

### **Minister Wu Answers Investors' Concerns in China Mobile Visit**

Mr. Wu Jichuan, the Minister of the Ministry of Information Industry of the People's Republic of China, invited to attend the ITU Telecom Asia 2000 exhibition, visited our office this morning. In an investor conference held at our company, Minister Wu responded to concerns recently expressed by investors. The following is a summary of the main content:

Minister Wu said that he was very pleased to meet with investors. He said that there were many different individual opinions appearing in the media or attributed to research departments concerning telecommunications tariffs. These opinions differed widely from one another, and these reports and personal opinions did not represent the stance of the government department in charge of this issue. He suggested that investors ought not be led by such rumours. The Ministry of Information Industry is directly responsible for policy in relation to this issue, and Mr. Wu, as Minister of the Ministry of Information Industry, stated in a responsible attitude that it was expected that it would not be possible to submit any implementation plans for mobile communications tariff adjustments to the State Council for approval either this year or next year.

The Chinese government has always acted responsibly. Mr. Wu elaborated that adjustments to the telecommunications tariff is a matter of interest to the public and various parties. As of September this year, the number of fixed line telephone users has grown to 135 million and the number of cellular phone users has increased to 65 million. Therefore, an adjustment to the telecommunications tariffs would affect the interests of 200 million subscribers in total. As required by the relevant regulations, price adjustments, especially telecommunications tariff adjustments which involve such broad interests, require that a public hearing be conducted and that various parties be consulted. In addition, it is technically complicated to change billing systems, and sufficient time must be allowed for preparation. The Chinese government will continue to treat this issue seriously and take a responsible attitude towards consumers, investors and the market.

Minister Wu expects that the growth rate of China's telecommunications market will reach 27% to 28% for 2000. At the end of 1999, the number of mobile subscribers was over 30 million and grew to 65 million by September 2000. He further expects that this number could reach 70 million at the end of 2000 even based on his own very conservative forecast.

Minister Wu stated that telecommunications tariff reform is necessitated by the development of a socialist market-oriented economy. Any adjustment must be beneficial to the development of the telecommunications industry and enhance its further progression towards becoming a market economy.