

CAM Partners Limited

Directors' report and consolidated financial statements

30 September 1998

Registered number 3006205



Directors' report and financial statements

Contents

| | |
|---|------|
| Directors' report | 1 |
| Statement of directors' responsibilities | 2 |
| Report of the auditors to the members of CAM Partners Limited | 3 |
| Consolidated profit and loss account | 4 |
| Consolidated and company balance sheet | 5 |
| Reconciliations of movements in shareholders' funds | 6 |
| Notes | 7-10 |

Directors' report

The directors present their report and the audited financial statements for the year ended 30 September 1998.

Principal activities

The company acts as managing partner of Mekong Capital Partners, the general partner of The Greater Mekong Capital Fund, a UK limited partnership whose business objective is to make long term investments in the countries of the Greater Mekong sub-region.

Business review

The company commenced its activities on 8 May 1996, when The Greater Mekong Capital Fund was established. The company made an investment in Mekong Capital Partners simultaneously.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

M. A. C. Hanson
R. T. Marshall
R. D. Murray

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of group companies.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


R.T. Marshall
Director

9th Floor
2 George Yard
Lombard Street
London EC3V 9DH

12 January 1999

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

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

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



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Report of the auditors to the members of CAM Partners Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

As described on page 2 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 group'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 affairs of the company and the group as at 30 September 1998 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'KPMG'.

KPMG
Chartered Accountants
Registered Auditors

A handwritten signature in dark ink, appearing to read '1 February'.

1999

Consolidated profit and loss account
for the year ended 30 September 1998

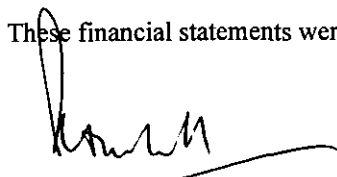
| | <i>Note</i> | 1998 US\$ | 1997 US\$ |
|--|-------------|----------------------|----------------------|
| Operating result | | - | - |
| Loss arising from interests in partnerships | <i>1</i> | (1,000) | (1,000) |
| Loss on ordinary activities before taxation | <i>2-3</i> | (1,000) | (1,000) |
| Tax on loss on ordinary activities | <i>4</i> | - | - |
| Loss on ordinary activities after taxation | | (1,000) | (1,000) |

The loss for the period was the only recognised gain or loss in the period or the prior period.

Consolidated and company balance sheet
at 30 September 1998

| | <i>Note</i> | 1998 US\$ | 1997 US\$ |
|--|-------------|----------------------|----------------------|
| Called up share capital not paid | | 3 | 3 |
| Fixed assets | | | |
| Investments | 5 | 100 | 100 |
| | | <hr/> | <hr/> |
| | | 103 | 103 |
| Net current assets | | - | - |
| Creditors: amounts falling due after more than one year | 6 | (3,100) | (2,100) |
| | | <hr/> | <hr/> |
| Net liabilities | | (2,997) | (1,997) |
| | | <hr/> | <hr/> |
| Capital and reserves | | | |
| Called up share capital | 7 | 3 | 3 |
| Profit and loss account | 8 | (3,000) | (2,000) |
| | | <hr/> | <hr/> |
| Shareholders' funds | | (2,997) | (1,997) |
| | | <hr/> | <hr/> |

These financial statements were approved by the board of directors on 12 January 1999 and were signed on its behalf by:


R.T. Marshall
Director

Reconciliations of movements in shareholders' funds
for the year ended 30 September 1998

| | Group and Company | |
|--|--------------------------|----------------|
| | 1998 | 1997 |
| | US\$ | US\$ |
| Loss for the financial year | (1,000) | (1,000) |
| | — | — |
| Net reduction to creditors in shareholders' funds | (1,000) | (1,000) |
| Opening shareholders' funds | (1,997) | (997) |
| | — | — |
| Closing shareholders' funds | (2,997) | (1,997) |

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules. The directors have considered, in view of the net liabilities reported, whether the financial statements should be prepared on a going concern basis. Based on the financial projections of the group the directors consider it appropriate to report on a going concern basis. The result, as reported in the financial statements would not be different if the going concern basis had not been adopted.

The company is a wholly owned subsidiary of a company reporting in US dollars and it transacts a substantial proportion of its business in US dollars. Accordingly, the directors consider that it is appropriate to present the financial statements in that currency.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 September 1998. The company consolidates its attributable proportion of the assets and income of Mekong Capital Partners which is the general partner of The Greater Mekong Capital Fund in which it has a minority interest. These partnerships are subsidiary undertakings and under the terms of the Companies Act 1985 should be consolidated in full. However, the directors consider the accounts would not give a true and fair view if the assets and income as a whole were to be consolidated since the company's interest in these assets is, except to the extent that they are proportionally consolidated, merely that of investment partner of Mekong Capital Partners. The effect, based on unaudited management accounts, of this departure is to decrease both the loss on ordinary activities before tax and the minority interest in the loss for the period by \$1,420,365 (1997:\$406,446), and to decrease fixed asset investments by \$6,583,619 (1997:\$999,903), other net assets by \$253,173 (1997:\$477,867), and the minority interest in the balance sheet by \$10,385,546 (1997: \$3,603,162).

In the company's financial statements, investments in subsidiary undertakings are stated at cost.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

The group have taken advantage on the small company exemption in FRS1 (revised) not to prepare a cash flow statement.

Income from interests in partnerships

Income from interests in partnerships represents the group's proportional share of the result of the partnerships. As general partner of Mekong Capital Partners, CAM Partners Limited share of the result of its investment in the partnership is limited to the first \$1,000 profit or loss of the partnership.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the closing exchange rates. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2 Loss on ordinary activities before taxation

Auditors remuneration was borne by a parent company.

3 Remuneration of directors

The directors received no emoluments from the company. No staff were employed by the company.

4 Taxation

| | 1998 | 1997 |
|---------------------------------------|-------------------|-------------------|
| | US\$ | US\$ |
| UK corporation tax at 24% (1997:24 %) | - | - |
| | <u> </u> | <u> </u> |

5 Fixed asset investments

| Group | Other investments other than loans US\$ |
|-----------------------|--|
| <i>Cost</i> | |
| At beginning of year | 100 |
| Additions | - |
| | <u> </u> |
| At end of year | 100 |
| | <u> </u> |
| <i>Net book value</i> | |
| At 30 September 1998 | 100 |
| | <u> </u> |
| At 30 September 1997 | 100 |
| | <u> </u> |

Notes (continued)

5 Fixed asset investments (continued)

| Company | Shares in group undertakings US\$ |
|----------------------|--|
| <i>Cost</i> | |
| At beginning of year | 100 |
| Additions | - |
| | <hr/> |
| At end of year | 100 |
| | <hr/> <hr/> |

The companies in which the group's interest at the year end is more than 20% are as follows:

| | Country of incorporation | Principal activity | Class and percentage of shares held Group and Company |
|--------------------------------|-----------------------------|------------------------|---|
| <i>Subsidiary undertakings</i> | | | |
| Mekong Capital Partners | United Kingdom | General partnership | US\$100 partnership capital (50% held) |

6 Creditors: amounts falling due after more than one year

| | Group | | Company | |
|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | At 30 September 1998 US\$ | At 30 September 1997 US\$ | At 30 September 1998 US\$ | At 30 September 1997 US\$ |
| Amounts owed to group undertakings | 3,100 | 2,100 | 3,100 | 2,100 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

7 Called up share capital

| | At 30 September 1998 and 1997 US\$ |
|---|--|
| <i>Authorised</i> | |
| 100 ordinary shares of £1 each | 156 |
| | <hr/> <hr/> |
| <i>Allotted, called up and fully paid</i> | |
| 2 ordinary shares of £1 each | 3 |
| | <hr/> <hr/> |

Notes (continued)

8 Share premium and reserves

| | Profit and loss account US\$ |
|----------------------------|---|
| At beginning of year | (2,000) |
| Retained loss for the year | (1,000) |
| | <hr/> |
| At end of year | (3,000) |
| | <hr/> <hr/> |

9 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary undertaking of China Strong Investments Limited which is the ultimate parent company incorporated in the British Virgin Islands.

The largest group in which the results of the company are consolidated is that headed by Crosby Financial Holdings Limited, incorporated in the British Virgin Islands. The smallest group in which they are consolidated is that headed by Crosby Asset Management Holdings Limited, incorporated in the British Virgin Islands. The consolidated accounts of these groups are not available to the public.

10 Year 2000

The approach to the year 2000 and the associated issues concerning the upgrade of computer systems introduces inherent uncertainties and risks for the company. The company has developed a plan to deal with the issue. This plan includes a review of the steps being taken by other service providers to deal with these risks. The company is also discussing this issue with investee companies of its fund to assist them to identify areas of year 2000 risk and to plan accordingly.