

To all Shareholders:

In 2001, pursuant to the Company Law of PRC and the articles of association of the Company (the "Articles"), in accordance with the principles of honesty and loyalty, all members of the Supervisory Committee of the Company (the "Committee") faithfully discharged their duties diligently in safeguarding the integrity of the Company and to optimise the shareholders' interest.

1. The Committee members attended board meetings in order to exercise effective supervision over whether the management decisions and development plans of the board of directors of the Company (the "Board") were in full compliance with relevant laws and regulations and the Articles, as well as being in the interests of its shareholders. During the year 2001, no action breaching state laws or regulations or harming the interests of the Company and its shareholders was found.
2. The Committee exercised supervision over directors, president and senior management of the Company in carrying out its duties. In the opinion of the Committee, the directors, president and senior management of the Company have fulfilled their responsibilities to faithfully protect the interests of the Company and its shareholders. No violation of laws, regulation or the Articles by the directors, president or senior management of the Company was found.
3. The Committee supervised and inspected the financial operations of the Company. Having reviewed the financial report and the financial statements for the year 2001, the Committee was of the opinion that the Company complied with integrated financial management rules and kept clear accounts. Further, that their accounting and financial management was in compliance with relevant regulations. No detrimental transactions, situations harming the interests of the shareholders or cases of asset loss of the Company were found. Connected transactions occurred were fair. In respect of Great Wall Broadband Network Service Co., Ltd, a subsidiary invested by the Company in 2001, and in consideration of its scale of construction, its rate of construction, the immense amount of capital required for this area and the fact that the said subsidiary was still in the investment stage with no precision management in place, the said subsidiary suffered an operating loss. In turn, it has created a negative impact on the Group's profitability.

The Committee expects the Company to capture the opportunities generated from the accession of China into the World Trade Organisation in 2002, and is well prepared for the challenges to be confronted in the IT market including increasing the profit and reducing the costs of the Company, enhancing management scale, aligning the Company's organisational structure with the Company's goals, accelerating technical improvement of its existing products and developing new products, and exploring and enhancing the international and domestic market. The Committee is optimistic about the prospects of the Company.

The Committee is satisfied with the performance of the Company in the year 2001 and is confident about the Company's prospects.

### **The Supervisory Committee**

Shenzhen, PRC

11 April 2002