

The Directors are of the view that a key factor affecting subscription for data broadcasting services is the contents broadcast. The Group currently provides multimedia distance education contents, electronic newspapers and magazines, real-time stock quotation, music, shareware and other contents from Internet to TV network operators. Although the Group incorporates a security control device in its reception modules and adopts the relevant application software to prevent unauthorised reception or duplication of data broadcasting contents, the Directors cannot completely rule out the possibility of such occurrence. Should there be unauthorised reception or duplication of the Group's data broadcasting contents, the Group's share of income derived from data broadcasting services subscription may be adversely affected.

During the year ended 31st December, 1998 and the six months ended 30th June, 1999, the Group incurred substantial initial costs for developing distance education contents and the relevant software including the cost for planning, sourcing and producing data broadcasting contents. Such expenditure eroded the gross and operating margins and attributed to the loss for the six months ended 30th June, 1999. The Group's gross profit margin decreased from about 24.2% to about 8.8% from the year ended 31st December, 1997 to the six months ended 30th June, 1999. The Group plans to produce multimedia distance education contents for more disciplines and professional examinations and to gather or acquire contents from various content providers. Although the Directors believe that there is a huge demand for distance education contents and other contents in the PRC and that the provision of contents will increase its share of income derived from data broadcasting services and contribute to the future profitability of the Group, there is no assurance that there will be a huge demand for the Group's contents as the Directors expect. There can be no assurance that the Group can produce, gather or acquire popular contents for its data broadcasting services.

Prohibition on certain contents for TV broadcasting

TV broadcasters in the PRC are prohibited from producing and broadcasting certain types of contents under the Regulations on Radio and Television Administration promulgated in August 1997. TV broadcasters are responsible for examining TV programmes prior to broadcast and conducting re-examination of the programmes prior to re-broadcast. Details of such prohibited programmes are set out in the paragraph headed "TV broadcasting in the PRC" in the section headed "Industry Overview" in this prospectus. Should the TV broadcasters broadcast prohibited programmes, they may be subject to penalties stipulated in the Regulations on Radio and Television Administration, including but not limited to a fine or revocation of their licences. The TV broadcasters who broadcast prohibited programmes instead of the Group would have to bear the legal consequence. Should the TV broadcasters refuse to adopt and broadcast the contents for data broadcasting sourced and produced by the Group, the Group's result may be adversely affected. The Group's cooperative agreements with various TV network operators do not provide for any indemnity to TV network operators for consequences resulting from the breach of the Regulations on Radio and Television Administration.

Drop in price of reception modules

The Group constantly reviewed and if necessary, revised its pricing and marketing strategies in order to improve price competitiveness and the market share of the Group's reception modules. Such strategies include the downward adjustment of the selling prices of its products. For the two years ended 31st December, 1998 and the six months ended 30th June, 1999, the average selling price of the Group's reception modules, namely the PC plug-in boards, dropped by 27.9% from about $398 per unit to about $287 per unit. So far as known to the Directors, some PC plug-in boards of other companies are fungible with the Group's PC plug-in boards products. Since the sales of reception modules is one of the major sources of the Group's income, the turnover and profitability of the Group may be adversely affected should the average selling price of the Group's reception modules continue to fall as a result of keener market competition and should the Group fail to reduce the relevant production cost.

Sale of TV set top boxes

The Group intends to market its financial TV set top boxes and multimedia TV set top boxes in late January 2000 and February 2000 respectively. Accordingly, the Group's TV set top boxes have virtually no history upon which market acceptance can be evaluated. While the Directors expect that the sales of TV set top boxes will become one of the Group's major sources of income, there is no assurance that such expectation will materialise.

Purchases and supplies for reception modules

Before the establishment of Tiancai Network in June 1999, the Group's data broadcasting business division did not have any rights under PRC law to import parts and components required for the production of the Group's reception modules and all such parts and components had to be sourced from local distributors in the PRC. The Group has experienced some difficulties in sourcing hardware components for the production of its PC plug-in boards before the establishment of Tiancai Network which was mainly attributable to inadequate supplies from local distributors.

Although the Group can source hardware components from overseas suppliers directly following the establishment of Tiancai Network, there is no assurance that the Group can source the required parts and components from both local and overseas suppliers, and if it can, in a timely manner.

Patents and proprietary rights

The Group relies upon patents, copyrights, trademarks and trade secret laws and will also rely upon confidentiality and non-disclosure agreements and other measures to establish and protect its proprietary rights to its technologies, products and services. Such protection may not be able to preclude competitors from infringing the Group's intellectual property rights in its technologies, products and services. There can also be no assurance that other companies engaging in the data broadcasting industry will not obtain patents similar to or challenge the patents obtained by the Group. Since patent applications for utility models and designs in PRC are maintained in secrecy until the patents are granted and publication of inventions tends to lag behind actual discoveries, there can be no assurance that the Group's technology, which evolved from CCST, will not infringe patents or proprietary rights of other companies engaging in the data broadcasting industry nor that the Group can obtain patents or licences in respect of its proprietary rights. Any litigation to determine the validity of any third parties' claims could result in significant expenses to the Group, adversely affect operating results of the Group and divert the efforts of the Group's technical and management personnel. Although the Group is not aware of any pending or threatened litigation relating to such matters as of the Latest Practicable Date, in the event that any such litigation is resolved against the Group, the Group would have to employ significant resources in developing new or non-infringing technology or obtaining licences to the disputed technology. There can be no assurance that the Group would succeed in such development.

In developing the Group's technologies, products and services, the Group has used various technologies or know-how which it believes are in the public domain, licensed to the Group or it otherwise has the right to use. There can be no assurance, however, that third parties will not institute patent or other intellectual property infringement claims against the Group with respect to such technologies, products and services.

To the best knowledge of the Directors, the Group has not infringed any other registered patent in the PRC.

Potential product liability

The production and sale of any product in the PRC must abide by the Law of the PRC on Product Quality which came into force in September 1993. A seller shall be responsible for the repair, replacement or return of the product if the product does not carry the functions it should have without any prior indication being given or does not conform to the product standard or the quality indicated on the product or the sample. If a substandard or defective product causes physical injury to other person or damage to other property, the victim may claim compensation from either the seller or the producer. If the defect is attributable to the producer or the supplier, the seller shall have the right to recover his losses from the producer or the supplier. The producer however will not be liable if the product has not been put into circulation, the defect does not exist when the product is put into circulation or the defect is not detectable in the light of the scientific or technological level at the time the product is put into circulation.

The Group maintains a product liability insurance for an annual aggregate amount of up to RMB2,000,000 (approximately $1,869,159) to protect the Group against claims resulting from defective products since September 1999. A premium of RMB4,000 (approximately $3,738) per annum is paid on the product liability insurance cover. As at the Latest Practicable Date, the Group has not received any claim for product liability. Therefore, the Directors are currently of the view that the present product liability insurance coverage maintained by the Group is adequate. The aggregate value of defective goods returned for repair during the two years ended 31st December, 1998 and the six months ended 30th June, 1999 amounted to less than 0.1% of the turnover of the Group for each of the respective periods. Although the Group has not received any product liability claim as of the Latest Practicable Date, in the event of any such claim, the Group would have to incur significant expenses in defending the claim and/or paying compensation. There can be no assurance that the Group shall be able to recover such expenses from the relevant manufacturer.

There can be no assurance that the products and services provided by the Group will not cause any damage or loss to the properties or the businesses of the users or the customers.

Relationship with Genius

The Group's PC plug-in boards have been marketed under the "天財" trademark of Genius in the past. Under a licence agreement dated 8th January, 2000 between Genius and Tiancai Network, Genius has granted to Tiancai Network the rights to use the "天財" trademark free of charge for so long as Genius holds 20% or more interest in Tiancai Network. For confidentiality reasons, the Group will, pursuant to a processing agreement dated 8th January, 2000 between Genius and the Group, contract only with Genius for the processing and assembly of the Group's TV set top boxes.

Genius has, pursuant to a letter of undertaking, undertaken to Tiancai Network that so far as Genius' interest in Tiancai Network remains not less than 20%, Genius and its subsidiaries will not engage or participate at any time or in any place, either directly or indirectly, in businesses that are the same or similar in nature to the businesses of the Group. Genius has not given any undertaking not to dispose of its interest in Tiancai Network.

Should Genius reduce its interest in Tiancai Network to less than 20% or there be any change in the relationship between the Group and Genius, the Group's operation may be impaired and the Group's profitability may in turn be adversely affected.

Dividend policy

As the data broadcasting business of the Group is still in the growing stage, the Company currently does not anticipate paying dividends in the foreseeable future.

Year 2000 issue

The year 2000 problem arises primarily because computer data storage had been expensive in the past. Some system engineers tended to use only two digits to represent year in databases to save storage space, resulting in incorrect calculations or system failure in any computer or automated systems with time-sensitive functions for year 2000 and beyond. Though the Group's products are designed and tested for year 2000 compliant, there is no assurance that all future products produced or distributed by the Group will be year 2000 compliant and the Group will be immune from non-compliance claims. The Group has not taken out any insurance policy against such claims.

In addition, if the Group's suppliers, manufacturing and processing agents, authorised distributors, or strategically allied TV network operators fail in tackling the year 2000 problem, the operation and the profitability of the Group may be adversely affected.

Business objectives and future performance

The Group started to commercialise its data broadcasting technology in August 1997. Accordingly, the Group only has a limited operating history upon which the evaluation of its prospects can be made. The business objectives as set out in the sub-sections headed "Business objectives" and "Statement of business objectives" under the section headed "Future plans and prospects" in this prospectus represent the targets, objectives and future plans of the Group. The Directors set those targets, objectives and plans in the light of the existing plans of the Group and on the assumptions more particularly described in the sub-section headed "Statement of business objectives" under "Future plans and prospects" section in this prospectus. Such targets, objectives and plans are by their nature subject to uncertainty. The Group's actual course of business may vary from the business objectives set out in this prospectus. There can be no assurance that the plans of the Group will materialise in accordance with the expected timeframe or the objectives of the Group will be fully accomplished if at all.

For the two years ended 31st December, 1998, the Group recorded (loss)/profit before taxation of about $(127,000) and $729,000 respectively. A major part of the Group's income and profits is derived from the sale of reception modules for which the Group has not secured any long-term contract even though the Directors has set certain relevant objectives for the 36 months ending 31st December, 2002. For this reason, the Directors do not have a reliable basis to prepare a profit forecast to the level of accuracy and reasonableness required for the inclusion of the same in this prospectus. Accordingly, no profit forecast has been included in this prospectus. There can be no assurance that profit will be made or whether loss will be suffered by the Group in the future.

RISK RELATING TO THE INDUSTRY

Technological change and evolving industry standards

The information technology industry is a new and fast developing industry and is characterised by rapidly changing technology, evolving industry standards, emerging competition and frequent introductions of new products and services. The prospects for the data broadcasting industry must be weighed against the substantial inherent risks, expenses and difficulties of the industry. These risks include competition from other companies engaging in the data broadcasting industry or from the Internet or other information technology services industries, changing technology and evolving industry standards including any broad-band multimedia networks which may be launched in the PRC, changing user demand for data broadcasting services and general economic conditions in the PRC. If companies in the information technology services industry do not keep up with continuous technological changes, they may find it difficult to compete with others who are able to keep abreast of the changes. There is no assurance that the Group will be able to identify market and technological trends in the future.

The Company believes that its competitiveness is also dependent upon the continued compatibility of its products with architectures offered by other companies. SARFTV has appointed the Broadcasting Technology Institute (廣播科學研究院) to set the industry standards for VBI data broadcasting in the PRC, details of which have been set out in the sub-section headed "Development of data broadcasting in the PRC" in the "Industry Overview" section of the prospectus. As at the Latest Practicable Date, the Directors are not aware of any industry standard which has been set for data broadcasting in the PRC. Although the Group intends and strives to set the industry standards for data broadcasting in the PRC, the Company can give no assurance that any international, local or industry standards will be established or that, if they are established, the Group will be able to conform to these new standards in a timely fashion or maintain a competitive position in the market.

The introduction of new products or services by the Group or its competitors and any change in industry standards could cause customers to defer or cancel purchases of existing products or services, which could have a material adverse effect on the Group's business, financial condition and results of operation. The failure of the Group to anticipate the prevailing standards or the lack of common standards in the data broadcasting industry, could have a material adverse effect on the Group's business and results of operation. In addition, services or technologies developed by others could render the Group's services or technology uncompetitive or obsolete. The Group is vulnerable to significant loss due to misinterpretation of the market condition.

Market acceptance and expectation in the continued growth in demand

Data broadcasting is a new medium in the PRC. Accordingly, there can be no assurance as to the level of market acceptance for data broadcasting services in the PRC. The Directors consider that there are various unfavourable factors influencing the industry. In some regions, TV networks are monopolised or controlled by the major local TV network operators. Furthermore, some TV network operators are less receptive to new technologies, such as data broadcasting. The Group may encounter difficulties in the negotiation with such TV network operators in relation to the allocation of TV channel resources. In addition, like all other information technology services businesses, the data broadcasting business is characterised by rapidly changing technology, evolving industry standards and frequent introduction of new products and services. If the market acceptance or growth in demand for data broadcasting services does not match with the expectation of the Directors as detailed in the section headed "Future plans and prospects" in this prospectus, the performance and the profitability of the Group may be adversely affected.

Shortage of competent personnel

One of the factors contributing to the Group's success is its ability to retain and recruit competent personnel. There is an overall shortage of competent personnel in various areas in the information technology services industry including the data broadcasting industry in the PRC. There is a risk that the continued shortage of competent personnel and the lack of professional intelligence in the information technology services industry may hinder the development of the business of the Group in the future.

RISK RELATING TO THE PRC

As all of the Group's business is conducted in the PRC, the Group's profitability, financial position and prospects may be affected by the economic, political and legal developments in the PRC.

Political and economic considerations

The PRC economy has traditionally been a planned economy according to a series of annual and five-year national development plans adopted by the PRC government. Although the PRC government has, since 1978, adopted an open-door policy, its policies relating to the PRC's economy, such as currency conversion, taxation, import restrictions and the trading of imported goods, may have a significant impact on the overall economy. Companies engaged in related businesses in the PRC may also be affected. Such reforms have resulted in significant economic growth and social progress and have also led to an increasing demand for information technology. However, many of the reforms are unprecedented or experimental and are expected to be refined and improved. Other political, economic and social factors may also lead to further re-adjustment of the reform measures. This refinement and re-adjustment process may not always have a favourable impact on the Group's operations. If there is any change in the PRC political, economic and social conditions, any change in the policy of the PRC government such as changes in the law and regulations and their interpretation, the introduction of measures to control inflation and changes in the rate or method of taxation or tightening of bank's credit rates, the Group's business could be adversely affected.

Currency conversion in the PRC

RMB is not at present freely convertible. Prior to 1st January, 1994, all foreign exchange transactions involving RMB in the PRC were placed through the People's Bank of China (the "**PBoC**") or other authorised financial institutions at the official exchange rate set by the State Administration of Foreign Exchange (the "**SAFE**", previously known as the PRC State Administration of Exchange Control). RMB could also be converted at swap centres established by SAFE ("Swap Centres"), which were open to PRC enterprises and foreign investment enterprises, at exchange rates largely determined by the actual demand and supply of foreign currency in the PRC. Transactions effected through Swap Centres were subject to SAFE approval. The exchange rate quoted by SAFE generally differed from the exchange rate quoted by the Swap Centres.

On 1st January, 1994, the PRC government abolished the two-tier system of exchange rate between RMB and foreign currencies by adopting a unified floating exchange rate system largely based on market demand and supply. Under the unified system, the PBoC publishes a daily exchange rate for RMB (the "**PBoC Exchange Rate**") based on the previous day's dealings in the inter-bank foreign exchange market. Financial institutions authorised to deal in foreign currency may enter into foreign exchange transactions at exchange rates within an authorised range above or below the PBoC Exchange Rate according to the market conditions.

Since 1996, a number of rules, regulations and notices (the "**Policies**") have been issued by the PRC government which are designed to provide for greater convertibility of the RMB. Under the Policies, a foreign investment enterprise ("**FIE**") must now establish a "current account" and a "capital account" with a bank authorised to deal in foreign exchange. In addition, the Policies also give the SAFE the authority to deal in foreign exchange and to determine the maximum amount of foreign exchange an FIE may maintain in its current account in accordance with the paid-up capital of the FIE and its need for foreign currency working capital. Any foreign currency balance in the current account in excess of the maximum limit determined by the SAFE are required to be sold either to a bank authorised to conduct foreign exchange business or, prior to 1st December, 1998, through a foreign exchange swap centre. With effect from 1st July, 1996, FIEs may exchange RMB for foreign currency at authorised banks without any need for prior approval from SAFE if such funds are in respect of current account items. There can be no assurance, however, that these Policies will not be revoked or amended.

"Current account items" include dividends and other forms of profits distribution to foreign investors in the FIEs. Pursuant to the Policies and subject to the payment of applicable taxes, FIEs may distribute dividends in foreign currency either by distributing foreign currency funds balances maintained in their current accounts or by exchanging RMB dividends into foreign currency through authorised banks. The FIE must, however, present to the authorised banks the resolution of its board of directors authorising the distribution of profits.

"Capital account items" include the foreign currency capital of an FIE, the repayment of the principal amount of foreign currency loans and any payment pursuant to foreign currency guarantees. The transfer or disposal of foreign currency capital in the FIEs and the remittances of foreign investment funds out of the PRC will require prior approval of the SAFE.

As from 1st December, 1998, Swap Centres became restricted to conducting foreign exchange transactions between authorised banks and inter-bank lending between PRC banks and are no longer available to FIEs to exchange their RMB into foreign currencies. Instead, FIEs are required to conduct all their foreign exchange transactions through authorised banks. Apart from the change of function of Swap Centres, the procedures and requirements for exchanging RMB into foreign currencies remain unchanged.

The Group may need foreign exchange for payment of dividends or for purchases of parts and components for its products in the future. Any change in the procedures and requirements in relation to the exchange of RMB into or from foreign currencies may impair the operations of the Group.

Exchange rate of RMB

The Group sells all of its products and services to PRC customers and sources various imported components for its production from domestic distributors. Accordingly any fluctuations in the exchange rate of RMB may directly affect the price of imported components and hence the Group's operating margin. On the other hand, fluctuations in the exchange rate may affect the purchasing power of the existing and potential customers in the PRC, which will in turn affect the turnover and operating margin of the Group. In addition, the Group's results in the future may also be affected by fluctuations in the exchange rate of RMB as revenue generated and expenses incurred by the Group are expected to be predominantly denominated in RMB which will then be translated to $ at the applicable rates of exchange. However, there can be no assurance of the stability of the exchange rate of RMB in the future.

Legal and other regulatory considerations

In the PRC, TV broadcasting is administrated by the MII and SARFTV and governed by the Regulations on Radio and Television Administration promulgated in August, 1997. Please refer to the section headed "Industry Overview" below for details of the Regulations on Radio and Television Administration. Save for the restrictions under the Regulations on Radio and Television Administration in respect of the broadcasting of TV programmes through TV networks, there are currently no laws, regulations or governmental guidelines in the PRC that regulate the data broadcasting industry. If there is any change in the laws, regulations or governmental guidelines in the PRC in relation to the data broadcasting industry in the future, the Group's business could be adversely affected.

WTO

A bilateral World Trade Organisation agreement ("WTO Agreement") was entered into between the PRC Government and the U.S. Government on 15th November, 1999. It is believed that the WTO Agreement will pave the way for PRC to enter WTO. However, the PRC Government has yet to complete negotiations with other WTO members. Pursuant to the WTO Agreement, the overall tariffs of PRC will fall to an average of about 17%. The PRC's entry to the WTO may bring along other foreign competitors which in turn may adversely affect the profitability of the Group as it is expected that customs duties on imported goods (as in the context of data broadcasting industry, data broadcasting hardware or parts and components therefor) will be substantially reduced or eliminated.

Taxation

Pursuant to the Income Tax Law of the PRC for enterprises with foreign investment and foreign enterprises, together with the Detailed Implementation Rules and Regulations for implementation of the Income Tax Law of the PRC for enterprises with foreign investment and foreign enterprises (collectively the "Income Tax Law"), Tiancai Network is subject to an income tax rate of 33%. Pursuant to an approval document issued by Tianjin High-tech Industry Park State Tax Bureau, Tiancai Network enjoys preferential tax treatment, whereby it is exempted from income tax for the first two profit-making years of operation and a 50% reduction in the income tax for the next three years.

There is no assurance that there will be no change in the future in respect of the current preferential tax treatment enjoyed by the Group, which changes may adversely affect the profitability of the Group.

OTHER RISKS

Dilution

The Placing Price per Share is substantially higher than the adjusted net tangible assets per Share of approximately 3.3 cents prior to the Placing (based on the adjusted net tangible assets of approximately $1,437,000 before adjustment of net proceeds of the Placing and a total of 42,975,000 Shares immediately after the Capitalisation Issue). Accordingly, subscribers of Placing Shares in the Placing at the minimum Placing Price of $1.18 per Share will incur an immediate dilution of 80 cents per Share or 67.8% to 38 cents after the Placing. Please refer to the subsection headed "Adjusted net tangible assets" under the section headed "Financial information" in this prospectus.

Active trading market and fluctuation in trading price for the Shares

There has been no public market for the Shares prior to the listing of the Shares on GEM. The Placing Price will be determined by negotiation between the Company and Oriental Patron taking into consideration a number of factors including the prevailing market conditions, the market value of publicly traded companies that the Company and Oriental Patron believe are comparable to the Company, the state of the Company's development and its financial condition, the history of and prospects for the Company's data broadcasting business and the data broadcasting industry in the PRC, the prospects for future revenues and earnings of the Company and other factors deemed relevant. The Placing Price may not be indicative of the price at which the Shares will be traded following their listing on GEM.

In addition, no assurance can be given that an active trading market for the Shares will develop, or if it does develop, will sustain following the listing of the Shares on GEM or that the market price will not fall below the Placing Price.

The trading price of the Shares could also be subject to significant volatility in response to, among other factors:

- investors' perception of the Company and investments relating to the PRC;
- development of the data broadcasting industry;
- fluctuation in the Group's operating results;

- announcement of new products and services;
- technological innovations;
- changes in pricing of the Group, its competitors or providers of alternative services;
- the depth and liquidity of the market for the Shares; and
- general economic or other factors.

Minimum subscription

The Placing is not underwritten and is conditional upon, among other things, a minimum amount of $35.4 million being raised under the Placing and the relevant consideration being received before the commencement of dealings in the Shares on GEM. The Placing will not proceed if this condition is not fulfilled on or before 21st January, 2000 or such later date as may be agreed by Oriental Patron and the Company (in case the Placing Price is not determined on or before 17th January, 2000), but in any event not later than 8th February, 2000.