

RECENT ECONOMIC DEVELOPMENT

The Board of Directors is of the opinion that the global and Asian economic situations did not have material effect on the Group's production and sales during the first half of 2001. However, the rapid economic development of the world will have material effect on the demand for and the prices of copper, plastic and optical fibres. These will in turn affect the profit of the Company. The gradual implementation of the strategic development of the western region by the State will undoubtedly stimulate the development of the market for telecommunications cable products and will bring about significant positive effects on the development of the Group.