The following is a statement of active business pursuits of the Company for the two years ended 31st December, 1999 and for the period from 1st January, 2000 to the Latest Practicable Date ("Active Business Pursuit Period").

EMBEDDED TECHNOLOGY

As set out in the paragraph headed "History and development" under the section headed "Business" of this prospectus, the Jade Bird Group has developed into a sizable operation since the establishment of Jade Bird Software in 1992. Since May 1996, efforts have been made by the management of the Jade Bird Group for the development of embedded system products. Details of the Company's development of embedded technology during the Active Business Pursuit Period are summarized as follows:

	1998		1999		1st January, 2000 to the Latest Practicable Date
Period	**1H**	**2H**	**1H**	**2H**	
Software:–	Conducted technological analysis and design on network security software and digital telecommunication software (e.g. data transmission and algorithm with correct and amendable functions) Conducted functional testing on Smart Card Application System's handling software	Continued technological analysis and design and commenced testing and verification on network security software and digital telecommunication software (e.g. data transmission and algorithm with correct and amendable functions) Continued research on design of communication software for 230M workstation	Continued consummation of software through introduction of new technology and further enhancement on existing softwares	Continued consummation of software through introduction of new technology and further enhancement on existing softwares	Conducted requirement analysis of embedded software including: – research and development method – component description method – version control – configuration management Attended technology seminars to keep abreast of the latest development of IC and software technology
Hardware:– Embedded microprocessor IP core	Continued research on design of scalable RISC-type 16-bit embedded microprocessors IP core	Completed research on design of scalable RISC-type 16-bit embedded microprocessors IP core Produced sample of embedded microprocessors IP core through engagement of foundry	Conducted testing and verification of RISC-type 16-bit embedded microprocessors IP core	Further improved design of RISC-type 16-bit embedded microprocessors IP core Continued research on design of RISC-type embedded microprocessors IP core	Conducted feasibility study on new model of embedded microprocessor Commenced research and development of new model of embedded microprocessor
ASIC	Finalised testability techniques and fabrication methodologies	Continued research on design and testing methodologies of cell/module Continued research on fabrication Continued research and development of a cipher ASIC	Continued research on fabrication Continued research on design and testing methodologies of cell/module Completed research and development of a cipher ASIC	Conducted research on a combination of digital cell/module/ ASIC design and technology Completed research on ASIC design methodologies relating to VHDL	Commenced feasibility study on the design of Cell/ module: D/A, A/D

PRODUCT DEVELOPMENT

During the Active Business Pursuit Period, the Company, through its distinctive research and development team, spent substantial efforts in developing embedded system software thereby enhancing its software technology applicable in the embedded system products. To satisfy evolving market demands, the Company has also striven to improve the qualities of its embedded system products in terms of design, features and efficiency.

The details of the Company's development of its embedded system products for the Active Business Pursuit Period are summarized as follows:

Period	1998		1999		1st January, 2000 to the Latest Practicable Date
	1H	2H	1H	2H	
Security ICs	Continued requirement analysis	Identified suitable system structure and module Completed circuit design for completion with the implementation of encryption and decryption algorithm	Product sample available and commenced small-scale trial production Conducted the production of mask and silicon wafer, verification and packaging Completed product quality and stability testing	Consummated 1st generation Security ICs	Commence research on 2nd generation Security ICs
Network Security Products	Conducted technology study and jointly developed JB-SG2 Network Security Products with relevant government bodies	Conducted quality and function testing on JB-SG2 Network Security Products by developing testing sample system	Commenced product commercialization Conducted quality and function testing on some parts of JB-SG2 Network Security Products	Published product brochure and instruction booklet	Completed development of role-base authentication software, e-mail filter software and virtual private network (VPN) model security gateway Developed application label security control mechanism including: data authentication, encrypted transmission through IP protocol and data encryption library

Period	1998 1H	1998 2H	1999 1H	1999 2H	1st January, 2000 to the Latest Practicable Date
Smart Card Application System	Commenced study of Smart Card Application System Commenced study of contactless Smart Card Application System	Continued study of Smart Card Application System Continued study of contactless Smart Card Application System	Commenced study of smart card industrial application system for warehouse management Comprehensive smart card system for intelligent building completed Commenced study of financial smart card management system	Commenced study of financial encryption key management system Commenced study of smart card application on residential household management Commenced study of smart card industrial application on electric power industries	Improved existing security Smart Card Application System and integrated with alarm system
GPS Application System	Completed trial production of 1st generation GPS Application System (JB230M) Commenced feasibility study of 2nd generation GPS Application System (JB420M)	Completed stability testing and internal trial run of 2nd generation GPS Application System (JB420M) (demonstration model)	Completed the feasibility study of 2nd generation GPS Application System (JB420M) Completed stability testing and internal trial run of 2nd generation GPS Application System (JB420M) on network	Completed internal test run on the application of 2nd GPS Application System (JB420M) and trial production	Conducted comprehensive testing of technology standard to consummate and enhance the functionality of 2nd generation GPS Application System (JB420M)
WFAS	Commenced function and quality testing of new WFAS products Continued feasibility study of new WFAS products featuring automatic distinguishing function	Continued feasibility study of new WFAS products featuring automatic distinguishing function	Continued study of new WFAS products	Continued study of new WFAS products	Further improved and enhanced existing WFAS products' quality and extended its application through the implementation of product improvement projects

RELEVANT APPROVALS AND PERMITS

Relevant approvals and permits are required prior to development and commercialisation of the Company's embedded system products. During the Active Business Pursuit Period, the Company successfully obtained certain approvals/permits from relevant government authorities in respect of the development and commercialisation of the Company's embedded system products, a summary of which is illustrated as follows:

Period	1998		1999		1st January, 2000 to the Latest Practicable Date
	1H	2H	1H	2H	
Security ICs				Approval for product requirement standard obtained from State Cryptography Control authorities	Approval obtained regarding commercial cyptographic products from State Cryptography Control authorities[1]
Network Security Products			The Ministry of Public Security examination passed and sale approval permit issued		
Smart Card Application System					
GPS Application System		Obtained approval the Ministry of Public Security for 1st generation GPS Application System (JB230M)		Obtained from 深圳市無綫電管理局(Shenzhen Wireless Management Authority) for 1st generation GPS Application System's (JB230M) production, sales and transmission network permits	Obtained from 深圳市無綫電管理局(Shenzhen Wireless Management Authority) for GPS Application System's production, sales and transmission network permits[2]
WFAS					

Notes:

(1) Pursuant to an approval (國密辦字〔2000〕93號) from the State Cryptography Control authorities dated 7th June, 2000 (the "Approval"), the State Cryptography Control authorities agreed to allow Jade Bird to transfer its research and development and operating activities in relation to commercial cryptographic products to the Company. The Approval further provides that the Company is entitled to all of the previous approvals granted by the State Cryptography Control authorities to Jade Bird regarding each of its commercial cryptographic projects.

(2) On 6th June, 2000, Beijing Beida Jade Bird Universal Sci-Tech Company Limited Shenzhen Branch ("Shenzhen Branch") was established by the Company to engage in the research and development and production of embedded system products. It is presently intended that the Shenzhen Branch will focus mainly on the business activities in relation to GPS Application System. To comply with the rules and regulations governing GPS-related products in Shenzhen, the Shenzhen Branch applied to 深圳市無線電管理局 (Shenzhen Wireless Management Authority) for certain permits in relation to the production, sales and transmission network of GPS-related products and such permits were obtained in June 2000.

PRODUCTION

During the Active Business Pursuit Period, the Company was principally engaged in small-scale trial production either through outsourcing or internal production. The Company's production activities for the Active Business Pursuit Period are illustrated below:

Period	1998		1999		1st January, 2000 to the Latest Practicable Date
	1H	2H	1H	2H	
Security ICs		Commenced production of Security ICs through engagement of foundry		Continued production of Security ICs through engagement of foundry	
Network Security Products			Commenced production and assembly of Network Security Products	Continued production and assembly of Network Security Products	Commenced trial production of VPN model security gateway Continued production of existing Network Security Products
Smart Card Application System	Continued production of POS and access application system	Commenced trial production of comprehensive Smart Card Application System	Continued production of existing Smart Card Application System	Continued production of existing Smart Card Application System	Commenced trial production of security Smart Card Application System Continued production of existing Smart Card Application System
GPS Application System			Trial sampling of 2nd generation GPS Application System (JB420M) products	Trial sampling of 2nd generation GPS Application System (JB420M) products	Commenced small-scale production of 2nd generation GPS Application System (JB420M) products
WFAS	Continued Small-scale production and assembly of WFAS products	Continued Small-scale production and assembly of WFAS products	Continued Small-scale production and assembly of WFAS products	Continued Small-scale production and assembly of WFAS products	Continued small-scale production and assembly of existing WFAS products

MARKETING

During the Active Business Pursuit Period, the Company's marketing activities are summarised as follows:–

	1998		1999		1st January, 2000 to the Latest
Period	**1H**	**2H**	**1H**	**2H**	**Practicable Date**
Marketing activities	Conducted Smart Card Application System forums and participated in exhibitions in Beijing	Promoted security Smart Card Application System relating to security access control to government bodies	Conducted Smart Card Application System forums in Shanghai Conducted Network Security Products press conferences in Beijing Participated in industry (network security) forums in Beijing	Conducted seminars for Security ICs in Beijing Participated in 中國高新技術成果交易會 (China High-tech Production Fair) in Shenzhen Promoted Security ICs through direct sales force Participated in industry (network security) forums in Guangdong Province Conducted GPS application products press conference in Beijing and Chengdu Participated in industry (GPS Application System) forum in Shanghai Provided Security ICs samples to potential customers	Opened Shenzhen Branch Further expanded the Company's existing marketing department Participated in 北京高新技術產業周 (Beijing advanced technology business week) Formulated advertising plan and identify relevant leading media such as 中國計算機報(China Infoworld), 計算機世界 (China Computer World), 網絡世界(China Network world), 互聯網周刊(China Netweek), etc Conducted business discussion with renowned international electronic manufacturers

DEPLOYMENT OF HUMAN RESOURCES

The numbers of employees of the Company during the Active Business Pursuit Period are summarised as follows:–

	For the year ended 31st December		The Latest Practicable Date
	1998	**1999**	**Date**
Management	11	13	6
Technical support	12	15	31
Research and development	58	77	71
Sale and marketing	8	9	19
Finance and administration	9	19	12
Total	98	133	139

REVENUES

Revenues of the Company for the Active Business Pursuit Period are summarised as follows:

	(RMB million)
For the year ended 31st December, 1998	3.0
For the year ended 31st December, 1999	10.4
For the period commencing from 1st January, 2000 to 30th April, 2000 (per the Company's unaudited management account)	1.3