

PRIME MINISTER

*I think I should
go because I was
present at the
signing of the
L. 2. 1.
mt*

China: Cable and Wireless Ceremony on 25 July 1983

In the attached letter the Chairman of Cable and Wireless asks whether you will attend a ceremony on 25 July at which the agreement to form the Huaying Nanhai Oil Telecommunications Service Company will be signed.

This follows the Letter of Intent whose signing you attended in China last September.

The Chinese Ambassador will be present.

The attached letter sets out FCO and Department of Trade advice. The DOT see advantage in your attendance because Cable and Wireless have pulled off a major export achievement. The FCO point out that your attendance will be well received in Hong Kong and that the Chinese would also be struck by the gesture (but it is unlikely to influence the talks about Hong Kong).

We can make space in the diary for you to attend between 1100 and noon on Monday 25 July. *but it is likely to be a very busy week.*

My personal view, on balance, is that you should not attend but that another Minister should. We cannot tell what stage we shall have reached in the talks by 25 July. If they did not go well (and particularly given the Chinese refusal to grant visas for China to Hong Kong journalists to attend the talks) there is a risk that you will appear to the world at large to be running after the Chinese.

Do you wish to attend this ceremony - or shall we ask another Minister to do so?

A.S.C.

11 July 1983



10 DOWNING STREET

From the Private Secretary

12 July 1983

The Prime Minister has asked me to thank you for your letter of 6 July.

She will be glad to attend the ceremony on 25 July in Mercury House when the agreement to form the Huaying Nanhai Oil Telecommunications Service Company will be signed. Mrs. Thatcher will need to fit this in between 11.00 am and noon on that day. I should be grateful if someone could telephone me this week about the details of the ceremony.

A. J. COLES

Eric Sharp, Esq., C.B.E.

✓

✓ Press

Foreign and Commonwealth Office

London SW1A 2AH

11 July 1983

*John Selous*China: Cable and Wireless Ceremony on 25 July

In your letter of 6 July you asked for advice on the commercial benefits of the Prime Minister's attendance at a Cable and Wireless joint venture signing ceremony to be held on 25 July, and on the extent to which her participation might influence the Chinese attitude towards our talks with them about the future of Hong Kong.

We have consulted the Department of Trade and Industry, who see considerable advantage in the Prime Minister's presence. They see Cable and Wireless's deal as a major export achievement in a sensitive industry by a company in which the Government hold a significant shareholding. They point out that Cable and Wireless have successfully built on the Prime Minister's association with the signing of the Letter of Intent for the joint venture last September, not merely to bring the subsequent negotiations to a successful conclusion but also to reach a separate agreement with the authorities in the Shenzhen Special Economic Zone. They see both developments as doing much to offset the temporary setback to our System X telecommunications effort in China. They consider that Mrs Thatcher's association with the signing ceremony in London would show the Chinese that further collaboration with Cable and Wireless had the whole-hearted support of the British Government.

/As to the



As to the wider effect of Mrs Thatcher's personal support for the launching of the Cable and Wireless joint venture, we have no doubt that this would be well received in Hong Kong. The Chinese would, moreover, be struck, if a little surprised, by our determination to make every effort to enhance the atmosphere in which the talks on the territory's future take place. But we cannot say that we think that such a gesture would itself make these long and difficult talks easier, or that it would improve the prospects for their final outcome. Indeed there is a possible risk of embarrassment if the talks due to open on 12 July do not go well. If Mrs Thatcher is not inclined to attend, it would be appropriate for another Minister to do so.

I am copying this letter to Jonathan Spencer
(Department of Trade and Industry).

Yours

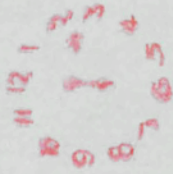
(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

China
Sino/British
Relations, May 79,



11 JUL 1983



CONFIDENTIAL



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10 DOWNING STREET

From the Private Secretary

6 July 1983

China: Cable and Wireless Ceremony on 25 July

I enclose a copy of a letter which the Prime Minister has received from the Chairman of Cable and Wireless asking whether Mrs. Thatcher would agree to attend the ceremony on 25 July at which the agreement to form the Huaying Nanhai Oil Telecommunications Service Company will be signed.

I should be grateful if you could let me have advice, co-ordinated with the Department of Trade and Industry. Mr. Eric Sharp's letter speaks only of the commercial benefits for UK industry which would be gained from the Prime Minister's attendance. If the Department of Trade and Industry judge that there really are substantial commercial benefits to be gained in this way I am sure these will weigh with the Prime Minister. But I believe that she would also welcome advice on the extent to which her participation in this ceremony may influence the Chinese attitude towards our current talks with them about the future of Hong Kong. I note that the Chinese will be represented only at the level of their Ambassador. Attendance by the Prime Minister would therefore be a particularly striking gesture and we should need good reasons to justify it.

I should be grateful if your advice could reach me by the end of the week.

I am copying this letter to Jonathan Spencer (Department of Trade and Industry).

John Holmes, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL



CABLE AND WIRELESS PUBLIC LIMITED COMPANY

MERCURY HOUSE THEOBALDS ROAD LONDON WC1X 8RX TELEPHONE 01-242 4433 LONDON TELEX 23181 CANDW G

Eric Sharp C.B.E.
Chairman & Chief Executive

6th July 1983

The Rt. Hon. Margaret Thatcher, MP,
Prime Minister,
10 Downing Street,
LONDON. SW1

Dear Prime Minister,

The attached letter was sent by facsimile
from Mr. Sharp in Hong Kong.

Yours sincerely,

V. Edwards

V. Edwards (Miss)
Secretary to Mr. Sharp

Enc.





Cable and Wireless

Public Limited Company

大東電報局

公共有限公司

G.P.O. Box 597, New Mercury House, 22 Ferwick Street, Hong Kong.

Telephone 5-283111 Telex 73240 CWADM HX Telegrams CABLEWIRE

香港分城街二十二號新水星大廈 / 郵政總局信箱597號

6th July 1983

The Prime Minister
10 Downing Street
London, S.W.1

Dear Prime Minister,

In September last year you were kind enough to attend the signing ceremony of the Letter of Intent for our Joint Venture with the Chinese for the provision of telecommunication services for the offshore oil industry in the South China Sea. Since then we have been negotiating with our partners and I am happy to say that the agreement to form the Huaying Nanhai Oil Telecommunications Service Company, in which Cable & Wireless will have 49%, will be signed in London on Monday 25th July in Mercury House. Directors from our Chinese partners will sign the agreement with me. The Chinese Ambassador accompanied by his Commercial Counsellor will also be present.

Your speech at Guangzhou at the previous signing ceremony was very much appreciated by our Chinese friends and was of considerable help in speeding our negotiations. I know that our Chinese partners and of course the Directors of Cable & Wireless would be most grateful if you could find the time in your very busy schedule to attend the successful outcome of these negotiations. I have consulted with Sir Antony Acland and Sir Brian Hayes and they also feel that there are strong commercial benefits for U.K. industry to be gained from your attendance. The signing ceremony is currently scheduled for 11.00 a.m. to permit TV screening in London and Hong Kong but this time could be varied somewhat to meet your convenience. I am sure that all of us would be both encouraged and delighted if you could attend.

Yours sincerely,

Eric Sharp
Chairman & Chief Executive



Cable and Wireless

Public Limited Company

香港電訊有限公司

25, Abchurch Lane, London E.C. 4A, England
25, 亞伯士街, 倫敦 EC4A, 英國

25 July 1987

香港電訊有限公司

The Prime Minister
10 Downing Street
London SW1A 2AA

Your Prime Minister

In September last year you were kind enough to attend the signing ceremony of the letter of intent for our joint venture with the Chinese Government for the offshore oil industry in the South China Sea. Since then we have been negotiating with our partners and I am happy to say that the agreement for the Hong Kong Cable & Wireless will have 50% will be signed in London on Monday 25th July in Henry House. The Chinese Ambassador accompanied by his Commercial Counselor will also be present.

Your speech at Guangzhou at the previous signing ceremony was very much appreciated by our Chinese partners and of considerable help in speeding our negotiations. I know that our Chinese partners and of course the Director of Cable & Wireless would be most grateful if you could find the time in your very busy schedule to attend the successful outcome of these negotiations. I have suggested that you attend the signing ceremony in London on Monday 25th July at 11.00 a.m. to great TV coverage. The signing ceremony is currently scheduled for 11.00 a.m. so great TV coverage is to most your convenience. I am sure that all of us would be self encouraged and delighted if you could attend.

Yours sincerely,

Eric Sharp
Chairman & Chief Executive



CABLE AND WIRELESS PUBLIC LIMITED COMPANY

MERCURY HOUSE · THEOBALDS ROAD · LONDON WC1X 8RX · TELEPHONE 01-242-4433 · LONDON TELEX 23181 CANDW G

Eric Sharp C.B.E.
Chairman & Chief Executive

COMMERCIAL IN CONFIDENCE

12th July 1983

The Rt. Hon. Cecil Parkinson, MP,
Secretary of State for Trade and Industry,
Department of Trade and Industry,
Ashdown House,
123 Victoria Street,
LONDON. SW1E 6RB

TO MR ELLISON	COPIES TO
FOR ADVICE (AND	P/S KB
DRAFT REPLY IF	B/S JB
APPROPRIATE)	AS Sir Brian Hayes
PLEASE BY:	MR CROFT
	MR Solomon
ASAP	

Dear Secretary of State

I am attaching a copy of the preliminary announcement of our results for 1982/83 which is being released to the Stock Exchange at 9.30 a.m. tomorrow. I have already reviewed the results with Mr. Peter Middleton and Sir Brian Hayes.

When I took over as Chief Executive in July 1981, I agreed with Kenneth Baker certain financial and operating objectives. Cable and Wireless' pre-tax profits at that time were £62m. We were then privatised in November 1981 and our profits for 1981/82 rose to £89m, reflecting five months of privatisation. I am now glad to report continued progress with profits of £157m for 1982/83 - the first full year of privatisation. This is an increase of 76 per cent over the preceding year or 117 per cent increase in profits attributable to shareholders.

You will also see that the earnings per share have increased from 17.08p in 1981/82 to 36.21p in 1982/83; dividends per share have been increased by 24 per cent and the Treasury will receive some £11m as dividend, which is as much as their previous dividend for 100 per cent of the shares.

It is particularly pleasing to me that one of my personal objectives has been achieved in that, with the market now valuing Cable and Wireless at over £1½ billion, the current valuation of HMG's 46 per cent shareholding is considerably in excess of the market valuation of the whole of Cable and Wireless at the time of privatisation less than two years ago.



The Rt. Hon. Cecil Parkinson, MP,

12th July 1983

In a world environment of difficult trading conditions, I am sure you will agree (as I hope will Nigel Lawson and Kenneth Baker who assisted in the privatisation) that these results are more than satisfactory and, as far as Cable and Wireless is concerned, more than justify Government policy on privatisation.

I am copying this to the Prime Minister and the Chancellor of the Exchequer.

With all good wishes

Yours sincerely -

Mr. Thorne

CABLE AND WIRELESS GROUP

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st March 1983

	1983	1982	1981
	<u>£m</u>	<u>£m</u>	<u>£m</u>
TURNOVER	403	352	293
Operating costs	295	290	241
TRADING PROFIT	108	62	52
Associated companies	22	8	4
Interest and other income	27	19	6
PROFIT BEFORE TAXATION	157	89	62
Taxation	48	37	23
Minority interests	11	7	-
PROFITS ATTRIBUTABLE TO SHAREHOLDERS	98	45	39
Dividends per share	8.2p	6.6p	6.25p
Shareholders' funds	527	375	222
Earnings per share	36.2p	17.1p	15.0p
Return on capital employed	28.8%	23.0%	22.0%
Cash in flow - excluding rights issue (1982) and balancing charges payment (1983)	10	80	-

Note: 1981 results as published.

1982 and 1983 based on revised currency translation policy.

Press Release



CABLE AND WIRELESS

CABLE AND WIRELESS GROUP

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR 1983

The Directors of Cable and Wireless PLC report the following audited results for the year ended 31 March, 1983.

The profit before tax of £157m is an improvement of 76% over the £89m for 1982. The profit attributable to Ordinary Shareholders more than doubled to £98m - excluding the extraordinary items relating to the sale of business in Hong Kong and Bahrain in 1982. Costs continued to be kept under tight control.

If this year's profits had been translated into sterling at the average exchange rates experienced last year the profit before tax would have been some £11m lower.

1. <u>HISTORIC COST RESULTS</u>	1983 £m	1982 £m
Turnover	<u>403</u>	<u>352</u>
Trading Profit	108	62
Associated Companies	22	8
Interest and Leasing	<u>27</u>	<u>19</u>
Profit before tax	157	89
Tax	48	37
UK	28	17
Overseas	15	19
Associated Companies	5	1
Minority Interests	<u>11</u>	<u>7</u>
Extraordinary Items	98 -	45 <u>56</u>
Dividends	98 24	101 18
Retained Profits	<u>74</u>	<u>83</u>
Earnings Per Share	36.2p	17.1p

2. DIVIDENDS PER SHARE PAID AND PROPOSED

	Pence	Pence
Interim	3.2	2.6
Final	5.0	4.0
	<hr/>	<hr/>
	8.2	6.6
	<hr/>	<hr/>

3. REGIONAL ANALYSIS OF TURNOVER AND TRADING PROFIT

<u>Turnover</u>			<u>Trading Profits</u>	
1983	1982		1983	1982
£m	£m		£m	£m
158	128	Far East and South Pacific	60	48
116	126	Middle East and Africa	21	15
129	98	Rest of the World	27	7
			<hr/>	<hr/>
		Provision for re- organisation costs	108	70
			-	8
			<hr/>	<hr/>
403	352		108	62
<hr/>	<hr/>		<hr/>	<hr/>

4. SUMMARISED BALANCE SHEETS

	1983	1982
	£m	£m
Assets Employed		
Tangible Fixed Assets	284	251
Investments - Fixed Assets	164	65
Stock and Debtors	285	221
Cash and Deposits	291	157
Loans and Overdrafts	(183)	(25)
Other Creditors - short term	(192)	(180)
- over 12 months	(95)	(89)
	<hr/>	<hr/>
NET ASSETS	554	400
	<hr/>	<hr/>
Capital and Reserves		
Called Up Share Capital	150	135
Share Premium	102	-
Revaluation Reserve	96	67
Other Reserves	25	12
Retained Profits	154	161
	<hr/>	<hr/>
SHAREHOLDERS' FUNDS	527	375
Minority Interests	27	25
	<hr/>	<hr/>
	554	400

5. RESULTS ON A CURRENT COST BASIS

		1983 £m		1982 £m
Trading profit (historic basis)		108		62
Current cost adjustments:				
Additional depreciation	10		10	
Cost of sales	-		1	
Monetary working capital	1		1	
		(11)		(12)
		97		50
Interest received	15		16	
Gearing adjustment	1		1	
		16		17
		113		67
Associated companies		22		8
Other income		11		3
Current cost profit before taxation		146		78
Taxation		48		37
		98		41
Minority interests		11		6
		87		35
Extraordinary items		-		56
		87		91
Dividends		24		18
		64		73
Earnings per share		32.4 p		13.1 p

Notes

1. Changes which affect comparative figures are:-

(a) Bahrain was included as an associated company for six months only in 1982;

(b) Fiji was a 55% owned subsidiary in 1982 and a 49% owned associated company in 1983.

2. Exchange differences arising from translation at the closing rate of net investments in foreign enterprises have been transferred to reserves in accordance with the principles set out in SSAP20. Results for 1982 have been restated to provide comparative figures.

3. 30 million Ordinary Shares of 50 pence were allotted in part payment for shares in the Hong Kong Telephone Company Limited on 30 March. The vendor renounced the shares which were placed in the UK market by Cazenove & Company.

4. The excess of the price paid for shares in the Hong Kong Telephone Company Limited over the share of the net assets acquired of £74m has been transferred to reserves.

Final Dividend

The Court recommends a final dividend of 5.0 pence per Ordinary Share (1982 - 4.0 pence) payable on 1 October, 1983 to shareholders on the register on 1 September, 1983. This makes a total dividend for the year of 8.2 pence (1982 - 6.6 pence). The cost of the 1983 dividend is £23,640,000 (1982 - £17,810,000).

Bonus Issue

The Court propose a capitalisation issue to shareholders on the basis of one new Ordinary Share for every two held.

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.../cont.

These financial statements are not the full financial statements for the Company. The full financial statements on which the Auditors have reported without qualification have not yet been delivered to the Registrar of Companies.

A full copy of the financial statements will be mailed to shareholders on 9 August, 1983, and can be obtained thereafter from R E McAlister, Company Secretary, at Mercury House, Theobalds Road, Holborn, London WC1X 8RX.

The Annual General Meeting will be held at the Savoy Hotel, The Strand, London WC2, on Friday 2 September, 1983 at 12.00 noon.

Issued by:

Corporate Affairs Department
Cable and Wireless PLC
Mercury House
Theobalds Road
London WC1X 8RX

Note to City Editors:

Mr Eric Sharp, Chairman and Chief Executive, and Mr Ernest Potter, Finance Director, will be available to answer telephone enquiries from 3pm to 5pm today.

Telephone: 01-242-4433 (extn. 4401 or 4404)

General enquiries: Neville Hunter
Chief Press Officer
01-242-4433 (extn. 4486)
Home telephone number:
01-692-0614

13 July, 1983

25 JUN 1953

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