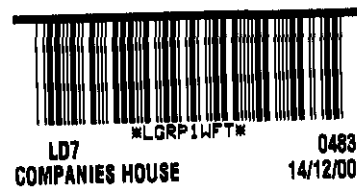


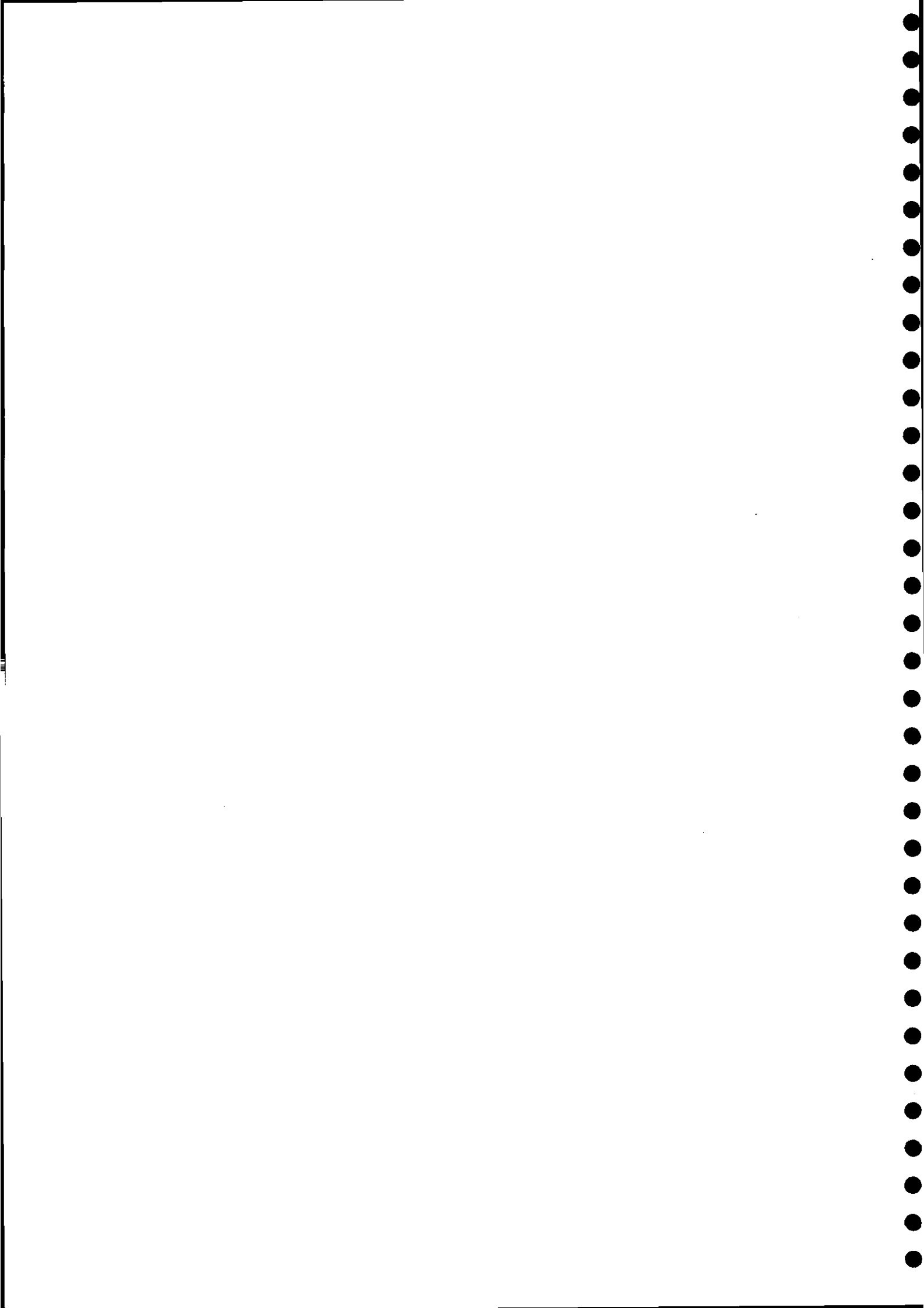
**CABLE AND WIRELESS HK FINANCE**

**Report and Financial Statements**

**31 March 2000**

**Registered Office:  
124 Theobalds Road  
London  
WC1X 8RX**





**To the Company's Ordinary Shareholders**

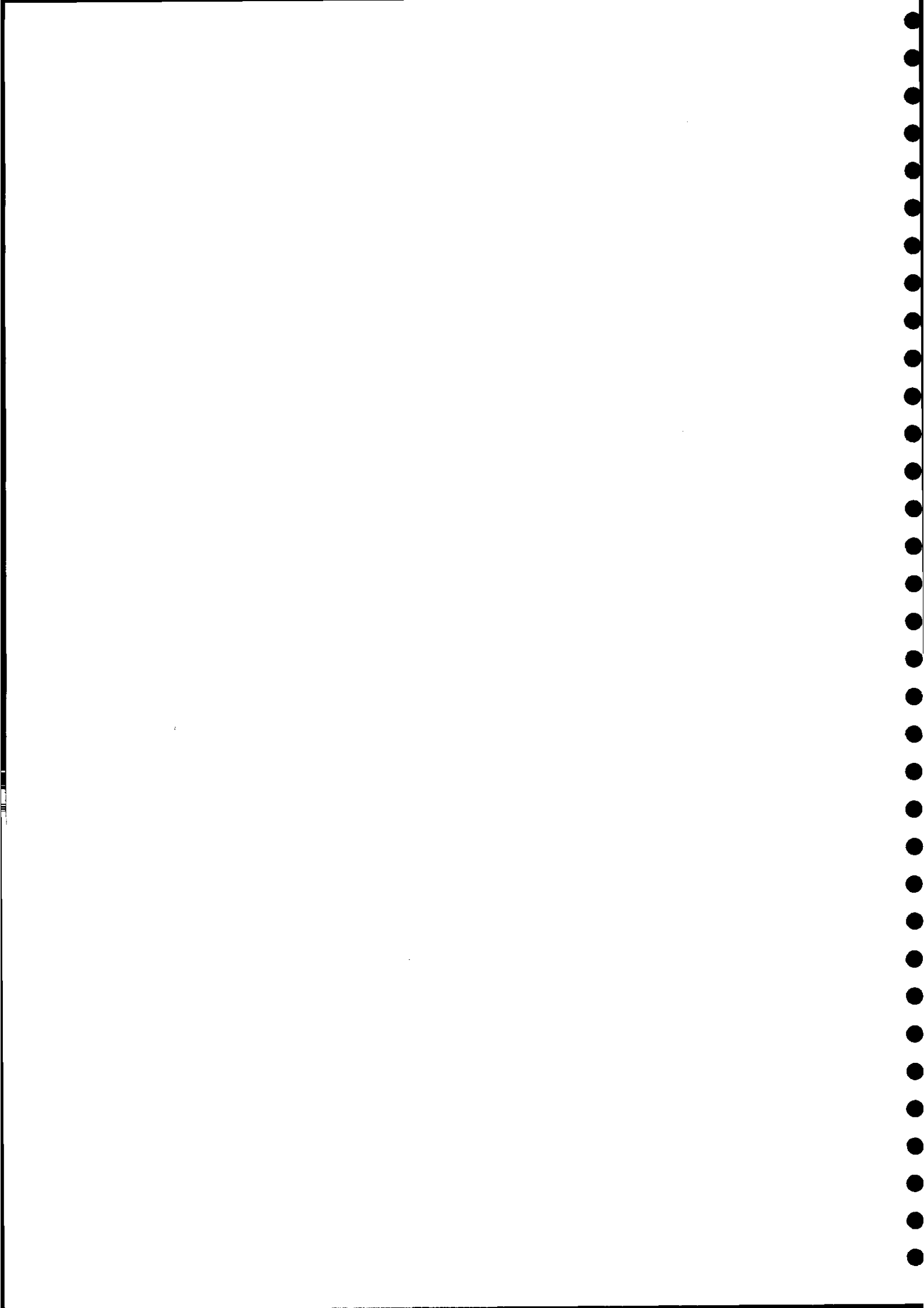
**Elective Regime**

The Company has passed elective resolutions in accordance with Section 379A of the Companies Act 1985 as amended ("the Act") to dispense with the formalities of:

- the laying of accounts before the Company in general meeting (Section 252 of the Act);
- the holding of annual general meetings (Section 366A of the Act);
- the obligation to appoint auditors annually (Section 386 of the Act).

Section 253(2) gives members the right to require the laying of accounts before the Company in general meeting. To exercise such right, a member must give notice in writing to that effect deposited at the registered office of the Company within 28 days of the day on which the report and financial statements are sent out in accordance with Section 238(1) of the Act.

**Registered Office:**  
**124 Theobalds Road**  
**London**  
**WC1X 8RX**



# **CABLE AND WIRELESS HK FINANCE**

## **REPORT AND FINANCIAL STATEMENTS 2000**

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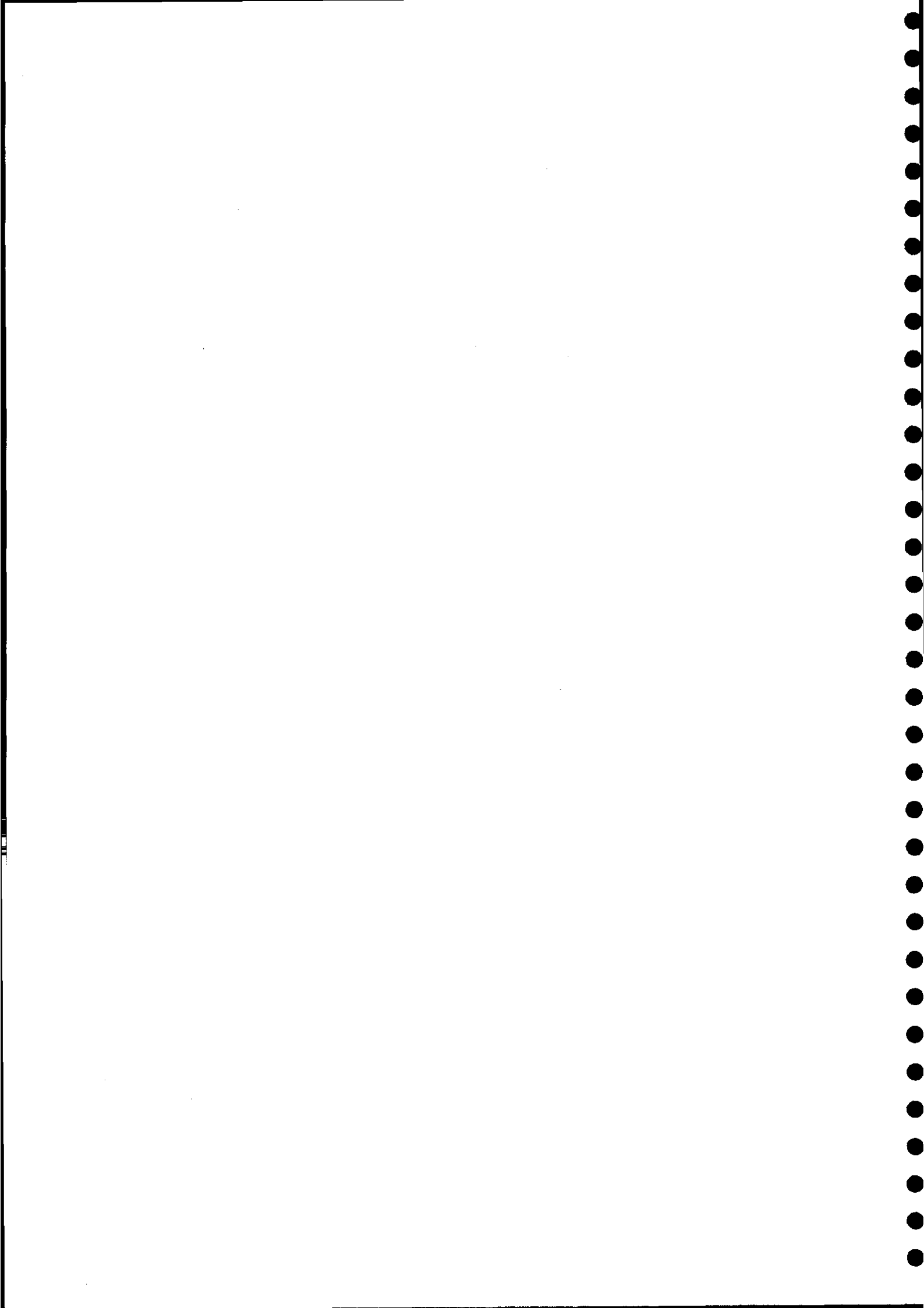
**6**

**Profit and loss account**

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## **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements for the year ended 31 March 2000.

### **ACTIVITIES**

*The principal activity of the Company is to provide loans to group companies.*

### **RESULTS AND DIVIDENDS**

The Company did not trade during the financial year. The Directors do not recommend payment of a dividend.

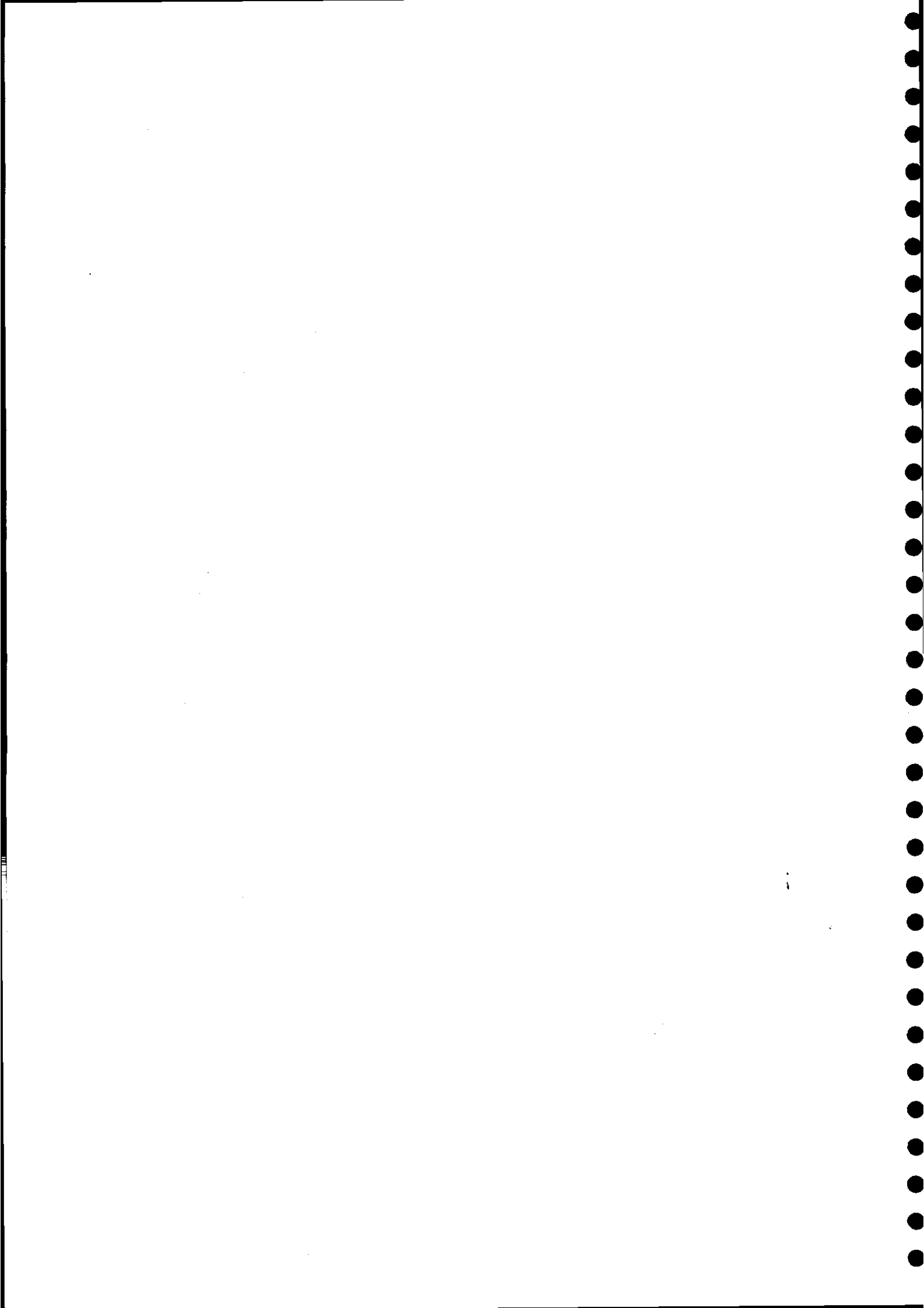
### **FUTURE PROSPECTS**

No change in the Company's activities is envisaged in the foreseeable future.

### **YEAR 2000 READINESS**

To address the risks associated with the much publicised 'millennium bug' or inability of computer systems to cope with the new century date change and leap year, the Cable & Wireless Millennium Programme was established in June 1996. This comprehensive, global programme required all of the Group's systems and network element tests to conform to the requirements for the year 2000 functionality and performance, as set out by The British Standards Institution (BSI) in PD 2000-01.

All Cable & Wireless businesses participating in the programme reported their major services to be unaffected by the millennium transition and the leap year.





## DIRECTORS' REPORT CONTINUED

## DIRECTORS AND THEIR INTERESTS

The Directors who held office at the end of the year, together with their interests and the interests of their families in the ordinary shares of Cable and Wireless plc, are shown below:

	At 1 April 1999	Shares acquired or options granted	Shares disposed or options exercised/lapsed	At 31 March 2000
K K Claydon	4,875	7,622	(10,560)	1,937
(Alternate Director)	5,337	-	-	5,337 (a)
	51,372	13,250	-	64,622 (b)
	9,674	-	-	9,674 (c)
	6,553	-	-	6,553 (d)
	9,674	-	(9,674)	- (e)
	-	10,782	-	10,782 (f)

KK Claydon held 10,000 Cable & Wireless Plc shares at 1 April 1999, and sold 8,500 shares during the year. His holding at 31 March 2000 was 1,500 shares.

All interests are in fully paid ordinary shares, unless marked (a) which are options to purchase ordinary shares under the savings related option scheme for employees, (b) which are options to purchase ordinary shares under the discretionary share option schemes, (c) which are C&W Long Term Incentive Plan 1997 (LTIP) (notional) (d) which are C&W Long Term Incentive Plan 1998 (LTIP) (notional) (e) which are C&W Long Term Incentive Plan Transitional Scheme 1999 (LTIPTS99) (notional) (f) which are Cable & Wireless Performance Share Plan (PSP). Full details of the LTIPTS99, LTIP and the PSP are included in the financial statements of the ultimate parent company.

The interests of R E Lerwill are shown in the financial statements of the ultimate parent undertaking, Cable and Wireless plc.

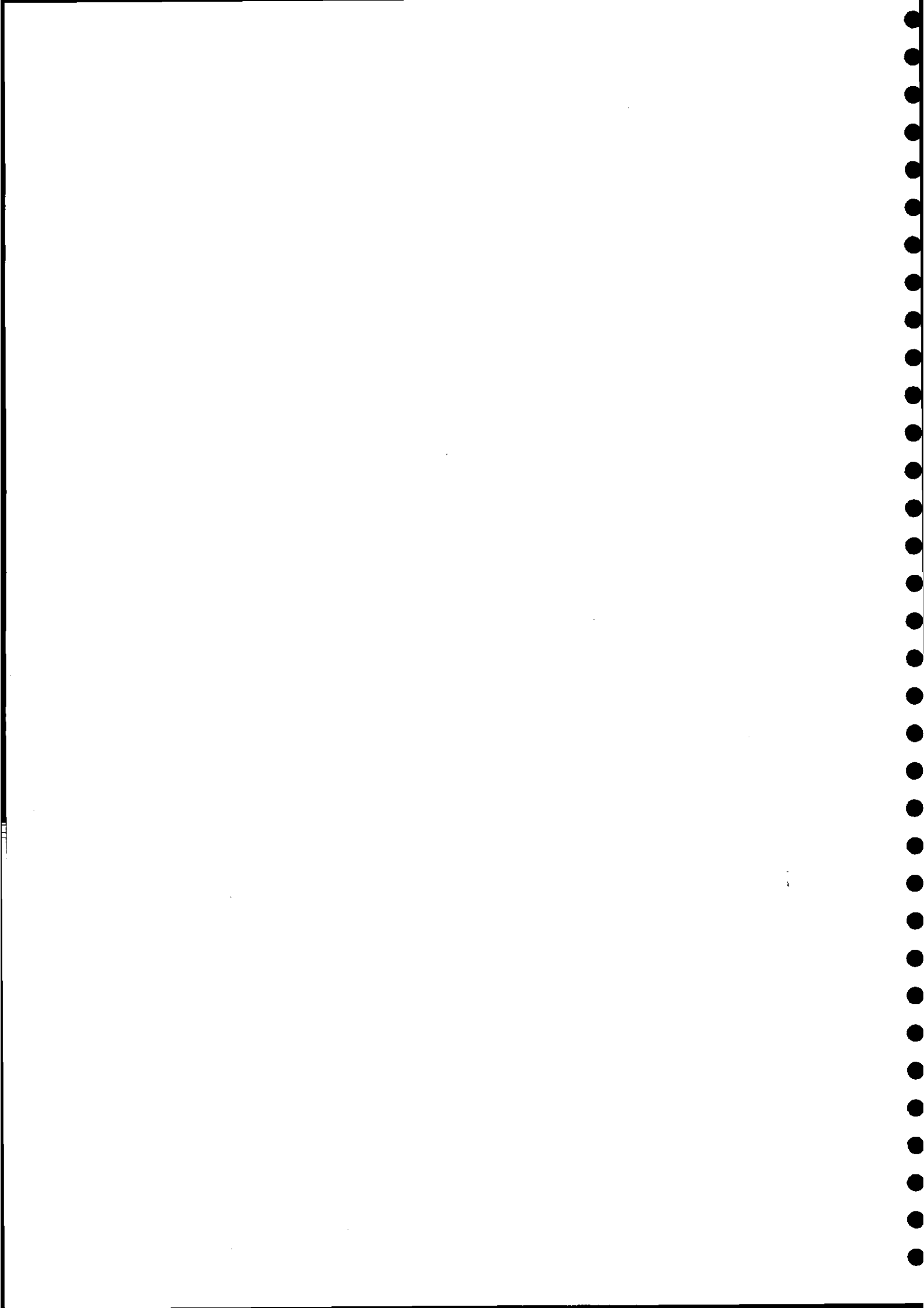
K K Claydon was appointed as R E Lerwill's Alternate Director on 13<sup>th</sup> September 1999.

By order of the Board of Directors.



J M BOLTON  
Secretary

Date: 3<sup>rd</sup> November, 2000



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS OF CABLE AND WIRELESS HK FINANCE LIMITED**

We have audited the financial statements on pages 6 and 7.

*Respective responsibilities of directors and auditors*

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

*Basis of audit opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

*Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

Date: 3 November 2000

# CABLE AND WIRELESS HK FINANCE

## BALANCE SHEET 31 March 2000

	Note	2000 £'000	1999 £'000
<b>CURRENT ASSETS</b>			
Debtors	4	1,664,452	1,664,452
Cash at bank and in hand		40	40
<b>NET ASSETS</b>		<u>1,664,492</u>	<u>1,664,492</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	52	52
Share premium		<u>1,664,440</u>	<u>1,664,440</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>1,664,492</u>	<u>1,664,492</u>

The financial statements on pages 6 to 7 were approved by the Board of Directors on 3rd November 2000 and signed on their behalf by:



Director

**PROFIT AND LOSS ACCOUNT**

The Company did not trade during the financial year or the previous financial year and received no income and incurred no expenditure. Consequently, the Company made neither a profit nor a loss.

**NOTES TO THE ACCOUNTS**

Year ended 31 March 2000

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards and on the historical cost basis.

**2. ULTIMATE PARENT COMPANY**

The Company's holding company and ultimate parent company is Cable and Wireless plc registered in England and Wales. A copy of Cable and Wireless plc's published consolidated financial statements can be obtained from The Secretary, Cable and Wireless plc, 124 Theobalds Road, London WC1X 8RX.

**3. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITORS**

The Company had no employees during the year (1999: nil). The Directors did not receive any emoluments from the Company (1999: nil). The audit fee was borne by the parent entity.

**4. DEBTORS**

	2000 £'000	1999 £'000
Amounts owed by group undertakings	1,664,452	1,664,452

**5. CALLED UP SHARE CAPITAL**

	2000 £	1999 £
Authorised		
13,000 ordinary shares of £1 each	13,000	13,000
40,000 preference shares of £1 each	40,000	40,000
	<u>53,000</u>	<u>53,000</u>
Allotted, called up and fully paid		
12,000 ordinary shares of £1 each	12,000	12,000
40,000 preference shares of £1 each	40,000	40,000
	<u>52,000</u>	<u>52,000</u>

**6. CASH FLOW STATEMENT**

Under Financial Reporting Standard 1 (revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. A cash flow statement is included in the financial statements of Cable and Wireless plc.

**7. RELATED PARTY TRANSACTIONS**

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose transactions with entities that are part of the Cable & Wireless group, or investees of the group qualifying as related parties, as all of the Company's voting rights are controlled within that group. There are no material transactions with any other related parties.

