

TO OUR SHAREHOLDERS

On behalf of the board of directors (the "Directors"), I hereby present the annual results of HiNet Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the financial year ended 31 March 2001 to our shareholders.

Operating Results

For the year ended 31 March 2001, the Group recorded a turnover of HK\$25,070,000 (2000: HK\$38,507,000). Loss attributable to shareholders was HK\$433,402,000 (2000: profit of HK\$25,475,000). During the financial year 2001, the Group successfully repositioned itself as a leading communications infrastructure facilities provider and technology related group and entered into a number of large-scale development projects. These projects are still under the investment stage and they are expected to generate income to the Group in the coming years.

The Directors has resolved not to declare a final dividend for the year ended 31 March 2001.

Business Review & Prospects

2001 is a challenging year for the Group with new business direction focusing on communications and technology related businesses. Within one year time, HiNet has successfully uplifted itself as a leading communications infrastructure group with established presence in the People's Republic of China ("PRC").

In view of the increasing popularity and the widespread usage of Internet/Intranet applications and the e-business activities, the many initiates are also creating tremendous information technology ("IT") business opportunities, in particular on bandwidth demand, for the Group in the near future.

The ultimate mission of the Group is to become the "gateway" between the PRC and other parts of the world. To achieve this unique market position, the Group will dedicate to enhance its communications infrastructure facilities and provide related value-added services for the benefits of its customers. During the year, in order to concentrate the Group's resources to achieve the mission, the Group disposed of several subsidiaries whose operations were not consistent with the Group's development strategy.

Viewing the huge potential in the international market, the Group will continue to explore the opportunities through actively seeking strategic alliances with potential partners. Leveraging their advanced technology and extensive experience, the Group is confident in further expanding its business and strengthening its market position.

In May 2001, the Company changed its Chinese name from “光通數網控股有限公司” to “光通數網國際控股有限公司”, reinforcing its commitment to become an international communications hub and to position itself as a communications “gateway” between the PRC and other parts of the world. The new Chinese name better signals the Group's new direction in business development, as the Group heads towards a more international era.

Looking ahead, we anticipate a booming IP century with strong market demand for bandwidth and telecommunications services. With a professional management team with profound expertise and experiences, we are confident in achieving robust developments in our business and bringing excellent contributions to our valued shareholders.

Appreciation

On behalf of the Directors, I would like to express my appreciation to all our shareholders, investors and business partners for their continued support and confidence in the Group. I would also like to thank our management team and staff for their efforts and significant contributions in the past and in the years to come.

By order of the board

Patrick K C Wong

Chairman

Hong Kong, 31 May 2001