

## 1. CORPORATE INFORMATION

During the year, the Group was involved in the following principal activities:

- manufacture and sale of telecommunications products and accessories;
- distribution of mobile phones;
- provision of Internet access, Internet portals contents, international direct-dial telephone services and other telecommunications services;
- trading of telecommunications and network equipment and provision of related consultancy services;
- manufacturing, sourcing and sale of baby care products; and
- provision of multimedia contents and services.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the remeasurement of investment properties, and certain fixed assets and equity investments, as further explained below.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2000. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

### Subsidiaries

A subsidiary is a company, other than a jointly-controlled entity, in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors.

Interests in subsidiaries are stated at cost unless, in the opinion of the directors, there have been permanent diminutions in values, when they are written down to values determined by the directors.

### Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

Joint venture arrangements which involve the establishment of a separate entity in which the Group and other parties have an interest are referred to as jointly-controlled entities.

The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in jointly-controlled entities are initially recorded at cost, less goodwill on acquisition, and adjusted thereafter for the post-acquisition changes in the Group's share of the net assets of the jointly-controlled entities, less any provisions for diminutions in values other than those considered to be temporary in nature deemed necessary by the directors.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Associates

An associate is a company, not being a subsidiary or a joint venture, in which the Group has a long term interest and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any provisions for diminutions in values other than those considered to be temporary in nature deemed necessary by the directors.

### Goodwill

Goodwill arising on consolidation of subsidiaries and on acquisition of associates and jointly-controlled entities represents the excess purchase consideration paid over the fair values ascribed to the net underlying assets acquired and is eliminated against reserves in the year of acquisition. On disposal of subsidiaries, associates or jointly-controlled entities, the relevant portion of attributable goodwill previously eliminated against reserves is written back and included in the calculation of the gain or loss on disposal.

### Fixed assets and depreciation

Fixed assets, other than investment properties and construction in progress, are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life, after taking into account its estimated residual value. The principal annual rates used for this purpose are as follows:

Leasehold land	2% - 5%
Buildings	2.5% - 5%
Plant and machinery	10% - 25%
Tools, moulds and equipment	10% - 50%
Furniture and office equipment	12.5% - 50%
Motor vehicles	18% - 33-1/3%

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Where, in the opinion of the directors, the recoverable amounts of fixed assets have declined below their carrying amounts, provisions are made to write down the carrying amounts of such assets to their recoverable amounts. Recoverable amounts are not determined using discounted cash flows. Reductions of recoverable amounts are charged to the profit and loss account, except to the extent that they reverse previous revaluation surpluses in respect of the same items, when they are charged to the revaluation reserve.

### Construction in progress

Construction in progress represents buildings under construction. It is stated at cost and is not depreciated. Cost comprises direct costs of construction and interest charges on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of fixed assets when completed and ready for use.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential, any rental income being negotiated at arm's length. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year. Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

On disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of previous valuations is released to the profit and loss account.

### Club memberships

Club memberships are intended to be held for long term purposes. They are stated at cost less any provisions for impairments in values, other than temporary in nature, deemed necessary by the directors, on an individual membership basis.

### Research and development costs

All research costs are charged to the profit and loss account as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the projects are clearly defined; the expenditure is separately identifiable and can be measured reliably; there is reasonable certainty that the projects are technically feasible; and the products have commercial value. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding four years, commencing from the date when the products are put into commercial production.

### Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased assets is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessors are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

### Long term investments

Long term investments are non-trading investments in listed and unlisted equity securities intended to be held on a long term basis.

Long term investments are stated at costs less any provisions for diminutions in values other than those considered to be temporary in nature deemed necessary by the directors.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Short term investments

Short term investments are investments in equity securities held for trading purposes. Listed securities are stated at their fair values on the basis of their quoted market prices at the balance sheet date on an individual investment basis. Unlisted securities are stated at their estimated fair values on an individual basis, as determined by the directors having regard to the prices of the most recent reported sales or purchases of the securities. The gains or losses arising from changes in the fair value of a security are credited or charged to the profit and loss account for the period in which they arise.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

### Deferred tax

Deferred tax is provided, using the liability method, on all significant timing differences to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

### Foreign currencies

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries, jointly-controlled entities and associates are translated into Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

### Retirement benefits scheme

The Group operates two defined contribution provident fund schemes pursuant to which certain employees of the Group are entitled to join upon fulfilling certain membership conditions. The Group contributes an amount equal to a fixed percentage of the salary of each participating employee. Forfeited contributions in respect of unvested benefits of staff leavers are used to reduce the Group's ongoing contributions. The net contributions are charged to the profit and loss account in the year to which they relate.

The assets of the schemes are held separately from those of the Group and are managed by independent professional fund managers.

### Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Revenue recognition (continued)

- (b) income from the provision of Internet, network consultancy and multimedia contents services, in the period in which the services are rendered;
- (c) rental income, on a time proportion basis over the lease terms;
- (d) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and
- (e) dividends, when the shareholders' right to receive payment is established.

### Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

### Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.



### 3. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowance for returns and trade discounts; income from the provision of Internet services, multimedia contents and services, and telecommunications related consultancy services; and income from the provision of financial services, and is analysed as follows:

HK\$'million	2000	1999
Continuing operations:		
Manufacture and sale of telecommunications products and accessories	1,847	1,245
Distribution of mobile phones	9	–
Provision of Internet services	114	169
Trading of telecommunications and network equipment and provision of related consultancy services	70	31
Manufacturing, sourcing and sale of baby care products	109	–
Provision of multimedia contents and services	15	–
Interest income	26	27
	<b>2,190</b>	1,472
Discontinued operations:		
Brokerage and trading of securities, futures, commodities, options, bullions, leveraged foreign exchange, fees and commissions	–	95
Interest income	–	5
	–	100
Turnover	<b>2,190</b>	1,572

**4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES**

The Group's profit/(loss) from operating activities is arrived at after charging:

HK\$'million	2000	Group 1999
Depreciation:		
Owned fixed assets	<b>110</b>	75
Leased fixed assets	<b>1</b>	1
Operating lease rentals in respect of land and buildings	<b>8</b>	12
Research and development costs:		
Deferred expenditure amortised	<b>25</b>	17
Current year expenditure	<b>37</b>	29
Auditors' remuneration	<b>4</b>	3
Staff costs (note)	<b>252</b>	202
Provision for impairment in values of long term investments	<b>101</b>	109
Write-off of investment in an associate (including realisation of goodwill)	<b>–</b>	80
Provision against loan to an associate	<b>44</b>	–
Provision against loan to a jointly-controlled entity	<b>51</b>	–
Bad and doubtful debt provisions on trade receivable	<b>7</b>	25
Bad and doubtful debt provisions on other receivables	<b>8</b>	65
Loss on disposal of fixed assets, net	<b>4</b>	2
Loss on disposal of an investment property	<b>–</b>	7
Net realised loss on disposal of short term investments	<b>4</b>	–
and after crediting:		
Gross rental income from investment properties	<b>3</b>	4
Exchange gains, net	<b>1</b>	2
Dividend income from a listed equity investment	<b>7</b>	–
Gain on disposal/deemed disposal of subsidiaries	<b>447</b>	93
Gain on disposal of jointly-controlled entities	<b>43</b>	–
Net unrealised holding gain on short term investments	<b>127</b>	407
Recovery of a long term investment	<b>36</b>	–
Interest income on loan to a jointly-controlled entity	<b>1</b>	7
Other loan interest income	<b>3</b>	10

*Note: The effect of forfeited contributions on the Group's contributions to the pension schemes for the year, and the amounts of forfeited contributions available to reduce contributions in future years, were not material.*



## 5. FINANCE COSTS

HK\$'million	2000	Group	1999
Interest on bank loans and overdrafts wholly repayable within five years	<b>12</b>		9
Interest on bank loans repayable after five years	<b>14</b>		9
Interest on convertible debt	<b>7</b>		1
Interest on finance leases	<b>1</b>		1
	<b>34</b>		20

## 6. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Companies Ordinance is as follows:

HK\$'million	2000	Group	1999
Fees:			
Executive directors	-		-
Independent non-executive directors	-		-
Executive directors' other emoluments:			
Salaries, allowances and benefits in kind	<b>14</b>		30
Pension scheme contributions	<b>1</b>		-
	<b>15</b>		30

The remuneration of the directors fell within the following bands:

	2000	Number of directors	1999
Nil - HK\$1,000,000	<b>6</b>		10
HK\$1,000,001 - HK\$1,500,000	<b>1</b>		-
HK\$1,500,001 - HK\$2,000,000	-		1
HK\$2,000,001 - HK\$2,500,000	<b>1</b>		-
HK\$3,000,001 - HK\$3,500,000	<b>1</b>		-
HK\$7,000,001 - HK\$7,500,000	<b>1</b>		-
HK\$8,000,001 - HK\$8,500,000	-		1
HK\$16,000,001 - HK\$16,500,000	-		1
	<b>10</b>		13

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

No value is included in directors' remuneration in respect of share options granted during the year because, in the absence of a readily available market value for the options on the Company's shares, the directors are unable to arrive at an accurate assessment of the value of the options granted. Details of the options granted to the directors during the year are set out in the section "Directors' interests in shares and share options" in the Report of the Directors on page 35.



**7. FIVE HIGHEST PAID EMPLOYEES**

The five highest paid employees during the year included three (1999: two) directors, details of whose remuneration are set out in note 6 above. The details of the remuneration of the remaining two (1999: three) non-director, highest paid employees are as follows:

HK\$'million	Group	
	2000	1999
Salaries, allowances and benefits in kind	3	5
Bonuses	1	1
Pension scheme contributions	–	–
	<b>4</b>	<b>6</b>

The remuneration of the non-director, highest paid employees fell within the following bands:

	Number of employees	
	2000	1999
Nil - HK\$1,000,000	–	1
HK\$1,000,001 - HK\$1,500,000	–	2
HK\$1,500,001 - HK\$2,000,000	1	–
HK\$2,000,001 - HK\$2,500,000	1	–
	<b>2</b>	<b>3</b>

**8. TAX**

The Company is exempted from tax in the Cayman Islands until 2010. Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

HK\$'million	Group	
	2000	1999
Group:		
Hong Kong:		
Provision for the year	12	8
Over provision in prior years	(1)	–
	<b>11</b>	<b>8</b>
Share of tax attributable to associates	2	–
Tax charge for the year	<b>13</b>	<b>8</b>



**9. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS**

The net profit from ordinary activities attributable to shareholders dealt with in the financial statements of the Company is approximately HK\$303 million (1999: loss of HK\$456 million). The Group's share of the profits or losses for the year retained by the jointly-controlled entities and associates amounted to profits of approximately HK\$5 million and HK\$1 million, respectively (1999: losses of approximately HK\$23 million and Nil, respectively).

**10. DIVIDEND**

HK\$'million	2000	1999
Special dividend in specie of 420,623,514 shares of HK\$0.10 each in CCT Multimedia Holdings Limited ("CCT Multimedia")	<b>421</b>	–

The special dividend was declared out of the Company's share premium account as permitted by the Company's Articles of Association and was approved in the extraordinary general meeting of the Company held on 15 September 2000. CCT Multimedia is a company incorporated in Bermuda with limited liability, whose securities are listed on The Stock Exchange of Hong Kong Limited and is a subsidiary of the Company.

**11. EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of approximately HK\$221 million (1999: HK\$110 million), and the weighted average number of 1,543,122,006 (1999: 1,191,779,309) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the year of approximately HK\$227 million (1999: HK\$112 million), after adjustment for interest saved upon the deemed exercise of all convertible bonds during the year. The weighted average number of ordinary shares used in the calculation of diluted earnings per share is 1,643,984,224 (1999: 1,213,452,290) which includes the weighted average number of 1,543,122,006 (1999: 1,191,779,309) ordinary shares in issue during the year, as used in the basic earnings per share calculation; nil (1999: weighted average of 2,617,797) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all warrants outstanding during the year; the weighted average of 5,320,816 (1999: 871,974) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the year; and the weighted average of 95,541,402 (1999: 18,183,210) ordinary shares assumed to have been issued on the deemed exercise of all convertible bonds during the year.

## 12. FIXED ASSETS

Group	Investment properties	Leasehold land and buildings	Plant and machinery	Tools, moulds and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
HK\$'million								
Cost or valuation:								
At beginning of year	58	650	153	81	169	15	99	1,225
Acquisition of subsidiaries	5	4	11	3	14	4	-	41
Additions	-	352	39	31	98	6	114	640
Disposals	-	-	(1)	-	(5)	(5)	-	(11)
Disposals of subsidiaries	-	-	-	-	(97)	(1)	-	(98)
Transfers	16	105	-	-	(54)	-	(100)	(33)
At 31 December 2000	79	1,111	202	115	125	19	113	1,764
Analysis of cost or valuation:								
At cost	-	1,111	202	115	125	19	113	1,685
At 31 December 2000 valuation	79	-	-	-	-	-	-	79
	79	1,111	202	115	125	19	113	1,764
Accumulated depreciation:								
At beginning of year	-	39	43	45	72	5	-	204
Acquisition of subsidiaries	-	1	2	3	6	2	-	14
Provided during the year	-	43	25	13	27	3	-	111
Disposals	-	-	(1)	-	(1)	(2)	-	(4)
Disposal of subsidiaries	-	-	-	-	(30)	-	-	(30)
Transfers	-	(9)	-	-	(24)	-	-	(33)
At 31 December 2000	-	74	69	61	50	8	-	262
Net book value:								
At 31 December 2000	79	1,037	133	54	75	11	113	1,502
At 31 December 1999	58	611	110	36	97	10	99	1,021

The net book value of the fixed assets of the Group held under finance leases included in the total amount of fixed assets as at 31 December 2000 amounted to HK\$6 million (1999: HK\$3 million).

The net book value of the Group's land and buildings included above are held under the following lease terms:

HK\$'million	Hong Kong	Elsewhere	Total
Long term leases	366	-	366
Medium term leases	64	607	671
	430	607	1,037



**12. FIXED ASSETS (continued)**

The Group's investment properties are situated in Hong Kong and held under the following lease terms:

HK\$'million	
Long term leases	18
Medium term leases	61
	<u>79</u>

The Group's investment properties were revalued on 31 December 2000 by DTZ Debenham Tie Leung Limited, Vigers Hong Kong Limited and E. N. Surveyors & Co., independent professionally qualified valuers, on an open market, existing use basis.

**13. DEPOSITS FOR ACQUISITION OF LAND**

The balance in 1999 represented deposits paid for the acquisition of a piece of industrial land at Huiyang, the People's Republic of China.

The balance was transferred to fixed assets during the year.

**14. INTANGIBLE ASSETS**

Group	Deferred development costs
HK\$'million	
Cost:	
At beginning of year	73
Additions	37
Write-off	(1)
At 31 December 2000	<u>109</u>
Accumulated amortisation:	
At beginning of year	47
Provided during the year	25
At 31 December 2000	<u>72</u>
Net book value:	
At 31 December 2000	<u>37</u>
At 31 December 1999	<u>26</u>

## 15. INTERESTS IN SUBSIDIARIES

HK\$'million	Company	
	2000	1999
Unlisted shares, at cost	–	–
Due from subsidiaries	3,472	2,232
Due to subsidiaries	(742)	(31)
	<b>2,730</b>	2,201
Provision for diminutions in values	(715)	(715)
	<b>2,015</b>	1,486

The balances with the subsidiaries are unsecured, interest-free and are repayable on demand.

Particulars of the principal subsidiaries as at the balance sheet date are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Bestbond Enterprises Inc.	British Virgin Islands	US\$1 Ordinary	–	100	Investment holding
CCT Assets Management Limited	British Virgin Islands	US\$1 Ordinary	–	100	Investment holding
CCT Marketing Limited	British Virgin Islands/ Hong Kong	US\$1 Ordinary	–	100	Trading of telecommunications products
CCT Multimedia Holdings Limited (formerly known as Wiltec Holdings Limited)	Bermuda	HK\$154,891,600 Ordinary	–	61.42	Investment holding
CCT Industrial Limited	British Virgin Islands	US\$100 Ordinary	–	100	Property holding
CCT Telecom (HK) Limited	Hong Kong	HK\$2,600,000 Ordinary	–	100	Trading of telecommunications products
CCT Technology Holdings Limited	British Virgin Islands	US\$1 Ordinary	–	100	Investment holding



## 15. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Electronic Sales Limited	Hong Kong	HK\$5,948,000 Ordinary	–	100	Manufacturing and trading of transformers and adaptors
Full Triumph International Limited	British Virgin Islands	US\$1 Ordinary	–	100	Property holding
Full Yield Agents Ltd.	British Virgin islands	US\$1 Ordinary	–	100	Investment holding
Goldbay Investments Limited	Hong Kong	HK\$2 Ordinary	–	100	Property holding
Growth Promise Enterprises Limited	British Virgin Islands	US\$1 Ordinary	–	100	Investment holding
Haier CCT (H.K.) Telecom Co., Limited	Hong Kong	HK\$20,000,000 Ordinary	–	51	Distribution of mobile phones
Huge Partner Limited	Hong Kong	HK\$10,000 Ordinary	–	100	Property holding
Manistar Enterprises Limited	British Virgin Islands	US\$1 Ordinary	–	100	Investment holding
Neptune Holding Limited	Hong Kong	HK\$10,000,000 Non-voting* class 'A' shares and HK\$1,000,000 voting class 'B' shares	–	100	Trading of plastic casings and parts
Wiltec Industries Limited	Hong Kong	HK\$100 Ordinary and HK\$1,000,000 Deferred**	–	61.42	Manufacturing, sourcing and sale of baby care products

**15. INTERESTS IN SUBSIDIARIES (continued)**

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Huiyang CCT Telecommunications Products Co., Ltd.	People's Republic of China	HK\$80,000,000 Registered***	–	100	Manufacturing of telecommunications products
Huiyang CCT Plastic Products Co., Ltd.	People's Republic of China	HK\$40,000,000 Registered***	–	100	Manufacturing of plastic casings and parts

\* The non-voting shares carry no rights to dividends and no rights to vote at general meetings.

\*\* The non-voting deferred shares carry no rights to dividends, to receive notice of or to attend or vote at any general meeting of the company or to participate in any distribution on winding-up.

\*\*\* Registered under the laws of the People's Republic of China as wholly foreign-owned enterprise.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

**16. INTERESTS IN JOINTLY-CONTROLLED ENTITIES**

HK\$'million	Group		Company	
	2000	1999	2000	1999
Unlisted shares, at cost	–	–	<b>284</b>	–
Share of net assets	<b>53</b>	124	–	–
Loan to a jointly-controlled entity	<b>51</b>	102	–	–
Due from jointly-controlled entities	–	7	–	–
	<b>104</b>	233	<b>284</b>	–
Provision against loan to a jointly-controlled entity	<b>(51)</b>	–	–	–
	<b>53</b>	233	<b>284</b>	–

The balances with the jointly-controlled entities are unsecured, interest-free and are not repayable within one year except for the loan advanced to a jointly-controlled entity in 1999 amounting to approximately HK\$102 million which was interest bearing at 7% per annum. The loan to that jointly-controlled entity was fully repaid during the year.

For further details of capital commitments relating to the jointly-controlled entities, please refer to note 37(c).



## 16. INTERESTS IN JOINTLY-CONTROLLED ENTITIES (continued)

Particulars of the principal jointly-controlled entities are as follows:

Name	Business structure	Place of incorporation/ registration and operations	Registered or issued share capital	Ownership interest	Percentage of Voting power	Profit sharing	Principal activities
Haier CCT (Qingdao) Telecom Co., Ltd.	Corporate	People's Republic of China	US\$12,000,000 Registered	49	44	49	Manufacturing and trading of mobile phones
CCT-Teligent Co., Limited	Corporate	Hong Kong	HK\$100 Ordinary	60	60	60	Provision of fixed telecommunications network services

## 17. INTERESTS IN ASSOCIATES

HK\$'million	2000	Group 1999
Share of net assets	<b>69</b>	7
Loan to associates	<b>66</b>	–
Due from associates	<b>21</b>	9
	<b>156</b>	16
Provision against loan to associates	<b>(44)</b>	–
	<b>112</b>	16

The amounts due from associates are unsecured, interest-free and are repayable on demand.



**17. INTERESTS IN ASSOCIATES (continued)**

Particulars of the principal associates, all held indirectly through subsidiaries, are as follows:

Name	Business structure	Place of incorporation and operations	Issued share capital	Percentage of ownership interest attributable to the Group		Principal activities
				2000	1999	
HKNet Company Limited	Corporate	Hong Kong	HK\$153,561,670 Ordinary	21	51	Provision of Internet services
Modernet Company Limited	Corporate	British Virgin Islands	US\$50,000 Ordinary	40	–	Investment holding
Team Work Corporation Limited	Corporate	British Virgin Islands	US\$100 Ordinary	40	–	Provision of agency services and movie production

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

**18. OTHER ASSETS**

HK\$'million	Group	
	2000	1999
Club memberships, at cost	<b>14</b>	–
Deposit for acquisition of a subsidiary	<b>10</b>	–
	<b>24</b>	–

The deposit was paid for the acquisition of a 100% interest in City Howwhy Limited. Further details of this transaction are set out in note 38(b).



## 19. INVESTMENTS

HK\$'million	Group		Company	
	2000	1999	2000	1999
Long term investments				
Listed equity investments in Hong Kong, at cost (market value as at 31 December 1999: HK\$302 million)	-	310	-	-
Unlisted equity investments, at cost	<b>489</b>	268	-	-
Provision for diminutions in values	<b>(101)</b>	(49)	-	-
	<b>388</b>	219	-	-
Unlisted debt securities, at cost	<b>60</b>	60	-	-
Provision for diminutions in values	<b>(60)</b>	(60)	-	-
	-	-	-	-
	<b>388</b>	529	-	-
Short term investments				
Listed equity investments, at market value:				
Hong Kong	<b>275</b>	6	-	-
Elsewhere	<b>173</b>	452	<b>124</b>	-
	<b>448</b>	458	<b>124</b>	-
Unlisted equity investments, at fair value	<b>676</b>	-	-	-
	<b>1,124</b>	458	<b>124</b>	-

As at 31 December 2000, the amount of the Group's holding in the following company exceeded 10% of total assets of the Group:

Name	Place of incorporation	Description of shares held	Percentage of holding
Sendo Holdings PLC	United Kingdom	GBP31,526,000 Ordinary and GBP31,474,000 Preference	33.3

**20. DUE FROM A RELATED COMPANY**

HK\$'million	Group and Company	
	2000	1999
Jing Xiou Corporation	-	168

Jing Xiou Corporation ("Jing Xiou") is a wholly-owned subsidiary of Golden Tripod (Holdings) Limited ("Golden Tripod"). Zhang Guo Liang, an ex-executive director of the Company, is the director of Golden Tripod. Maximum amount outstanding during the year was HK\$171 million (1999: HK\$188 million).

During the year, the outstanding balance with Jing Xiou was fully repaid.

**21. INVENTORIES**

HK\$'million	Group	
	2000	1999
Raw materials	156	88
Work in progress	90	41
Finished goods	60	10
	<b>306</b>	<b>139</b>

The carrying amount of inventories carried at net realisable value included in the above is Nil (1999: HK\$1 million).

**22. TRADE AND BILLS RECEIVABLES**

The aged analysis of trade and bills receivables is as follows:

HK\$'million	Group 2000		Group 1999	
	Balance	Percentage	Balance	Percentage
Current to 30 days	276	60	162	71
31 to 60 days	137	30	30	13
61 to 90 days	36	8	22	10
Over 91 days	10	2	15	6
	<b>459</b>	<b>100</b>	<b>229</b>	<b>100</b>

The Group normally allows an average credit period of 30-60 days to its trade customers.



### 23. DEPOSITS AND OTHER RECEIVABLES

HK\$'million	Group		Company	
	2000	1999	2000	1999
Prepayments	8	46	–	–
Deposits and other receivables	31	77	6	1
	<b>39</b>	123	<b>6</b>	1

### 24. CASH AND CASH EQUIVALENTS

HK\$'million	Group		Company	
	2000	1999	2000	1999
Cash and bank balances	259	97	181	23
Time deposits	108	188	78	169
	<b>367</b>	285	<b>259</b>	192

### 25. TRADE AND BILLS PAYABLES

The aged analysis of trade and bills payables is as follows:

HK\$'million	Group 2000		Group 1999	
	Balance	Percentage	Balance	Percentage
Current to 30 days	197	35	172	52
31 to 60 days	153	27	79	24
61 to 90 days	150	26	38	11
Over 91 days	67	12	42	13
	<b>567</b>	<b>100</b>	331	100

### 26. OTHER PAYABLES AND ACCRUALS

HK\$'million	Group		Company	
	2000	1999	2000	1999
Accruals	83	71	10	6
Other payables	347	114	–	19
	<b>430</b>	185	<b>10</b>	25