

FINANCIAL REVIEW

For the year ended 31st December, 2004, the turnover of the Group was approximately HK\$4.2 million, representing a decrease of approximately 67.7% as compared to last year. Turnover of the Group was derived by the carnival business held in Dalian, the PRC. The loss from operations and loss attributable to shareholders of the Group for the year ended 31st December, 2004 was HK\$46.0 million and HK\$47.2 million respectively (2003: HK\$14.4 million and HK\$198.0 million). The decreases in turnover and results were mainly attributable to the cessation of operation in SammyLand and increase of operating expenses during the year.

OPERATION REVIEW

The Group's principal activity is in the carnival amusement business.

The Group operated a moving carnival amusement in Dalian, the PRC for the period from 11th September, 2004 to 10th October, 2004.

Admission fee

During the year ended 31st December, 2004, the total income from admission fee was dropped by approximately 98.8% from approximately HK\$11.7 million in last year to approximately HK\$135,000.

Mechanical rides, carnivals and redemption games

During the year ended 31st December, 2004, the total income from mechanical rides and redemption games was increased by approximately 801.5% from approximately HK\$477,000 in last year to approximately HK\$4.3 million.

財務回顧

於截至二零零四年十二月三十一日止年度，本集團之營業額約為4,200,000港元，較去年減少約67.7%。本集團營業額源自中國大連經營嘉年華會業務。本集團於截至二零零四年十二月三十一日止年度之經營虧損及股東應佔虧損分別為46,000,000港元及47,200,000港元（二零零三年：14,400,000港元及198,000,000港元）。營業額及業績減少之主要原因為年內終止經營森美反斗樂園及經營費用增加所致。

營運回顧

本集團之主要業務為嘉年華會娛樂業務。

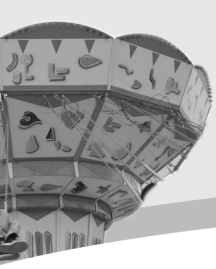
本集團於二零零四年九月十一日至二零零四年十月十日期間在中國大連經營流動嘉年華會遊樂園。

入場費

截至二零零四年十二月三十一日止年度，來自入場費之總收入由去年約11,700,000港元下跌至約135,000港元，跌幅約98.8%。

機動遊戲、嘉年華會與攤位遊戲

於截至二零零四年十二月三十一日止年度，機動遊戲及攤位遊戲之總收入由去年約477,000港元增加至約4,300,000港元，升幅約801.5%。



FINANCIAL REVIEW – continued

Sales of food, beverages and souvenirs

During the year ended 31st December, 2004, the total sales of food, beverages and souvenirs was dropped by approximately 72.3% from approximately HK\$855,000 in last year to approximately HK\$202,000.

The management considered that the unsatisfactory performance of Dalian carnival was principally due to the delay of the rides to PRC because of severe weather. Although the Group suffered financial losses, the Group is encouraged by the improving performance from one carnival operation to another. As experience gains over time, the Group is confident to achieve better performance in the carnival business.

Cessation of operation in SammyLand

The operations of SammyLand had ceased since 8th May, 2004 as previously mentioned in the Company's 2003 annual report and the Company has lost effective control over SammyLand leading to the deconsolidation of the accounts of SammyLand from the Group's accounts in last year.

MATERIAL LITIGATION

The Company was served of a district court writ by a company, an independent third party. The claim was in respect of design services fees allegedly under a service agreement with the Company. The claim was in respect of approximately HK\$408,000, together with interest and legal costs. The Company believes that it has good grounds to defend this claim.

The Company was served of a district court writ by a firm, an independent third party. The claim was in respect of professional fees allegedly under a service agreement entered into by the Company and this firm. The claim was in respect of approximately HK\$880,000. The Company believes that it has good grounds to defend this claim.

營運回顧 – 續

銷售食物、飲品及紀念品

於截至二零零四年十二月三十一日止年度，食物、飲品及紀念品之銷售總額由去年約855,000港元下跌至約202,000港元，跌幅約為72.3%。

管理層認為，大連嘉年華會表現未如理想，主要因為天氣惡劣導致機動遊戲運往中國時有所延誤。儘管本集團蒙受財務損失，其後各項嘉年華會營運不斷改善，令本集團感到鼓舞。隨著本集團累積更多經驗，我們有信心於嘉年華會業務取得更佳表現。

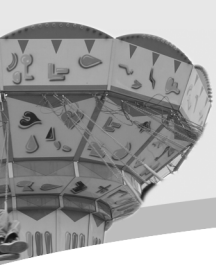
終止森美反斗樂園業務

如本公司早前於二零零三年度報告所述，森美反斗樂園業務自二零零四年五月八日起終止，本公司失去對森美反斗樂園之實際控制權，致使本集團於去年之綜合賬目內解除計算森美反斗樂園之賬目。

重大訴訟

一間公司入稟地方法院，就指稱與本公司訂立之服務協議有關之設計服務費，向本公司提出申索，涉及金額連同利息及法律費用約為408,000港元，該公司為獨立第三方。本公司相信有充分理由提出抗辯。

公司入稟地方法院，就指稱與本公司及該獨立第三方公司所訂立服務協議有關之專業費用，向本公司提出申索，涉及金額約為880,000港元。本公司相信有充分理由提出抗辯。



MATERIAL LITIGATION – continued

The Company is opposing a winding-up petition filed by an individual, an independent third party with a number of supporting creditors including the ex-directors of the Company. The individual applied to the court to substitute as the petitioner to wind up the Company alleging that the Company is indebted to him in a sum of HK\$800,000 and the substantive hearing of his application was heard on 18th April, 2005. Such application for substitution was dismissed by the Court, and the hearing of the Petition is adjourned to 3rd May, 2005 before the Companies Judge.

The Company and a subsidiary served a high court writ to five ex-directors. The claim was in respect of certain damages and losses as a result of these ex-directors' breach of duty of care and/or fiduciary duty owed to the Company and the subsidiary. The claim was in respect of approximately HK\$218.2 million. Two of these ex-directors lodged counterclaim of approximately HK\$360,000 against the Company. The Group believes that it has a reasonable chance of success in the claim and also has good grounds to defend the counterclaim.

A subsidiary of the Company was served of a high court writ by a former shareholder. The claim was in respect of a loan advance by the former shareholder to the subsidiary. A judgment for such claim in respect of approximately HK\$10.7 million, together with interest and legal costs has been obtained against such subsidiary of the Company. However, in the end of April 2005, this judgment debt has been subsequently acquired by Mr. Chan Chak Mo, the Chairman and managing Director of the Company.

A subsidiary of the Company was served of a court writ in PRC by a promotion agent, an independent third party. The claim was in respect of service fees allegedly under a service agreement entered into by the subsidiary and the agent. The claim was in respect of approximately HK\$1.1 million. The Group believes that it has good grounds to defend this claim.

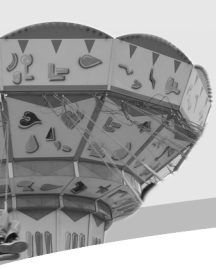
重大訴訟 – 續

本公司現時就一名獨立第三方個別人士提出之清盤呈請提出抗辯，該項呈請得到多名債權人支持，當中包括本公司前任董事。該名個別人士向法院申請代入為呈請人，指稱本公司結欠彼800,000港元款項，而申請將本公司清盤。該項申請之實際聆訊已於二零零五年四月十八日聽審。該項代入為呈請人之申請已遭法院駁回，有關呈請之聆訊將押後至二零零五年五月三日待處理公司案件之法官聆訊。

本公司及一間附屬公司向五名前任董事送達高等法院令狀，就該等前任董事違反對本公司及該附屬公司應有之謹慎責任及／或受信責任所導致若干損害及損失提出申索，涉及金額約為218,200,000港元。其中兩名前任董事向本公司提出反索償約360,000港元。本集團相信該項索償有合理勝數，亦有充分理由就反索償提出抗辯。

本公司一間附屬公司接獲一名前任股東送達之高等法院令狀，就該前任股東向該附屬公司墊付之貸款提出申索。本公司已就該項涉及金額連同利息及法律費用約為10,700,000港元之申索取得該附屬公司敗訴之判決。然而，於二零零五年四月，該筆判定債項已由本公司主席兼董事總經理陳澤武先生接收。

本公司一間附屬公司接獲一名推廣代理商送達之中國法院令狀，就指稱與該附屬公司及該獨立第三方代理商訂立之服務協議有關之服務費提出申索，涉及金額約為1,100,000港元。本集團相信有充分理由提出抗辯。



MATERIAL LITIGATION – continued

A subsidiary of the Company served a high court writ to its trade debtor for the recovery of a sum of approximately HK\$29.3 million. The claim was in respect of entry fees due to the subsidiary under an agreement entered into by the subsidiary and the trade debtor. The trade debtor denied the claim and counterclaimed against the subsidiary for a sum of approximately HK\$770,000 alleged to be amount due from the subsidiary. The Group believes that it has a reasonable chance of success in the claim and also has good grounds to defend the counterclaim.

A subsidiary of the Company also served a high court writ to an ex-director for the recovery of a sum of approximately HK\$38.7 million. The claim was in respect of loan advanced by the subsidiary to the ex-director and entry tickets income received by the ex-director on behalf of the subsidiary in PRC. The Group believes that it can establish a prima facie against the ex-director and has a reasonable chance of success in the claim.

Save as described above, the Group had not involved in any material litigation or arbitration in 2004.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated resources and banking facilities provided by its bankers and loans from its controlling shareholder.

重大訴訟 – 續

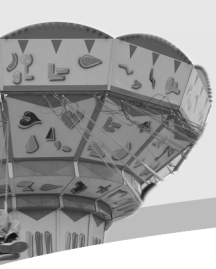
本公司一間附屬公司就追討約29,300,000港元款項向其貿易債務人送達高等法院令狀。是項申索為關於該附屬公司與該貿易債務人訂立之協議有關之應付該附屬公司入場費。該貿易債務人拒絕承認有關申索，並向該附屬公司提出反索償，追討指稱應收該附屬公司約770,000港元款項。本集團相信該項索償有合理勝數，亦有充分理由就反索償提出抗辯。

本公司一間附屬公司亦就追討約38,700,000港元款項向一名前任董事送達高等法院令狀。是項申索為關於該附屬公司墊付該前任董事之貸款及該前任董事代表該中國附屬公司收取之入場門券收入。本集團相信，指控該前任董事之表面證據可予成立，而該項索償亦有合理勝數。

除上述者外，本集團於二零零四年並無牽涉任何重大訴訟或仲裁。

流動資金及財務資源

本集團之營運資金一般來自內部產生之資源、其往來銀行提供之銀行融資及其控股股東提供之貸款。



LIQUIDITY AND FINANCIAL RESOURCES – continued

As at 31st December, 2004, the Group had net current assets of HK\$35.8 million (2003: 31.5 million). As at 31st December, 2004, the Group's cash and bank balances amounted to HK\$4.7 million (2003: Nil). As at 31st December, 2004, the Group had interest-bearing loans of approximately HK\$18.1 million (2003: HK\$3.5 million). The interest-bearing loans comprised of a shareholder's loan of approximately HK\$6.9 million which was unsecured, interest bearing at the range from 3% to 8% per annum and without fixed repayment terms and the balance of HK\$11.2 million represented a director's loan which was unsecured, interest bearing at 3% per annum and without fixed repayment terms. As at 31st December, 2004, the Group had bank loans of approximately HK\$47.6 million (2003: Nil). Bank loans were interest bearing at the range from 5.75% to 6.25% per annum and were repayable from November 2004 by instalments. The Chairman and managing Director, Mr. Chan Chak Mo, has also pledged Company's shares, to secure these bank loans. The Group's borrowings are made in Hong Kong dollar.

Mr. Chan Chan Chak Mo and Puregain Assets Limited, the controlling shareholder, have provided financial support to the Group to enable it to meet in full its financial obligations.

As at 31st December, 2004, the Group's gearing ratio represented by bank borrowings and interest-bearing loans bearing to the Group's total assets was 62.7% (2003: 5.0%).

Details of the movements in the authorized and issue share capital of the Company during the year ended 31st December, 2004 are set out in note 21 to the financial statements.

NEW MANAGEMENT

The Group has since March 2004 been under the new stewardship of Mr. Chan Chak Mo, the current Chairman and managing Director of the Group. As mentioned in 2003 annual report, the current management team has been undertaking various tasks to re-vitalise the business the business of the Group, including but not limited to, develop the Group's carnival business and re-established principal business office.

流動資金及財務資源 – 續

於二零零四年十二月三十一日，本集團之流動資產淨值為35,800,000港元（二零零三年：31,500,000港元）。於二零零四年十二月三十一日，本集團之現金及銀行結餘為4,700,000港元（二零零三年：零港元）。於二零零四年十二月三十一日，本集團有附息貸款約18,100,000港元（二零零三年：3,500,000港元）。該筆附息貸款包括一名股東貸款約6,900,000港元，乃無抵押、免息、按介乎3厘至8厘之年率計息及無固定還款期，而餘額11,200,000港元則為一筆董事貸款，乃無抵押、按年率3厘計息及無固定還款期。於二零零四年十二月三十一日，本集團有銀行貸款約為47,600,000港元（二零零三年：無），乃按介乎5.75厘至6.25厘之年率計息，並須由二零零四年十一月起分期償還。主席兼董事總經理陳澤武先生已抵押本公司股份以獲得該等銀行貸款。本集團之借貸為以港元計算。

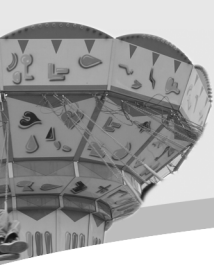
陳澤武先生及控股股東Puregain Assets Limited已向本集團提供務支援，致使本集團於可見將來悉數支付到期財務責任。

於二零零四年十二月三十一日，本集團之負債資產比率指銀行借貸及計息貸款佔本集團總資產之比例，為62.7%（二零零三年：5.0%）。

本公司於截至二零零四年十二月三十一日止年度之法定及已發行股本變動詳情，載於財務報表附註21。

新管理層

自二零零四年三月起，本集團由現時之主席兼董事總經理陳澤武先生管理。誠如二零零三年度報告所述，現時之管理層隊伍已進行多項工作，以重振本集團業務，包括但不限於發展本集團嘉年華會業務及重設總辦事處。



CAPITAL EXPENDITURES

For the year ended 31st December, 2004, the Group capital expenditures were approximately HK\$23.5 million (2003: Nil) including eight mechanical rides of approximately HK\$19.3 million.

CHARGES ON GROUP ASSETS

As at 31st December, 2004, the Group's did not have any charges on assets (2003: Nil).

CONTINGENT LIABILITIES

As at 31st December, 2004, the Group had contingent liabilities of HK\$6.5 million (2003: HK\$408,000).

CURRENCY EXPOSURE

As at 31st December, 2004, the Group did not have any outstanding hedging instrument. The Group should continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

CHANGES IN THE GROUP'S COMPOSITION

During the year, the Company acquired Metro Asia Ltd. and 上海澤安游樂有限公司 for the purpose of carrying its carnival business.

EMPLOYEES

As at 31st December 2004, the Group employed a total of 7 full-time staff in Hong Kong (2003: 3) and 50 full-time staff in PRC (2003: Nil). The increase in headcount was to set up the carnival business. The remuneration policies are reviewed on a periodical basis by the current management.

資本開支

截至二零零四年十二月三十一日止年度，本集團之資本開支約為23,500,000港元（二零零三年：無），當中包括八台約19,300,000港元之機動遊戲設施。

本集團資產抵押

於二零零四年十二月三十一日，本集團並無任何資產抵押（二零零三年：無）。

或然負債

於二零零四年十二月三十一日，本集團有或然負債6,500,000港元（二零零三年：408,000港元）。

貨幣風險

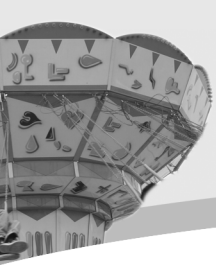
於二零零四年十二月三十一日，本集團並無任何尚未償還之對沖工具。本集團將繼續緊密監察其外幣風險及要求，並在必要時作出對沖安排。

本集團成員公司變動

年內，本集團購入盛亞有限公司及上海澤安游樂有限公司以經營嘉年華會業務。

僱員

於二零零四年十二月三十一日，本集團於香港及中國分別聘用合共七名（二零零三年：三名）及五十名（二零零三年：無）全職員工。員工人數增加乃為設立嘉年華會業務。現時之管理層會定期檢討薪酬制度。



EMPLOYEES – continued

The share option scheme of the Company approved by its shareholders on 13th June, 2002 and adopted on the same date is valid and effective for a period of 10 years since the date of adoption. No share options have been granted since adoption of the said share option scheme.

Details of the retirement benefits schemes of the Group are set out in note 26 to the financial statements.

AUDIT COMMITTEE

The audit committee has three members, including the Company's three independent non-executive Directors, namely Mr. Cheung Hon Kit, Mr. Chui Sai Cheong and Mr. Chan Shek Wah. The duties of the audit committee are to review the Company's annual report and accounts, interim reports and to provide advice and comments thereon to the Board. In addition, the audit committee will consider any significant and unusual items that are, or may need to be reflected in such reports and accounts and must give due consideration to any matter that has been raised by the Company's qualified accountant, compliance officer and auditors. The audit committee is also responsible for reviewing and supervising the financial reporting process and the internal control system of the Group. Two meetings were held during the current financial year to review the unaudited interim financial statements for the six months ended 30th June, 2004 and the audited financial statements for the year ended 31st December, 2004.

FIVE YEAR FINANCIAL SUMMARY

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years is set out on page 56.

RESUMPTION PROPOSAL

Trading in the Company's shares has been suspended on the Main Board of the Stock Exchange since 15th December, 2003 at the request of the Company. An application for resumption of trading would be made to the Stock Exchange in due course.

僱員 – 續

由本公司股東於二零零二年六月十三日批准之本公司購股權計劃於同日獲採納，自採納日期起有效及生效，為期十年。自購股權計劃獲採納後，並無授出任何購股權。

本集團之退休福利計劃詳情載於財務報表附註26。

審核委員會

審核委員會由三名成員組成，包括本公司三名獨立非執行董事張漢傑先生、崔世昌先生及陳錫華先生。審核委員會之職責為審閱本公司年度報告及賬目與中期報告，以及就此向董事會提供意見及見解。此外，審核委員會將考慮任何需要或可能需要反映於該等報告及賬目之重大及非經常項目，並審慎考慮任何由本公司合資格會計師、監察主任及核數師提出之事宜。審核委員會另負責檢討及監管本集團財務申報過程及內部監控制度。審核委員會已於本財政年度舉行兩次會議，以審閱截至二零零四年六月三十日止六個月之未經審核中期財務報表及截至二零零四年十二月三十一日止年度之經審核財務報表。

五年財務摘要

本集團於過往五個財政年度之綜合業績以及資產及負債之摘要載於第56頁。

復牌建議

應本公司請求，本公司股份自二零零三年十二月十五日起暫停在聯交所主板買賣。本公司會於適當時候向聯交所申請恢復股份買賣。