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## FUTURE PLANS AND PROSPECTS

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### MISSION

It is the Group's mission to establish itself as a leader in the data broadcasting services industry in the PRC and make its data broadcasting technology the industry standards in the PRC.

### BUSINESS OBJECTIVES

According to the Statistical Report of the Development of China Internet issued in July 1999 ("Statistical Report, July 99") by CNNIC, Internet users in PRC reached 4 million as at 30th June, 1999, representing an approximately 90% and 545% increase, respectively, from that of 31st December, 1998 and 31st October, 1997. Although there is a sharp increase in the number of Internet users in the PRC during the past 2 years, the total number of Internet users in PRC is still well below that in the United States of America. Further, approximately 56.8% of the respondents to the Statistical Report put "browsing for information" on the top of their lists of reasons for accessing the Internet.

The Directors believe that there is a huge demand for information in the PRC which the PRC's Internet market has not yet been able to satisfy. The growth of PRC's Internet market is restrained by various factors, including overloaded gateways, long delays, slow response time, lack of contents in Chinese and high access fees. Considering the prevailing mismatch between the supply of and demand for information in the PRC, the Group devotes itself to the development of data broadcasting technology.

Capitalising on the existing broad-band cable TV networks resources, the Group broadcasts data through cable networks at a higher speed and a lower cost compared with existing dial-up Internet access through telephone lines in the PRC. The Group has developed different reception modules to cater for both PC users and non-PC users. PCs equipped with the Group's data broadcasting plug-in boards or TV sets equipped with the Group's TV set top boxes can transparently receive, decode and store content and avoid the bottleneck of the Internet or congested telephone lines. Users could browse and receive downloaded information, entertainment, software and other contents.

The Group's business objectives are as follows:

#### **Establishing strategic alliance with TV network operators**

The Group will continue to establish strategic alliance with TV network operators to secure demand of the networks and the subscribers of these networks for its data broadcasting products and services and to explore additional sources of revenue from the sharing of income derived from data broadcasting service subscription with these TV network operators and advertising. It is the Group's strategy to broaden the user base at full speed through establishing strategic alliance with TV network operators so as to enlarge the Group's recurrent income sources in the future.

#### **Providing popular contents to attract subscribers**

The Group will produce, gather or acquire selected contents including distance education contents, financial information, electronic newspapers and magazines, music, shareware and other contents from the Internet to attract subscribers to data broadcasting services. In addition to the huge market for financial information, the Directors believe that there is also a great potential demand from students in the PRC for quality multimedia distance education contents. According to the China Statistical Yearbook 1999, approximately 216,354,000 students enrolled in primary and secondary schools, and regular institutions of higher education in the PRC in 1998. The

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Group plans to source education materials from reputable institutions or teachers in the PRC and to develop more distance education contents for primary and secondary education for subscription within the next 36 months. The Group also intends to develop other multimedia distance education contents for further education and professional examinations.

### **Commitment to investing in research and development**

The Group will continue to focus on investing in the development of its high-calibre research and development team. The Group's dedicated management and research and development professionals will devote themselves to keeping abreast of the market trends and technological evolution and at the same time developing information technologies and related products and services.

### **Marketing different models of reception modules**

The Group will make continuous efforts to market its FC data broadcasting PC plug-in boards. 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. Sale of TV set top boxes are expected to be one of the major income sources of the Group in the foreseeable future. The Directors believe that cable TV subscribers in the PRC will provide a huge customer base for its data broadcasting business.

### **Enhancing sales and marketing efforts**

The Group will also make continuous efforts to expand its sales and marketing network by organising promotional activities and advertising its products and services.

### **Exploring additional commercial opportunities**

The Group will devote its efforts to the exploration of additional commercial opportunities in the information service technologies such as interactive broadband data broadcasting to maximise the Group's returns.

For details of the Group's business objectives for the 36 months ending 31st December, 2002, please refer to the section headed "Statement of business objectives" below.

**The business objectives as set out in the sub-section 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 future 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 time frame or the objectives of the Group will be accomplished if at all.**