

Chairman's Statement

To Shareholder:

I am pleased to present the report of Chengdu PTIC Telecommunications Cable Company Limited (the "Company") for the year ended 31 December 2000 (the "Year") and would like to express our kind regard to all shareholders on behalf of the board of directors of the Company (the "Board of Directors") and all members of staff.

During the Year, a re-election of the Board of Directors of the Company has taken place and members of the third Board of Directors were elected. At the first Board meeting of the third Board of Directors, I was unanimously elected as the Chairman. I would like to express gratitude to all members of the second Board of Directors on behalf of the third Board of Directors for their efforts and achievement in the development of the Company and the safeguard of the interests of all shareholders.

During the Year, grasping the great opportunity of the increasing demand in communication product market after the telecommunications system reform and corporate reorganisation in the People's Republic of China (the "PRC"), the Company further reinforced its concept of adjustment, development, expansion and leap with respect to the state of production and operation of the Company in recent years and the necessity for future development, and confirmed its recent mission to adjust and develop the Company. In addition, endeavouring to reform, strengthen management, standardise operation, expand market, reduce costs and increase efficiency, the Company achieved outstanding effects and satisfactory results. During the Year, there was a significant growth in the production and sale the Company's products over the previous year. Although there was a higher growth in the current profit from operation over the previous year, the Company still recorded a loss attributable to shareholders owing to factors including fierce market competition, high manufacturing cost and the steadier write-off in respect of inventories and account receivable.

The turnover of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2000 was RMB524,511,000, representing a 55.7% increase over the previous year. Loss attributable to shareholders was RMB78,149,000. The amount of the net assets at year ended was RMB732,798,000, representing a 9.9% decrease over the year 1999. Loss per share was RMB0.20.



本公司董事長——徐定文先生
Mr. Xu Dingwen — Chairman of the Company

During the year, we grasped the opportunity of the transfer of interests in Siemens Optical Fibre Cables Ltd., Chengdu by Siemens Aktiengesellschaft of Germany and successfully completed the transfer of equity interests and developed a working relationship with Corning International Corporation of the U.S.A.. Chengdu CCS Optical Fiber Cable Co., Ltd. was established. While maintaining a stable product quality and an increasing production volume, it also achieved a significant growth in earnings. Chengdu SEI Optical Fiber Co., Ltd. successfully solved the problems of low production volume and passing rate. By grasping the opportunity of improvement in the market environment and endeavouring to increase the production volume to expand market, its production volume reached its designated production capacity. Earnings increased significantly and a turnaround profit was realised. Recently, it has further planned to expand its production capacity. Chengdu MCIL Radio Communications Cable Co., Ltd. successfully commenced operation and entered the market. Its products have a bright market prospect and satisfactory investment returns. Chengdu Cable Plant of the Ministry of Posts and Telecommunications Shuangliu Heat Shrinkable Products Sub-Plant and Dongguan CDC Cable Factory Co., Ltd. maintained a stable growth in their earnings. A setup with headquarters of the Company at the centre and five joint ventures as pillars was initially formed, laying a solid foundation for the healthy, speedy development of the Company in the future and satisfactory returns.

In the new year, telecommunications is still a focused industry under the Tenth Five Year Plan of the PRC State. The State's implementation of a massive western China development strategy will speed up the construction of telecommunication infrastructure in central and western China. The Ministry of Information Industry requires the doubling of the market scale of information industry every five years and a first class fixed and mobile telephone network capacity under the Tenth Five Year Plan. All these will provide new markets and opportunities for the development of the Company. With this favorable opportunity, the Company will endeavour to step up its pace of reform, strengthen its adaptability, fully utilise the advantage of its listed status and enhance its capital operation. Actively exploring the concept of telecommunications cable as support, optical fibres, optical fibre cables and optical telecommunications equipment as spearhead and assets as propeller, and through the introduction of advanced technology around the world, the Company will ceaselessly make adjustment to its product mix, expand its operation scale and participate in international telecommunications products competition so as to continue the development of the Company, create more benefits for our shareholders and contribute to the development of the telecommunications industry of the PRC.

I would like to express gratitude on behalf of the Board of Directors to all shareholders for your trust and support given, and to our staff for their hard work throughout the Year.

A handwritten signature in black ink, appearing to be 'Xu Mingwen', written in a cursive style.

Xu Mingwen
Chairman

Chengdu, the PRC, 18 April 2001