

1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated accounts are set out below:

(a) Basis of preparation

The accounts have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants. The accounts are prepared under the historical cost convention as modified by the revaluation of leasehold land and buildings.

(b) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st December. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or capital reserve which was not previously charged or recognised in the consolidated profit and loss account.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision, if necessary, for any permanent diminution in value. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Revenue recognition

Revenue from the sale of goods is recognised upon delivery of goods to customers net of sales returns and discounts allowed.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

1 PRINCIPAL ACCOUNTING POLICIES (*continued*)

(d) Fixed assets

Leasehold land and buildings are stated at valuation less accumulated depreciation, or are stated at cost less accumulated depreciation in respect of additions in the intervening years between independent valuations, which are performed every three years. In the intervening years, the Directors review the carrying value of the properties and adjustment is made where there has been a material change in the fair value. Increases in valuation are credited to the land and buildings revaluation reserve. Decreases in valuation are first offset against increases on earlier valuations in respect of the same property and are thereafter debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited. Upon the disposal of a property, the relevant portion of the realised revaluation reserve in respect of previous valuations is transferred from the revaluation reserve to retained earnings.

Amortisation of leasehold land is calculated to write off its valuation over the unexpired period of the lease. Depreciation on leasehold buildings is calculated to write off their costs or valuation on a straight line basis over the unexpired periods of the leases or their expected useful lives to the Group whichever is shorter. The principal annual rates used for this purpose are 2.5% – 5%.

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation on other tangible fixed assets is calculated at rates sufficient to write off their cost over their estimated useful lives on a reducing balance basis. The principal annual rates are as follows:

Leasehold improvements	15%
Plant and machinery	20%
Furniture and fixtures	15% – 20%
Office equipment	20%
Motor vehicles	15% – 20%
Company boat	15%

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. Expected future cash flows have not been discounted in determining the recoverable amount.

1 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(d) Fixed assets *(continued)*

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

(e) Assets under leases

(i) Hire purchase contracts

Contracts that substantially transfer to the Group all the rewards and risks of ownership of assets, other than legal title, are accounted for as hire purchase contracts. At the inception of a hire purchase contract, the fair value of the asset is recorded together with the obligation, excluding the interest element, to pay future rentals.

Repayments are treated as consisting of capital and interest elements. Finance charges are debited to the profit and loss account in proportion to the capital balances outstanding.

Assets held under hire purchase contracts are depreciated over the shorter of their estimated useful lives (note 1(d)) or contract periods.

(ii) Operating leases

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

(f) Investment securities

Investment securities are stated at cost less any provision for diminution in value.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such investments is reduced to its fair value. The amount of the reduction is recognised as an expense in the profit and loss account.

1 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. In general, costs are assigned to individual items on the first-in first-out basis and are arrived at as follows:

- (i) Raw material purchased for use in the manufacturing process – invoiced price and shipping costs.
- (ii) Work in progress and finished manufactured goods – costs of direct materials, direct labour and an appropriate proportion of production overheads.
- (iii) Finished goods purchased for resale – invoiced price and shipping costs.

Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for cost of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition.

(h) Accounts receivable

Provision is made against accounts receivable to the extent which they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(i) Deferred taxation

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

(j) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date or forward contract rates where the monetary assets or liabilities are hedged by forward contracts. Exchange differences arising in these cases are dealt with in the profit and loss account.

The accounts of overseas subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising are dealt with as a movement in reserves.

1 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(k) Borrowing costs

All borrowing costs are charged to the profit and loss account in the year in which they are incurred.

2 TURNOVER, REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of electric cable and wire products. Revenues recognised during the year are as follows:

	2000 HK\$'000	1999 HK\$'000
Turnover		
Sale of goods	241,130	212,785
Other revenue		
Interest income	103	431
Total revenues	241,233	213,216

2 TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

An analysis of the group's turnover and contribution to operating profit/(loss) for the year by principal activities and markets is as follows:

	Turnover		Operating profit/(loss)	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Principal activities:				
Manufacturing of cable and wire products	240,979	208,297	8,468	18,522
Trading of cable and wire products	151	4,488	(595)	(408)
Investment holding	-	-	2,569	8,729
	241,130	212,785	10,442	26,843
Principal markets:				
Hong Kong	164,693	155,747		
Mainland China	29,932	21,395		
Europe	3,290	15,892		
Singapore	11,899	-		
America	11,098	7,459		
Thailand	9,527	5,002		
Australia	4,736	4,112		
New Zealand	2,360	1,075		
Others	3,595	2,103		
	241,130	212,785		

No analysis of the contribution to trading results by principal market has been prepared as no contribution to the profit from any of the above principal markets is substantially out of line with the normal ratio of profit or loss to turnover.

3 OPERATING PROFIT

Operating profit is stated after charging the following:

	2000 HK\$'000	1999 HK\$'000
Cost of inventories	150,406	123,869
Depreciation		
Owned fixed assets other than leasehold land	9,073	8,923
Fixed assets held under hire purchase contracts	1,996	2,139
Amortisation of leasehold land	681	441
Provision for bad and doubtful debts	407	-
Operating lease rentals in respect of land and buildings	466	410
Auditors' remuneration	577	491
Staff costs	25,599	20,849
Loss on disposal of fixed assets	218	310
	4,928	1,326

4 FINANCE COSTS

	2000 HK\$'000	1999 HK\$'000
Interest on bank loans and overdrafts	4,347	722
Interest element of hire purchase contracts	581	604
	4,928	1,326

5 TAXATION

- (a) Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profit for the year.

The amount of taxation charged to the consolidated profit and loss account represents:

	2000 HK\$'000	1999 HK\$'000
Hong Kong profits tax	1,316	2,422
Over-provision in previous year	(409)	(478)
Transferred (from)/to deferred taxation account (note 5(b))	(103)	304
	804	2,248

- (b) Deferred taxation for the year has been provided as follows:

	2000 HK\$'000	1999 HK\$'000
Provision at 1st January	2,051	1,747
Transferred (to)/from profit and loss account (note 5(a))	(103)	304
Provision at 31st December (note 19)	1,948	2,051

Deferred taxation represents the net tax effect of timing differences arising from accelerated depreciation allowances which is expected to crystallise in the foreseeable future. There was no material unprovided deferred taxation for the year.

6 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$332,000 (1999: HK\$23,579,000).

7 DIVIDENDS

	2000 HK\$'000	1999 HK\$'000
Interim, paid, of HK\$Nil (1999: HK\$0.02) per ordinary share	-	3,982
Final, proposed, of HK\$0.01 (1999: HK\$0.02) per ordinary share	1,990	3,979
	1,990	7,961

8 EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$4,710,000 (1999: HK\$23,269,000) and on the weighted average number of 198,958,000 (1999: 199,085,331) ordinary shares in issue during the year.

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

- (a) The aggregate amounts of emoluments payable to Directors of the Company during the year are as follows:

	2000 HK\$'000	1999 HK\$'000
Fees	-	-
Basic salaries, housing allowances, other allowances and benefits in kind	5,854	5,730
Discretionary bonuses	1,125	2,616
	6,979	8,346

Directors' salaries disclosed above include HK\$60,000 (1999: HK\$60,000) paid to an independent non-executive director. Another independent non-executive director did not receive any emolument during the year (1999: HK\$Nil).

No Directors waived their emoluments in respect of the years ended 31st December 1999 and 2000.

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(continued)*

The emoluments of the Directors fell within the following bands:

Emoluments bands	Number of executive directors	
	2000	1999
HK\$nil – HK\$1,000,000	5	3
HK\$1,000,001 – HK\$2,000,000	–	2
HK\$2,000,001 – HK\$3,000,000	1	–
HK\$3,000,001 – HK\$4,000,000	–	1
	6	6

- (b) The five individuals whose emoluments were the highest in the Group for the year include 4 (1999: 4) Directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 1 (1999: 1) individual during the year are as follows:

	2000 HK\$'000	1999 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	936	936
Bonuses	–	369
	936	1,305

The emoluments fell within the following bands:

	Number of individual	
	2000	1999
HK\$nil – HK\$1,000,000	1	–
HK\$1,000,001 to HK\$1,500,000	–	1

10 FIXED ASSETS – GROUP

	Land and buildings		Leasehold improvements	Plant and machinery	Furniture and fixtures	Office equipment	Motor vehicles	Company boat	Total
	In Hong Kong, held under lease of between 10 to 50 years	Outside Hong Kong, held under lease of between 10 to 50 years							
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation:									
At 1st January 2000	2,500	46,000	-	54,253	6,175	2,326	3,960	3,261	118,475
Additions	39,210	5,174	1,894	1,712	799	1,092	296	-	50,177
Disposals	-	-	-	-	(172)	(172)	(79)	-	(423)
At 31st December 2000	41,710	51,174	1,894	55,965	6,802	3,246	4,177	3,261	168,229
Accumulated depreciation:									
At 1st January 2000	-	-	-	18,028	2,685	1,039	1,595	1,987	25,334
Charge for the year	590	2,065	166	7,171	737	394	448	179	11,750
Disposals	-	-	-	-	(101)	(31)	(37)	-	(169)
At 31st December 2000	590	2,065	166	25,199	3,321	1,402	2,006	2,166	36,915
Net book value:									
At 31st December 2000	41,120	49,109	1,728	30,766	3,481	1,844	2,171	1,095	131,314
At 31st December 1999	2,500	46,000	-	36,225	3,490	1,287	2,365	1,274	93,141

The analysis of the cost or valuation at 31st December 2000 of the above assets is as follows:

At cost	39,210	5,174	1,894	55,965	6,802	3,246	4,177	3,261	119,729
At 1999 professional valuation	2,500	46,000	-	-	-	-	-	-	48,500
	41,710	51,174	1,894	55,965	6,802	3,246	4,177	3,261	168,229

10 FIXED ASSETS – GROUP *(continued)*

- (a) Certain leasehold land and buildings were revalued by DTZ Debenham Tie Leung Limited, independent professional valuers, on an open market value basis at 31st December 1999. The carrying amount of these land and buildings that would be included in the accounts if these land and buildings were carried forward at cost less depreciation is HK\$24,894,497 (1999: HK\$26,044,000).
- (b) At 31st December 2000, land and buildings with a net book value of HK\$41,120,000 (1999: HK\$2,500,000) were pledged to a bank to secure bank loans granted to the Group (note 23(a)).
- (c) Included in the total amount of fixed assets at 31st December 2000 are assets held under hire purchase contracts with an aggregate net book value of HK\$5,537,780 (1999: HK\$11,022,000).

11 INVESTMENTS IN SUBSIDIARIES

	Company	
	2000 HK\$'000	1999 HK\$'000
Unlisted shares, at cost	62,748	62,748

Details of the Company's subsidiaries are set out in note 26.

12 INVESTMENT SECURITIES

	Group	
	2000 HK\$'000	1999 HK\$'000
Investments at cost		
Shares listed in Hong Kong	146	146
Unlisted shares (note (a))	-	4,500
	146	4,646
Provision for diminution in value		
Shares listed in Hong Kong	(131)	(131)
Unlisted shares (note (a))	-	(4,500)
	(131)	(4,631)
	15	15
Market value of listed shares	19	21

- (a) In 1999, Perennial Investments (H.K.) Limited ("Perennial Investments"), a subsidiary of the Company, was in legal dispute with Union Bridge Investment Limited ("Union Bridge") in relation to its investment in Popbridge Industrial Limited ("Popbridge"). Full provision was made for the investment in Popbridge of HK\$4,500,000 in view of the uncertainty over the future prospects of this investment.

The litigation in relation to Popbridge was settled out of court by a Deed made on 4th October 2000. Under the terms of the Deed, Perennial Investments relinquished its rights over the shares in Popbridge. It was agreed that Union Bridge shall pay Perennial Investments the amount of HK\$4,500,000 by way of nine equal and consecutive monthly instalments of HK\$500,000 each commencing from 3rd January 2001. Subsequent to year end and up to the date of this report, Perennial Investments received HK\$2,000,000 which represents four instalment payments from Union Bridge. As a result, provision to the extent of the amount received of HK\$2,000,000 was written back in 2000. In addition, an over provision for litigation costs of HK\$569,000 was also written back in 2000.

13 INVENTORIES

	Group	
	2000 HK\$'000	1999 HK\$'000
Raw materials	18,750	19,510
Work in progress	3,594	2,131
Finished goods	4,865	5,206
	27,209	26,847

At 31st December 2000, none of the inventories are carried at net realisable value (1999: HK\$Nil).

14 TRADE RECEIVABLES

At 31st December 2000, the ageing analysis of trade receivables were as follows:

	Group	
	2000 HK\$'000	1999 HK\$'000
Current – 3 months	47,574	45,638
4 – 6 months	4,051	6,347
Over 7 months	887	1,644
	52,512	53,629

Payment terms with customers are largely on credit with the exception of new customers, which are on cash on delivery basis. Invoices are normally payable within 60 to 90 days of issuance.

15 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Included in deposits, prepayments and other receivables is a loan to a Director as follows:

Name	Terms of the loan	Maximum amount outstanding during the year HK\$'000	Amount outstanding at 31st December 2000 HK\$'000	Amount outstanding at 31st December 1999 HK\$'000
Mr LI Ho Cheong	Unsecured, interest bearing at 3% per annum and repayable on demand	305	305	-

At 31st December 2000, the amount of interest due but not yet paid amounted to HK\$4,875.

16 TRADE PAYABLES

At 31st December 2000, the ageing analysis of trade payables were as follows:

	Group	
	2000 HK\$'000	1999 HK\$'000
Current - 3 months	22,327	22,185
4 - 6 months	3,596	1,381
Over 7 months	700	-
	26,623	23,566

17 SHARE CAPITAL

	Company	
	2000 HK\$'000	1999 HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each	50,000	50,000
Issued and fully paid:		
Ordinary shares of HK\$0.10 each	19,896	19,896

18 RESERVES

Group	Share	Arising on	Land and	Arising	Capital	Retained	Total
	premium	consolidation	buildings	from issue	redemption	earnings	
	HK\$'000	HK\$'000	revaluation	of warrants	HK\$'000	HK\$'000	HK\$'000
At 1st January 1999	16,043	11,808	8,987	23,280	70	57,327	117,515
Repurchase of own shares	(158)	-	-	-	34	(34)	(158)
Realisation upon expiry of warrants	-	-	-	(23,280)	-	-	(23,280)
Revaluation deficit on leasehold land and buildings	-	-	(4,081)	-	-	-	(4,081)
Profit attributable to shareholders	-	-	-	-	-	23,269	23,269
Dividends	-	-	-	-	-	(7,961)	(7,961)
At 31st December 1999	15,885	11,808	4,906	-	104	72,601	105,304
Opening reserves as at 1st January 2000	15,885	11,808	4,906	-	104	72,601	105,304
Profit attributable to shareholders	-	-	-	-	-	4,710	4,710
Dividends	-	-	-	-	-	(1,990)	(1,990)
At 31st December 2000	15,885	11,808	4,906	-	104	75,321	108,024

18 RESERVES (continued)

Company

	Share premium HK\$'000	Contributed surplus (note 18(a)) HK\$'000	Arising from issue of warrants HK\$'000	Capital redemption HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1st January 1999	16,043	62,548	23,280	70	18,850	120,791
Repurchase of own shares	(158)	-	-	34	(34)	(158)
Realisation upon expiry of warrants	-	-	(23,280)	-	-	(23,280)
Profit attributable to shareholders	-	-	-	-	23,579	23,579
Dividends	-	-	-	-	(7,961)	(7,961)
At 31st December 1999	15,885	62,548	-	104	34,434	112,971
Opening reserves as at 1st January 2000	15,885	62,548	-	104	34,434	112,971
Profit attributable to shareholders	-	-	-	-	332	332
Dividends	-	-	-	-	(1,990)	(1,990)
At 31st December 2000	15,885	62,548	-	104	32,776	111,313

- (a) The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of subsidiaries being acquired in connection with the reorganisation of the Group prior to its listing on the Stock Exchange, and represents the difference between the nominal value of the Company's shares issued and the value of net assets of the subsidiaries acquired. Under the Companies Act of 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders. At Group level, the contributed surplus is reclassified into its component reserves of the underlying subsidiaries.

19 LONG-TERM LIABILITIES

	Group	
	2000 HK\$'000	1999 HK\$'000
Bank loans – secured (note 19(a))	14,284	–
Obligations under hire purchase contracts (note 19(b))	866	1,456
Deferred taxation (note 5(b))	1,948	2,051
	17,098	3,507

(a) Bank loans – secured

	Group	
	2000 HK\$'000	1999 HK\$'000
Bank loans – secured (note 23)		
Wholly repayable within five years	6,750	–
Not wholly repayable within five years	11,369	–
	18,119	–
Less: Amount repayable within one year included in current liabilities	(3,835)	–
	14,284	–
Bank loans are repayable in the following periods		
– Within one year	3,835	–
– More than one year but not exceeding two years	3,915	–
– More than two years but not exceeding five years	2,737	–
– More than five years	7,632	–
	18,119	–

19 LONG-TERM LIABILITIES *(continued)*

(b) Obligations under hire purchase contracts

	Group	
	2000 HK\$'000	1999 HK\$'000
Obligations under hire purchase contracts are repayable in the following periods:		
– Within one year	1,512	3,673
– More than one year but not exceeding two years	747	999
– More than two years but not exceeding five years	119	457
	2,378	5,129
Less: Amount payable within one year included in current liabilities	(1,512)	(3,673)
	866	1,456

20 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before taxation to net cash inflow from operating activities

	Group	
	2000 HK\$'000	1999 HK\$'000
Profit before taxation	5,514	25,517
Interest income	(103)	(431)
Interest on bank loans and overdrafts	4,347	722
Interest element of hire purchase contracts	581	604
Loss on disposal of fixed assets	218	310
Amortisation of leasehold land	681	441
Depreciation of owned fixed assets other than leasehold land	9,073	8,923
Depreciation of fixed assets held under hire purchase contracts	1,996	2,139
Realisation of reserves arising from issue of warrants	-	(23,280)
(Write back)/provision for unlisted investment securities and related litigation costs and provision	(2,569)	14,420
Provision for diminution in value of listed investment securities	-	131
Increase in inventories	(362)	(6,516)
Decrease/(increase) in trade receivables, deposits, prepayments and other receivables	4,615	(13,095)
Decrease/(increase) in bills receivable	333	(561)
(Decrease)/increase in trade payables, accrued charges and other payables	(2,095)	8,692
Decrease in bills payable	-	(323)
Net cash inflow from operating activities	22,229	17,693

20 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(b) Analysis of changes in financing during the year

	Share capital including share premium		Bank loans		Obligations under hire purchase contracts	
	2000	1999	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January	35,781	35,973	-	-	5,129	7,769
Purchase of own shares	-	(192)	-	-	-	-
New bank loans	-	-	21,000	-	-	-
Repayment of bank loans	-	-	(2,881)	-	-	-
Inception of hire purchase contracts	-	-	-	-	860	2,888
Repayment of capital element of hire purchase contracts	-	-	-	-	(3,611)	(5,528)
At 31st December	35,781	35,781	18,119	-	2,378	5,129

21 CONTINGENT LIABILITIES

At 31st December 2000, 12 (1999: 18) employees have completed the required number of years of service under the Employment Ordinance ("the Ordinance") to be eligible for long service payment on termination of their employment. The Group is only liable to make such payment where the termination meets the circumstances specified in the Ordinance. If the termination of all these employees meets the circumstances specified in the Ordinance, the Group's liability at 31st December 2000 would be HK\$1,201,000 (1999: HK\$1,435,000). Provision of HK\$347,000 (1999: HK\$347,000) has been made in the accounts as at 31st December 2000. The shortfall of HK\$854,000 (1999: HK\$1,088,000) has not been provided for in the accounts as at 31st December 2000, as in the opinion of the Directors, the amount will not crystallise in the foreseeable future.

22 COMMITMENTS

(a) Capital commitments

At 31st December 2000, the Group had the following capital commitments:

	2000 HK\$'000	Group 1999 HK\$'000
Contracted but not provided for in respect of		
- investment in a company	-	9,000
- leasehold land and buildings	-	36,175
	-	45,175

(b) Commitments under operating leases

At 31st December 2000, the Group had commitments under operating leases in respect of land and buildings to make payments in the next twelve months under operating leases which expire as follows:

	2000 HK\$'000	Group 1999 HK\$'000
Within one year	-	89

23 PLEDGE OF ASSETS

At 31st December 2000, the Group's banking facilities amounting to approximately HK\$74 million (1999: HK\$42 million) were secured by the following:

- (a) legal charges over certain land and buildings of the Group with a total net book value of HK\$41,120,000 (1999: HK\$2,500,000);
- (b) corporate guarantees given by the Company;
- (c) letters of undertaking from the Company and a subsidiary covenanting that their tangible net worth will be maintained at not less than HK\$45 million and HK\$10 million respectively; and
- (d) a deed of guarantee executed by the Company amounting to HK\$30 million.

24 ULTIMATE HOLDING COMPANY

The Directors of the Company regard Spector Holdings Limited, a company incorporated in the British Virgin Islands, as being the ultimate holding company.

25 APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 23rd April 2001.

26 SUBSIDIARIES

At 31st December 2000, the Company held shares in the following principal subsidiaries:

Name	Place of incorporation/ establishment	Paid up share capital/ registered capital	Principal activities	Interest	
				2000	1999
Shares held directly					
Perennial Limited	British Virgin Islands	Ordinary US\$1,200	Investment holding and provision of sourcing and management services	100%	100%
Shares held indirectly					
Ever Peak Development Limited	Hong Kong	Ordinary HK\$2	Property holding	100%	100%
Glitter Wire & Cable Company, Limited	Hong Kong	Ordinary HK\$500 Non-voting deferred HK\$2,000,000	Property holding	100%	100%
*New Technology Cable Limited	Hong Kong	Ordinary HK\$1,000 Non-voting deferred HK\$10,000,000	Manufacturing and sale of electric cables and wires	100%	100%
NTC Services Limited	Hong Kong	Ordinary HK\$10,000	Provision of staff management services	100%	100%
Perennial Cable (H.K.) Limited	Hong Kong	Ordinary HK\$2,000,000	Trading of electric cables, wires and accessories	100%	100%

26 SUBSIDIARIES (continued)

Name	Place of incorporation/ establishment	Paid up share capital/ registered capital	Principal activities	Interest	
				2000	1999
*Perennial Cable Limited	British Virgin Islands	Ordinary US\$1	Investment and property holding, manufacture and sale of electric cables, wires and accessories	100%	100%
#Perennial Cable (Shenzhen) Co., Limited	Mainland China	HK\$21,000,000	Manufacturing of electric cables and wires	100%	100%
*Perennial Plastics (H.K.) Limited	Hong Kong	Ordinary HK\$2	Manufacturing and sale of plastic resins and compounds	100%	100%
Perennial Plastics Limited	British Virgin Islands	Ordinary US\$50,000	Investment holding	100%	100%
Perennial Investment (H.K.) Limited	Hong Kong	Ordinary HK\$10,000	Investment holding	100%	100%

Save as noted below, the above companies' place of operation is the same as their place of incorporation/establishment.

* The manufacturing activities of these companies are performed by sub-contractors in the Mainland China.

Perennial Cable (Shenzhen) Co., Limited, one of the Company's subsidiaries, is not audited by PricewaterhouseCoopers, Hong Kong. The net assets of this subsidiary amounted to 10.01% of the Group's total net assets.