1. Fixed-Line/Hybrid Carrier Voice Hubbing Services

The Group provides telecoms hubbing services to telecoms operators which principally engage in the provision of fixed line and hybrid (both fixed line and mobile) telecoms services and have their international voice services connected through either the traditional TDM technology or advanced IP networks. The Group's voice hubbing services handle fixed line-to fixed line and fixed line-to-mobile (and vice versa) international calls for both fixed line and hybrid telecoms operators, as well as mobile roaming calls and data activities for hybrid telecoms operators.

The Group charges its customers, namely, originating telecoms operators, on usage basis (measured in terms of duration of the voice calls). A breakdown of the volume of voice calls (in terms of minutes) carried by the Group's Fixed-Line/Hybrid Carrier Voice Hubbing Services and their contribution to the Group's total turnover for the year ended 31 December 2006, compared with the year ended 31 December 2005 is as follows:

	For the year ended 31 December	
	2006	**2005**
Voice calls minutes carried *(in million)*	3,659.9	2,259.0
Turnover *(HK$' million)*	575.5	385.3
Percentage of the Group's total turnover	42.2%	39.3%

The increase in volume of Fixed-Line/Hybrid Carrier Voice Hubbing Services of the Group, compared with the year 2005 was largely due to changes in the customer mix. In 2005, the Group implemented certain credit policies which had the effect of deterring delinquent customers from using the Group's hubbing services. In 2006, the Group recorded an increase in customers from 194 to 237, including the addition of several new major Asian telecoms operators. As a result, Fixed-Line/Hybrid Carrier Voice Hubbing Services continue to provide an important source of revenue and customer bases to the Group on which the Group expands its services.

Some features of the Group's Fixed-Line/Hybrid Carrier Voice Hubbing Services include:

Features	**Description**
Quality	• Connected through the Group's POPs and partners (including telecoms operators and telecoms service providers), the Group provides quality voice hubbing services to telecoms operators through TDM and other networks. At the same time, the Group can also deliver voice transit at different priority classifications according to different customers' requirements.
Reports and Performance Monitoring	• The Group's network operation centre provides 7x24 support, voice service quality analysis and close-to real time call routing statistics to ensure quality and optimal traffic balance across networks.

Features	Description
Flexibility	• The Group's voice services support interconnections over both traditional TDM and IP networks.
Customer Service	• Inquiry calls from telecoms operators which are the Group's customers are promptly answered by the Group's staff to address customers' inquiries and to solve their problems.
Billing and Statistics	• The Group's billing system and statistics on network performance enable the Group to closely monitor the status and quality of its services to customers.

2. Mobile Carrier Voice Hubbing Services

The Group provides interoperability services to mobile telecoms operators for international and/or roaming call traffic, as well as VoIP.

The Group charges its customers on usage basis (measured in terms of duration of the voice calls). A breakdown of the volume of voice calls (in terms of minutes) carried by the Group's Mobile Carrier Voice Hubbing Services and their contribution to the Group's total turnover for the year ended 31 December 2006, compared with the year ended 31 December 2005 is as follows:

	For the year ended 31 December	
	2006	**2005**
Voice calls minutes carried *(in million)*	1,038.3	854.6
Turnover *(HK$'million)*	566.1	478.5
Percentage of the Group's total turnover	41.5%	48.8%

The increase in turnover for Mobile Carrier Voice Hubbing Services for the year ended 31 December 2006 was largely due to the increase in the volume of mobile voice traffic, which the Group believes was boosted in part by the Group's Mobile VAS offered to its customers and in part by natural growth in tandem with the growth in the global telecoms market during the period as wireless services have become increasingly available and affordable. The effect of Mobile VAS has yet to be ascertained given its recent launch. However, as mobile calls stimulated by the Mobile VAS may be channelled via the Group's hub, the Group expects that the effect of Mobile VAS on the Group's Mobile Carrier Voice Hubbing Services will grow over time.

As one of the main international telecoms hubs to China, the Group handled a substantial portion of the in-bound and out-bound international mobile voice traffic for one of the largest mobile telecoms operators in China.

As a provider of quality Mobile Carrier Voice Hubbing Services, the Group's core resources and efforts are focused on providing high quality international and roaming mobile traffic. As mobile roamers travel overseas more frequently, the overall amount of international mobile roaming traffic increases. At the same time, subscribers increasingly expect high quality connections when roaming internationally. The Group's goal is to increase the amount of these high quality connections.

China is currently the largest mobile market worldwide in terms of the number of subscriptions. The Group believes that its long-standing relationships with key mobile operators in China as well as the high growth of mobile telecoms traffic in China can further strengthen the Group's position as one of the major telecoms hubs for the China mobile market.

In addition to the features described above with respect to the Group's Fixed Line/Hybrid Carrier Voice Hubbing Services, the Group's Mobile Carrier Voice Hubbing Services also possess the following key features:

Features	Description
CLI Services	• Calling Line Identification (CLI) enables the person being called to identify the number from which a call has been made.
Intelligent Routing and Conversion	• In providing the Group's premium Mobile Carrier Voice Hubbing Services, the Group uses optimised CLI management and superior routing features to ensure the quality of the Group's services such as Answer Seizure Ratio, Post Dial Delay and other services for management of fail-over routing, least cost routing, premium routing, and customised individual routing plans in accordance with customers' requirements.

3. SMS Hubbing Services

The Group launched its first mobile international SMS hubbing services in 2003. In the same year, the Group became one of the international SMS carriers to China's mobile operators, carrying international SMS in and out of China and to the rest of the world. The Group handles a large majority of the in-bound and out-bound international messages for one of the largest mobile telecoms operators in China. As one of the leading SMS hubbing services providers in Asia, the Group supports SMS exchanges between GSM, CDMA and PHS networks and as an international telecoms hub, the Group is directly connected with major China telecoms operators for their SMS traffic. The Group is also one of the two providers of Hong Kong inter-operator SMS hubbing services and handles a substantial portion of the SMS traffic generated amongst Hong Kong mobile telecoms operators.

In general, the Group charges its customers on a usage basis (measured in terms of number of messages transmitted) for inter-operator transmission. Occasionally, the Group bundles its inter-operator transmission with complimentary services for intra-operator transmission in Hong Kong. A breakdown of the volume of SMS carried by the Group's SMS Hubbing Services and their contribution to the Group's total turnover for the year ended 31 December 2006, compared with the year ended 31 December 2005 is as follows:

	For the year ended 31 December	
	2006	**2005**
SMS carried *(in millions)*	1,228.7	1,105.7
Turnover *(HK$ millions)*	117.1	75.2
Percentage of the Group's total turnover	8.6%	7.7%

Note: The Group provided substantially less complimentary intra-operator SMS Hubbing Services in 2006. The increase in turnover of over 55% in 2006 was primarily due to an increase in volume of inter-operator SMS Hubbing Services for which the Group charges usage fees.

The Group believes that its total international SMS traffic will continue to grow and be driven by the promising increase in SMS traffic in and out of China and the extension of the reach of the interoperability of the Group's services.

The Group's SMS hub has been developed to meet international SMS requirements. Its SMS hub is able to provide interoperability between the different protocols and standards that telecoms operators use and to serve the increasingly diverse requirements of the Group's customers under both TDM and IP networks. Some of the features of the Group's SMS Hubbing Services include:

Features	**Description**
Inter-operator SMS (IOSMS)	The Group's IOSMS capabilities enable its Hong Kong customers to provide to their subscribers the flexibility of sending SMS to local mobile subscribers of other telecoms operators through their own handsets or over the Internet. This is achieved as the Group's IOSMS service supports SS7 and IP connectivity. In addition, the Group's IOSMS service also has the following characteristics: • blacklisting of originating and terminating addresses for SMS • scalable architecture and high throughput infrastructure to handle peak traffic message delivery • online access to traffic reports • billing system that can generate hourly call details reports

Features	Description
	• supports delivery of mobile terminated SMS to subscribers visiting other countries
	• fraud detection control
	• performance monitoring
International SMS (ISMS)	• The Group's ISMS capabilities enable its customers to provide to their subscribers the flexibility of sending international SMS to subscribers of other foreign telecoms operators or receiving SMS when the subscribers are roaming in foreign countries. The Group's ISMS platform supports both SMS submission and termination over SS7 and IP connections. In addition to the standard SMPP versions 3.3 and 3.4, it also supports CMPP, UCP, CIMD2 and the MII YD/T 1921-2003 standard. The YD/T 1921-2003 is the protocol of peer-to-peer short message interworking between mobile networks and fixed networks in Mainland China which was announced by the MII in November 2003
	This service also offers the following:
	• the common features of the Group's IOSMS service
	• SMS anti-spam: to prevent spamming and to reduce churn
	• alarm triggering platform to monitor any potential fault down to operator level

The Group also provides a SMS bulk purchase service platform to customers where the messages, texts or other contents developed by customers can be provided in the form of SMS to the Group's mobile operators that have agreed to receive such information.

4. Mobile VAS and Enterprise Solutions

The Group offers Mobile VAS and Enterprise Solutions to its customers. In respect of Mobile VAS, typically customers pay a minimum service fee until the relevant services reach an agreed level of usage and/or number of subscribers, additional service fees will then be charged for any usage above that level. In respect of Enterprise Solutions, the service fees receivable by the Group vary in accordance with the amount of work the Group performs.

A breakdown of the contribution of Mobile VAS and Enterprise Solutions to the Group's total turnover for the year ended 31 December 2006, compared with the year ended 31 December 2005 is as follows:

	For the year ended 31 December	
	2006	**2005**
	HK$' million	*HK$' million*
Mobile VAS	30.9	2.6
Enterprise Solutions	74.6	38.4
Total	105.5	41.0
Percentage of the Group's total turnover	7.7%	4.2%

Notwithstanding the insignificant turnover recorded when compared with the other three core businesses, the Group believes that Mobile VAS helped boost, in part, turnover of voice and data hubbing services provided by the Group to major telecoms operators in Asia.

(i) Mobile VAS

The Group offers Mobile VAS to telecoms operators through their connections to the Group's hub.

Mobile VAS are attractive to telecoms operators because they provide new revenue streams for telecoms operators and help the Group to retain existing customers and attract new customers. Mobile VAS also help to increase traffic to the Group's hub and create higher entry-barrier for potential competitors.

The Group's current main Mobile VAS include:

- SIMN or Single IMSI Multiple Number service
- Mobile Roaming Call Back service
- PRS or Prepaid Roaming Card service
- SCCP Roaming Signaling Transit service

A number of the Group's Mobile VAS were first developed by the Group in response to the needs of major telecoms operators in China. The Group offered its first commercially launched CAMEL based Prepaid Roaming Card service in 2004 to capture the business opportunities generated from the increase in the number of Chinese prepaid roamers, following the introduction of the Individual Visit Scheme by the Chinese government permitting residents in a number of cities in China to visit Hong Kong or Macao on an individual basis. The Group pilot-launched its SIMN service for China's largest mobile operator in December 2005. The Group is extending many of its Mobile VAS to other countries and regions.

The development of these Mobile VAS helps the Group in attracting additional customers and traffic and expanding the business scale of its telecoms hub. In addition to receiving service fees from telecoms operators when providing these Mobile VAS, the Group believes that Mobile VAS has positive effects on traffic volume and turnover of its overall voice hubbing services. The Group's provision and development of Mobile VAS also strengthen the Group's competitiveness particularly in the high end international and roaming telecoms traffic areas, which require constant product development.

Additional details of the main Mobile VAS services offered by the Group are set forth below:

SIMN or Single IMSI Multiple Number service	Allows mobile operators' subscribers to hold multiple overseas mobile phone numbers on their existing SIM cards, providing frequent travellers and mobile roamers the choice of saving roaming charges in SIMN-enabled regions to increase customer satisfaction and loyalty. As such, SIMN could enable an increase of international and roaming mobile voice traffic. **Postpaid SIMN** The postpaid SIMN service was commercially launched in January 2006. The Group provided such services in Hong Kong, Macao, Beijing, Shanghai and 4 provinces in China, namely, Guangdong, Fujian, Jiangsu and Zhejiang. The Group is rolling out its postpaid SIMN service to other provinces in China as well as to other Asian regions, including Malaysia, Singapore and Taiwan. **Prepaid SIMN** The prepaid SIMN service was only commercially launched in August 2006. The Group provided such services in Hong Kong, Macao and China. The Group is rolling out its prepaid SIMN service to Taiwan.
Mobile Roaming Call Back service	As there is substantial difference in service charge between roaming originating call and roaming terminating call, this service enables mobile operators to gain full control over the pricing of roaming charges even when they are providing roaming services. By using the service, subscribers of mobile telecoms operators providing such service are able to reverse the call charge and thereby reduce international roaming call costs when they are abroad.

Currently, this service allows mobile operators to offer their subscribers "call back" service in over 206 countries/ areas.

The Mobile Roaming Call Back service was commercially launched in December 2005 with a mobile telecoms operators in the PRC. The Group is pleased with the success of this service and plans to expand this service to additional telecoms operators in the future.

PRS or Prepaid Roaming Card service

In China, a majority of the mobile phone users are prepaid subscribers. PRS enables mobile telecoms operators to offer prepaid subscribers roaming voice and SMS functions like postpaid subscribers.

PRS also enables telecoms operators to segregate their prepaid roaming service from their existing postpaid roaming service to minimize the risk of affecting an existing revenue generating business.

By broadening the roaming subscriber base for both prepaid and postpaid connections, PRS could increase the overall traffic volume as well as the potential revenue of telecoms operators which in turn boost the Group's Sales Margins.

The Group's PRS was commercially launched in 2005 to telecoms operators in Hong Kong, Macao and China.

The Group is rolling out its PRS to prepaid subscribers in Taiwan, Vietnam, the Philippines, Malaysia and Singapore.

SCCP Roaming Signaling

This service offers mobile operators roaming services by providing Transit service SCCP transport over SS7 signaling protocol to overseas mobile operators.

It gives telecoms operators a fast, reliable and cost effective roaming connection to telecoms operators worldwide.

PRS and SIMN services could increase the Group's SCCP Roaming Signaling Transit service subscription because SCCP connection with the Group is a pre-requisite for subscribing to these services.

As at 31 December 2006, this service is being provided to 23 customers (amongst them, a majority of the mobile telecoms operators of the Greater China Region) and signaling transit peering partners. The Group is rolling out this service to other customers in the region and in Asia.

In addition to the above Mobile VAS, there are also various other offerings, which have yet to generate revenue but which increase the attractiveness of the Group's overall package of services, including:

- GPRS Roaming Exchange (GRX)

  GRX is a secure inter-operator private-peering packet data network that provides a convenient way for mobile operators to interconnect with one another. The service enables mobile operators to exchange both GPRS roaming and inter-operator multimedia messaging service traffic.

- Customer service portal

  The Group's customer service portal provides real-time network monitoring and comprehensive data analysis for the Group's customers through a user-friendly graphical user interface, which enables customers to search, filter and monitor the Group's service performance and the network situation more effectively and efficiently. The Group can also format historical and real time data generated from its system to suit customers' business and engineering purposes.

(ii) Enterprise Solutions

The Group's Enterprise Solutions include the provision of data services, facility management and system integration services.

Data Services

(a) IPLC services

The Group provides IPLC services jointly with the Group's partners in various countries from the speed of T1/E1 to STM-4. The Group also cooperates with its major customers in China to provide IPLC services from the speed of E1 to STM-16. Most of these services run on various cable systems including East-Asia Crossing, Pacific Crossing, Flag North Asia Loop, Japan-US, China-US, Asia-Pacific Cable Network 2 and SMW3. The Group charges its customers using its IPLC services and pays the leased circuit capacity suppliers in terms of either monthly fixed charge or according to the bandwidth used.

(b) Local private leased circuit services

In addition to IPLC services, the Group also provides local private leased circuit services to customers from the speed of T1/E1 to STM-16, as well as 10/100Mbps FE, GE and 10GE services.

The Group's local private leased circuit services are provided using its domestic fibre optic network. The Group's domestic fibre optic network also enables international and local operators to connect to HKIX2. It is also connected to major international gateways and various data centres in Hong Kong.

(c) Data centres

The Group operates two data centres in Hong Kong, the first data centre located in CITIC Tower and the second one located in Central, which together occupy a total area of approximately 55,000 sq. ft.

The Group also offers co-location services to telecoms operators. The second data centre of the Group has excess housing capacity, with considerable co-location spaces, to accommodate the increasing demand from telecoms operators as their network requirements increase. In addition to providing co-location spaces for telecoms operators' equipment thereby reducing their need to acquire housing spaces themselves, these data centres are also equipped with facilities crucial to telecoms operators' equipment. These facilities are managed by the Group's professional teams. Details of these facilities are described in the paragraph headed "Facility management and system integration services" below.

Facility management and system integration services

In addition to offering co-location services, the Group also provides and manages the facilities of its data centres so that customers can enjoy the additional maintenance services for their equipment on top of their co-location. The Group's data centres provide a secured, controlled environment as well as facilities important to the equipment co-located in them. To ensure un-interruptible power supply, the Group's data centres maintain direct electricity supply cables from the electricity company in Hong Kong and un-interrupted power systems with electricity generating capacity sufficient to support each data centre for two hours. Further, strict environment and protection controls such as raised floor system for system expansion and maintenance, FM200 gas-based fire suppression systems for fire extinguishing, and computer room air conditioning system to control temperature and humidity level are installed in the data centres. The data centres are also guarded by around-the-clock physical security to monitor access, equipped with access card and fingerprint security access control, CCTV monitoring system with recording functions for tracking and auditing, and are constantly monitored by the Group's professional teams.

The facility management services of the Group also extend to the fitting-out of customers' properties according to their specific telecoms uses. In addition, the Group provides outsource services for the provision, operation and maintenance of switching and transmission facilities to customers.

In relation to system integration, the Group offers services such as system testing, system installation, service design and implementation to complement customers' business requirements.