

COMPARISON OF BUSINESS OBJECTIVES

COMPARISON OF BUSINESS OBJECTIVES AS SET OUT IN PROSPECTUS DATED 16TH FEBRUARY 2000 WITH ACTUAL BUSINESS PROGRESS IN RESPECT OF THE SIX MONTHS PERIOD TO 30TH JUNE 2002

Business Objectives

Revenue and business development

- Continue the business development activities from the last period
- Continue to expand sales from integrated data networks comprising DDN and Frame Relay/ATM, Internet access equipment, mobile networking solutions, broadband mobile data solutions and capture business opportunities facilitated by the PRC's entry into the WTO in the PRC
- Generate business from sales of IP over SDH systems in the PRC
- Expand the scope of operating data communications services in the PRC to the extent as allowed under the PRC law

Technical and engineering support

- Expand the training facilities in the PRC

Actual Business Progress

- Continued to be awarded projects for the construction of public data networks. With the award of the HK\$27.7 million contract by Guangxi China Telecom and the HK\$26.9 million by Hebei China Telecom, we successfully extended our foothold into 2 new territories, bringing our customer installation base from 16 to 18 provinces, municipalities and autonomous regions
- Customers continued to adopt the integrated data networks concept with contracts being awarded included the HK\$20.2 million contract by Hunan China Telecom, the HK\$8.9 million contract by Shandong China Telecom and the HK\$11.1 million contract by Guizhou China Telecom
- Commenced promotion of IP over SDH to telecommunications service providers
- Business model to roll out data communications services in the PRC under study
- On hold as current training facilities in Guangzhou is sufficient to provide training to our customers and internal technical engineers

Business Objectives

R&D

- Continue the R&D activities from the previous period
- Research third-generation mobile communications applications

Acquisitions, joint ventures and collaborations

- Continue to explore collaboration opportunities in the PRC and overseas

Subsidiaries, representative offices and branches

- Implement the decision made in the previous period

Actual Business Progress

- Vodatel Crossland, to interface the IP routers and IP switches from other vendors into the network management system, VCMS, allowing the network management system to handle data traffic routing from equipment from an expanded array of vendors
- To work with LG TOPS to study the market development of third-generation mobile technology and applications
- Exploring collaboration opportunities with various business partners in selected countries in the Asia Pacific region
- Under review and to be in conjunction with our expansion plan into the Asia Pacific region