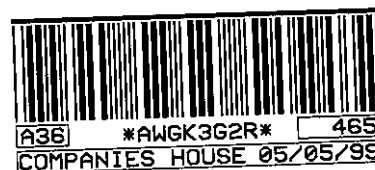


1995383

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1998
FOR
WONG'S INTERNATIONAL (EUROPE) LIMITED**



WONG'S INTERNATIONAL (EUROPE) LIMITED

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FOR THE YEAR ENDED 31ST DECEMBER 1998**

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WONG'S INTERNATIONAL (EUROPE) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 1998**

DIRECTORS:

W S Wong
J Wong
M Wong
B Wong
G Chan

SECRETARY:

D S P Systems Limited

REGISTERED OFFICE:

65 High Street
Marlow
Buckinghamshire
SL7 1AB

REGISTERED NUMBER:

1995383 (England and Wales)

AUDITORS:

Richardson Jones
Registered Auditors &
Chartered Accountants
2 Chapel Street
Marlow
Buckinghamshire
SL7 1DD

WONG'S INTERNATIONAL (EUROPE) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 1998**

The directors present their report with the financial statements of the company for the year ended 31st December 1998.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a representative office for Wong's Industrial (Holdings) Limited.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31st December 1998.

DIRECTORS

The directors during the year under review were:

W S Wong
J Wong
M Wong
B Wong
G Chan

The directors holding office at 31st December 1998 did not hold any beneficial interest in the issued share capital of the company at 1st January 1998 or 31st December 1998.

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

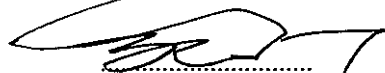
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Richardson Jones, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



W S Wong - DIRECTOR

Dated: 20.3.99

WONG'S INTERNATIONAL (EUROPE) LIMITED
REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
WONG'S INTERNATIONAL (EUROPE) LIMITED

We have audited the financial statements on pages four to nine which have been prepared under the historical cost convention and the accounting policies set out on page six.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

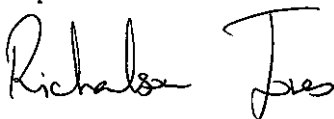
Basis of opinion

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 31st December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Richardson Jones
Registered Auditors &
Chartered Accountants
2 Chapel Street
Marlow
Buckinghamshire
SL7 1DD

Dated: 30/3/99

WONG'S INTERNATIONAL (EUROPE) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1998**

| | | 31.12.98 | 31.12.97 |
|---|-------|----------------|-----------------|
| | Notes | £ | £ |
| TURNOVER | 2 | 267,377 | 229,766 |
| GROSS PROFIT | | <u>267,377</u> | <u>229,766</u> |
| Administrative expenses | | 249,616 | 248,299 |
| OPERATING PROFIT/(LOSS) | 4 | 17,761 | (18,533) |
| Interest receivable and similar income | 5 | 1,171 | 629 |
| | | <u>18,932</u> | <u>(17,904)</u> |
| Interest payable and similar charges | 6 | 2,236 | 1,031 |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | 16,696 | (18,935) |
| Tax on profit/(loss) on ordinary activities | 7 | 16,329 | 23,234 |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION | | 367 | (42,169) |
| Retained profit brought forward | | 38,912 | 81,081 |
| RETAINED PROFIT CARRIED FORWARD | | <u>£39,279</u> | <u>£38,912</u> |

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

The notes form part of these financial statements

WONG'S INTERNATIONAL (EUROPE) LIMITED

**BALANCE SHEET
31ST DECEMBER 1998**

| | | 31.12.98 | | 31.12.97 | |
|---|-------|---------------|-----------------------|---------------|-----------------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 8 | | 5,828 | | 14,763 |
| CURRENT ASSETS: | | | | | |
| Debtors | 9 | 20,248 | | 30,923 | |
| Cash at bank and in hand | | 63,890 | | 33,419 | |
| | | <u>84,138</u> | | <u>64,342</u> | |
| CREDITORS: Amounts falling due within one year | 10 | <u>50,587</u> | | <u>40,093</u> | |
| NET CURRENT ASSETS: | | | <u>33,551</u> | | <u>24,249</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | <u><u>£39,379</u></u> | | <u><u>£39,012</u></u> |
| CAPITAL AND RESERVES: | | | | | |
| Called up share capital | 12 | | 100 | | 100 |
| Profit and loss account | | | <u>39,279</u> | | <u>38,912</u> |
| Shareholders' funds | 14 | | <u><u>£39,379</u></u> | | <u><u>£39,012</u></u> |

ON BEHALF OF THE BOARD:


.....
G Chan - DIRECTOR

Approved by the Board on 30.3.99.....

The notes form part of these financial statements

WONG'S INTERNATIONAL (EUROPE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1998**

1. ACCOUNTING POLICIES

Going Concern

The accounts have been prepared on a going concern basis. The directors consider this to be appropriate because the parent company, Wong's International (Holdings) Limited, has confirmed its continuing support.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents fees receivable from the parent company, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|-----------------------|---------------------------|
| Fixtures and fittings | - 25% on reducing balance |
| Computer equipment | - 33% on cost |

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company is a wholly-owned subsidiary undertaking and the voting rights attaching to the issued shares are controlled within the group. Consolidated accounts for this group are publicly available.

2. TURNOVER

The turnover and profit (1997 - loss) before taxation are attributable to the one principal activity of the company.

Turnover is wholly derived from services provided on behalf of overseas parent and co-subsiary undertakings.

3. STAFF COSTS

| | 31.12.98 | 31.12.97 |
|--------------------|---------------|---------------|
| | £ | £ |
| Wages and salaries | <u>71,887</u> | <u>68,348</u> |

The average monthly number of employees during the year was as follows:

| | 31.12.98 | 31.12.97 |
|----------------|----------|----------|
| Administration | 1 | 1 |
| Sales | <u>1</u> | <u>1</u> |
| | <u>2</u> | <u>2</u> |

WONG'S INTERNATIONAL (EUROPE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1998**

4. OPERATING PROFIT/(LOSS)

The operating profit (1997 - operating loss) is stated after charging/(crediting):

| | 31.12.98 | 31.12.97 |
|---|--------------|--------------|
| | £ | £ |
| Depreciation - owned assets | 5,709 | 8,131 |
| Loss/(Profit) on disposal of fixed assets | 3,225 | (4,350) |
| Auditors' remuneration | <u>3,500</u> | <u>4,250</u> |
| Directors' emoluments | <u>-</u> | <u>-</u> |

5. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 31.12.98 | 31.12.97 |
|--------------------------|--------------|------------|
| | £ | £ |
| Deposit account interest | <u>1,171</u> | <u>629</u> |

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 31.12.98 | 31.12.97 |
|--------------------------------|--------------|--------------|
| | £ | £ |
| Fines and penalties | 202 | 250 |
| Interest - late payment of tax | 1,582 | 390 |
| Currency charges | <u>452</u> | <u>391</u> |
| | <u>2,236</u> | <u>1,031</u> |

7. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

| | 31.12.98 | 31.12.97 |
|--|---------------|---------------|
| | £ | £ |
| UK corporation tax | 14,339 | 9,030 |
| Corporation tax underprovided in previous years | <u>1,990</u> | <u>14,204</u> |
| | <u>16,329</u> | <u>23,234</u> |

UK corporation tax has been charged at 31% (1997 - 31.50%).

WONG'S INTERNATIONAL (EUROPE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1998**

8. TANGIBLE FIXED ASSETS

| | Fixtures and fittings | Computer equipment | Totals |
|-------------------------|-----------------------------|-----------------------|---------|
| | £ | £ | £ |
| COST: | | | |
| At 1st January 1998 | 7,185 | 21,957 | 29,142 |
| Disposals | - | (7,605) | (7,605) |
| At 31st December 1998 | 7,185 | 14,352 | 21,537 |
| DEPRECIATION: | | | |
| At 1st January 1998 | 3,181 | 11,198 | 14,379 |
| Charge for year | 1,001 | 4,708 | 5,709 |
| Eliminated on disposals | - | (4,379) | (4,379) |
| At 31st December 1998 | 4,182 | 11,527 | 15,709 |
| NET BOOK VALUE: | | | |
| At 31st December 1998 | 3,003 | 2,825 | 5,828 |
| At 31st December 1997 | 4,004 | 10,759 | 14,763 |

**9. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | | |
|----------------|----------|----------|
| | 31.12.98 | 31.12.97 |
| | £ | £ |
| V.A.T. | 5,576 | 5,656 |
| Accrued income | 9,750 | 21,625 |
| Prepayments | 4,922 | 3,642 |
| | 20,248 | 30,923 |

**10. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | | |
|---------------------------------------|----------|----------|
| | 31.12.98 | 31.12.97 |
| | £ | £ |
| Trade creditors | 1,495 | 3,786 |
| Amounts owed to group undertakings | - | 3,584 |
| Social security & other taxes | 2,114 | 1,650 |
| Corporation tax | 37,827 | 21,707 |
| Accrued expenses | 9,151 | 9,366 |
| | 50,587 | 40,093 |

WONG'S INTERNATIONAL (EUROPE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1998**

11. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

| | Land and buildings operating leases | |
|----------------------------|--|----------|
| | 31.12.98 | 31.12.97 |
| | £ | £ |
| Expiring: | | |
| Between one and five years | <u>5,400</u> | <u>-</u> |

12. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 31.12.98 | 31.12.97 |
|---------|----------|-------------------|------------|------------|
| | | | £ | £ |
| 100 | Ordinary | £1 | <u>100</u> | <u>100</u> |

13. RELATED PARTY DISCLOSURES

Turnover represents amounts wholly receivable from Wong's Industrial (Holdings) Limited. The ultimate control of the group, and consequently the company, resides with the Wong family.

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 31.12.98 | 31.12.97 |
|--|----------------------|----------------------|
| | £ | £ |
| Profit/(Loss) for the financial year | <u>367</u> | <u>(42,169)</u> |
| NET ADDITION/(REDUCTION) TO SHAREHOLDERS' FUNDS | <u>367</u> | <u>(42,169)</u> |
| Opening shareholders' funds | <u>39,012</u> | <u>81,181</u> |
| CLOSING SHAREHOLDERS' FUNDS | <u><u>39,379</u></u> | <u><u>39,012</u></u> |
| Equity interests | <u>39,379</u> | <u>39,012</u> |

15. ULTIMATE AND IMMEDIATE PARENT COMPANIES

Wong's Industrial (Holdings) Ltd, a company incorporated in Hong Kong, is the immediate parent company and Wong's International (Holdings) Ltd, incorporated in Bermuda, is the ultimate parent company. The financial statements of the ultimate parent company may be obtained by applying to the Secretary, Wong's International (Europe) Ltd, 65 High Street, Marlow, Buckinghamshire. SL7 1AB.