

STATEMENT OF ACTIVE BUSINESS PURSUITS

The table below sets out the statement of active business pursuits of the Group for the 26-month period immediately preceding the date of this prospectus:

	1/11/97 – 31/12/97	1/1/98 – 30/6/98	1/7/98 – 31/12/98	1/1/99 – 30/6/99	1/7/99 – Latest Practicable Date
SALES	<ul style="list-style-type: none"> Launched VBI data broadcasting PC plug-in board model I 		<ul style="list-style-type: none"> Launched VBI data broadcasting PC plug-in board model II Launched VBI data broadcasting PC plug-in board model III Launched multimedia broadcasting access software version 1 Started to generate income from provision of system integration, technical support and consultancy service Started to generate income derived from data broadcasting subscription 	<ul style="list-style-type: none"> Launched FC data broadcasting PC plug-in board model IV Launched multimedia broadcasting access software version 2 	<ul style="list-style-type: none"> Launched FC data broadcasting PC plug-in board model V Launched multimedia broadcasting access software version 3
<i>Reception modules</i>					
<ul style="list-style-type: none"> PC plug-in board 	480 units	5,659 units	13,416 units	12,714 units	approximately 25,000 units
<ul style="list-style-type: none"> Client base (in terms of sales): — Retail clients — Distributors — TV network operators 	0.0%	0.0%	28.6%	10.9%	approximately 0.6%
	93.1%	50.1%	58.1%	27.7%	approximately 72.4%
	6.9%	49.9%	13.3%	61.4%	approximately 27.0%
<ul style="list-style-type: none"> Geographical distribution for sales of reception modules (in terms of sales) 					
<i>(Note):</i>					
— Northern PRC	84.8%	14.6%	44.0%	43.0%	approximately 46.6%
— Northern-eastern PRC	0.0%	25.5%	8.0%	11.0%	approximately 11.0%
— Northern-western PRC	0.0%	0.0%	0.0%	0.5%	approximately 0.8%
— Eastern PRC	1.6%	31.5%	31.5%	36.8%	approximately 31.0%
— Mid-south PRC	13.6%	19.6%	5.8%	3.2%	approximately 6.8%
— Southern-western PRC	0.0%	8.8%	10.7%	5.5%	approximately 3.8%
<i>Software</i>	245 sets	1,086 sets	7,741 sets	5,967 sets	approximately 10,000 sets
<i>Income derived from data broadcasting subscription</i>					
<ul style="list-style-type: none"> additional subscribers Total subscribers 	—	—	2,653	687	approximately 2,460
	—	—	2,653	3,340	approximately 5,800
<i>Notes:</i>	<ul style="list-style-type: none"> — Northern PRC covers Beijing, Tianjin, provinces of Hebei and Shanxi and Inner Mongolia autonomous region — Northern-eastern PRC covers provinces of Liaoning, Jilin and Heilongjiang — Northern-western PRC covers provinces of Shaanxi, Gansu, Qinghai, and autonomous regions of Ningxia and Xinjiang — Eastern PRC covers Shanghai provinces of Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi and Shandong — Mid-south PRC covers provinces of Henan, Hubei, Hunan, Guangdong and Hainan, and Guangxi autonomous region — Southern-western PRC covers Chongqing, provinces of Sichuan, Guizhou and Yunnan, and Tibet autonomous region 				

	1/11/97 – 31/12/97	1/1/98 – 30/6/98	1/7/98 – 31/12/98	1/1/99 – 30/6/99	1/7/99 – Latest Practicable Date
STRATEGIC ALLIANCE		<ul style="list-style-type: none"> Began to establish strategic alliance with TV network operators extensively 	<ul style="list-style-type: none"> Continued to establish strategic alliance with TV network operators Signed first cooperative agreement with a cable TV operator to develop FC data broadcasting 	<ul style="list-style-type: none"> Continued to establish strategic alliance with TV network operators 	<ul style="list-style-type: none"> Began to sign cooperative agreements with TV network operators extensively Strategically allied with 8 contents providers
<i>Number of strategically allied TV network operators:</i>					
<ul style="list-style-type: none"> New (with and without cooperative agreements) 	1	10	30	31	31
<ul style="list-style-type: none"> Total (with and without cooperative agreements) 	1	11	41	72	103
<ul style="list-style-type: none"> Under cooperative agreements which provides for sharing of income derived from data broadcasting service subscription 	1	1	2	3	14
MARKETING					
<i>Sales and after sales network</i>	<ul style="list-style-type: none"> Engaged 3 authorised distributors 	<ul style="list-style-type: none"> Engaged a total of 21 authorised distributors 	<ul style="list-style-type: none"> Engaged a total of 39 authorised distributors 	<ul style="list-style-type: none"> Engaged a total of 63 authorised distributors 	<ul style="list-style-type: none"> Engaged a total of 75 authorised distributors Engaged 5 authorised distributors as sales and after sales services representatives of the Group
<i>Promotion activities and marketing campaigns</i>	<ul style="list-style-type: none"> Advertised on TV 	<ul style="list-style-type: none"> Advertised on TV 	<ul style="list-style-type: none"> Advertised on TV and in a newspaper Started to adopt bundle sale scheme to boost sales of PC plug-in board i.e. bundle PC plug-in boards with stock analysis software 	<ul style="list-style-type: none"> Advertised on TV and a newspaper Started to give out free of charge multimedia broadcasting access software with each purchase of PC plug-in board 	<ul style="list-style-type: none"> Advertised on TV and newspaper Debuted the prototype of the multimedia TV set top box in a trade exhibition
<i>Market research</i>	<ul style="list-style-type: none"> Conducted research on demand for real-time stock quotations service based on VBI data broadcasting Reviewed market positioning and pricing policies 	<ul style="list-style-type: none"> Conducted research on the trend of development of cable TV networks and application of data broadcasting 	—	<ul style="list-style-type: none"> Conducted research on the potential of FC data broadcasting 	<ul style="list-style-type: none"> Conducted research on the status of cable TV network operators Conducted research on preferences to contents

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OPERATION & PRODUCTION					
<i>Transmission modules</i>		<ul style="list-style-type: none"> Implemented first VBI data broadcasting transmission module on Shandong Satellite TV Network Contributed 10 new and free transmission modules for VBI data broadcasting to TV network operators and financial information providers 	<ul style="list-style-type: none"> Contributed 30 new and free transmission modules for VBI data broadcasting to TV network operators 	<ul style="list-style-type: none"> Implemented first FC data broadcasting transmission module on Tianjin Cable TV Network Contributed 31 new and free transmission modules for VBI data broadcasting and 1 free transmission module for FC data broadcasting to TV network operators 	<ul style="list-style-type: none"> Provided 11 new and free transmission modules for FC data broadcasting to TV network operators Contributed 31 new and free transmission modules for VBI data broadcasting to TV network operators
<i>Reception modules</i>	<ul style="list-style-type: none"> Contracted 1 manufacturer for processing/assembly of PC plug-in boards (Note 1) 	<ul style="list-style-type: none"> Contracted 1 manufacturer for processing/assembly of PC plug-in boards (Note 1) 	<ul style="list-style-type: none"> Contracted 3 manufacturers for processing/assembly of PC plug-in boards (Note 2) 		<ul style="list-style-type: none"> Contracted 2 manufacturers for processing/assembly of PC plug-in boards
<ul style="list-style-type: none"> Number of Reception modules produced — PC plug-in boards 	1,000 units	7,000 units	25,000 units	— units	30,000 units
<i>Contents for data broadcasting</i>		<ul style="list-style-type: none"> Provided real-time stock quotations for data broadcasting Teamed up with Tianjin Cable TV Network to produce distance education contents 	<ul style="list-style-type: none"> Provided distance education contents to Tianjin Cable TV Network based on VBI data broadcasting 	<ul style="list-style-type: none"> Provided distance education contents to Tianjin Cable TV Network based on FC data broadcasting Provided contents such as electronic newspapers, shareware and miscellaneous information to Tianjin cable TV Network 	<ul style="list-style-type: none"> Provided contents such as selected contents from the Internet to Tianjin cable TV Network

Notes:

- The manufacturer is an associate of Tiancai University.
- The Group started to engage 2 new manufacturers (to replace another manufacturer being an associate of Tiancai University) during this period, thus the total number of manufacturers in this period (comprise 2 new manufacturers and 1 old manufacturer) is higher than that in the subsequent period.

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RESEARCH & DEVELOPMENT					
<i>Transmission modules</i>	<ul style="list-style-type: none"> Researched and developed PC-based data broadcasting system 	<ul style="list-style-type: none"> Developed VBI data broadcasting transmission module model I 	<ul style="list-style-type: none"> Started to research and develop FC data broadcasting system Developed VBI data broadcasting transmission module model II 	<ul style="list-style-type: none"> Developed first FC data broadcasting transmission module model I Developed VBI data broadcasting transmission module model III 	<ul style="list-style-type: none"> Invited to attend an industry forum regarding the setting up of industry standards for VBI data broadcasting in the PRC Developed FC data broadcasting transmission module model II Developed VBI data broadcasting transmission module model V
<i>Reception modules</i>	<ul style="list-style-type: none"> Developed VBI data broadcasting PC plug-in board model I 		<ul style="list-style-type: none"> Started to research and develop FC data broadcasting system Developed VBI data broadcasting PC plug-in board model II Developed VBI data broadcasting PC plug-in board model III 	<ul style="list-style-type: none"> Developed FC data broadcasting PC plug-in board model IV Started to research and develop TV set top boxes 	<ul style="list-style-type: none"> Developed FC data broadcasting PC plug-in board model V Developed financial TV set top box model I Developed multimedia TV set top box model I
<i>Software</i>		<ul style="list-style-type: none"> Researched and developed distance education software based on data broadcasting 	<ul style="list-style-type: none"> Developed multimedia broadcasting access software version 1 	<ul style="list-style-type: none"> Developed multimedia broadcasting access software version 2 	<ul style="list-style-type: none"> Developed multimedia broadcasting access software version 3
<i>Contents for data broadcasting</i>		<ul style="list-style-type: none"> Developed real-time stock quotations system for data broadcasting 	<ul style="list-style-type: none"> Developed distance education contents for VBI data broadcasting 	<ul style="list-style-type: none"> Developed distance education contents for FC data broadcasting 	
PURCHASES & SUPPLIES					
<i>Transmission modules</i>	<ul style="list-style-type: none"> Purchased parts and components from 1 hardware dealer 	<ul style="list-style-type: none"> Purchased parts and components from 1 hardware dealer 	<ul style="list-style-type: none"> Purchased parts and components from 1 hardware dealer 	<ul style="list-style-type: none"> Purchased parts and components from 1 hardware dealer 	<ul style="list-style-type: none"> Purchased parts and components from 3 hardware dealers
<i>Reception modules</i>	<ul style="list-style-type: none"> Purchased parts and components from 13 distributors 	<ul style="list-style-type: none"> Purchased parts and components from 18 distributors 	<ul style="list-style-type: none"> Purchased parts and components from 22 distributors 		<ul style="list-style-type: none"> Purchased parts and components from 20 distributors
<i>Software</i>	<ul style="list-style-type: none"> Acquired software from 3 software suppliers for resale 	<ul style="list-style-type: none"> Acquired software from 3 software suppliers for resale 	<ul style="list-style-type: none"> Acquired software from 3 software suppliers for resale 	<ul style="list-style-type: none"> Acquired software from 3 software suppliers for resale 	<ul style="list-style-type: none"> Acquired software from 3 software suppliers for resale
<ul style="list-style-type: none"> <i>Number of Stock analysis software purchased</i> 	316 sets	1,251 sets	7,908 sets	6,019 sets	approximately 10,000 sets

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SOURCING OF CONTENTS		<ul style="list-style-type: none"> Acquired education contents for 7 subjects for each of the 6 grades of secondary education 	<ul style="list-style-type: none"> Continued to acquire education contents for secondary education 	<ul style="list-style-type: none"> Sourced contents such as electronic newspapers, shareware and selected contents from the Internet 	<ul style="list-style-type: none"> Sourced contents such as electronic newspapers, shareware and selected contents from the Internet Strategically allied with 4 content providers Applied for patent for multimedia TV set top boxes
INTELLECTUAL PROPERTY RIGHT					
CORPORATE DEVELOPMENT				<ul style="list-style-type: none"> Established Tiancai Network 	
HUMAN RESOURCES					
<i>Management</i>	1	1	3	3	3
<i>Research & development</i>					
• Hardware	2	3	4	4	6
• Software	2	5	7	9	12
<i>Information Services</i>	0	4	27	15	15
<i>Sales & marketing</i>	1	5	8	10	11
<i>Finance & administration</i>	0	0	0	0	6
<i>Total headcount</i>	6	18	49	41	53