

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

FINANCIAL REVIEW

For the year ended 31 December 2005, the turnover of the Group was approximately HK\$18.6 million, representing an increase of approximately 342.9% as compared to last year (2004: HK\$4.2 million). Turnover of the Group was derived by the carnival business held in Foshan and Nanhu, the PRC. The increase in turnover was mainly attributable to the increase of number of visitors. The loss from operations and loss attributable to shareholders of the Group for the year ended 31 December 2005 was HK\$33.0 million and HK\$16.7 million respectively, representing a decrease of approximately 28.3% and 64.6% as compared to last year (2004: HK\$46.0 million and HK\$47.1 million). The decrease of loss was mainly attributable to the increase of turnover and decrease of operating expenses during the year.

OPERATION REVIEW

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

During the year ended 31 December 2005, the Group operated two moving carnival amusement parks in Foshan and Nanhu, the PRC. Foshan carnival was operated for 94 days from 9 February 2005 to 15 May 2005 and Nanhu carnival was operated for 156 days from 29 July 2005 to 31 December 2005.

Admission fee

During the year ended 31 December 2005, the total income from admission fee was increased by approximately 183.0% from approximately HK\$135,000 in last year to approximately HK\$382,000.

Mechanical rides and redemption games

During the year ended 31 December 2005, the total income from mechanical rides and redemption games was increased by approximately 274.4% from approximately HK\$4.3 million in last year to approximately HK\$16.1 million.

Sale of food and beverages

During the year ended 31 December 2005, the total sale of food and beverages was increased by approximately 401.5% from approximately HK\$202,000 in last year to approximately HK\$1,013,000.

Sponsorship income

During the year ended 31 December 2005, the total sponsorship income was approximately HK\$2.4 million (2004: Nil).

財務回顧

於截至二零零五年十二月三十一日止年度，本集團之營業額約為18,600,000港元（二零零四年：4,200,000港元），較去年增加約342.9%。本集團營業額源自在中國佛山及南湖經營嘉年華會業務。營業額增加之主要原因為入場人數增加。本集團於截至二零零五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33,000,000港元及16,700,000港元（二零零四年：46,000,000港元及47,100,000港元），分別較去年減少約28.3%及64.6%。虧損減少之主要原因為年內營業額增加及經營費用減少所致。

營運回顧

本集團之主要業務為嘉年華會娛樂業務。

於截至二零零五年十二月三十一日止年度，本集團在中國佛山及南湖經營兩個流動嘉年華會遊樂園。佛山嘉年華會為期94日，由二零零五年二月九日至二零零五年五月十五日止，而南湖嘉年華會則為期156日，由二零零五年七月二十九日至二零零五年十二月三十一日止。

入場費

截至二零零五年十二月三十一日止年度，來自入場費之總收入由去年約135,000港元增至約382,000港元，增幅約183.0%。

機動遊戲及攤位遊戲

於截至二零零五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4,300,000港元增至約16,100,000港元，增幅約274.4%。

銷售食物及飲品

於截至二零零五年十二月三十一日止年度，食物及飲品之銷售總額由去年約202,000港元增至約1,013,000港元，增幅約為401.5%。

贊助收入

於截至二零零五年十二月三十一日止年度，贊助收入總額約為2,400,000港元（二零零四年：無）。

OPERATION REVIEW – continued

Number of visitors

During the year ended 31 December 2005, the number of visitors of Foshan and Nanhu carnivals are as follows:-

| | | Foshan 佛山 | Nanhu 南湖 | Total 總數 |
|---------------------|------|----------------|----------------|----------------|
| Individual visitors | 個人遊客 | 167,000 | 86,000 | 253,000 |
| Group visitors | 團體遊客 | 84,000 | 146,000 | 230,000 |
| | | <u>251,000</u> | <u>232,000</u> | <u>483,000</u> |

MATERIAL LITIGATION

During the year, the Group successfully opposed a winding-up petition filed by an individual, an independent third party with a number of supporting creditors including the ex-director of the Company.

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\$200,000 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 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.

As at 31 December 2005, except for the mentioned above, the Group did not involve in any material litigation or arbitration.

營運回顧 – 續

入場人數

於截至二零零五年十二月三十一日止年度，佛山及南湖嘉年華會之入場人數如下：

| | Foshan 佛山 | Nanhu 南湖 | Total 總數 |
|---------------------|----------------|----------------|----------------|
| Individual visitors | 167,000 | 86,000 | 253,000 |
| Group visitors | 84,000 | 146,000 | 230,000 |
| | <u>251,000</u> | <u>232,000</u> | <u>483,000</u> |

重大訴訟

年內本集團成功推翻一名獨立第三方個別人士提出之清盤呈請，該項呈請得到多名債權人支持，當中包括本公司前任董事。

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200,000港元。本集團相信該項索償有合理勝算，亦有充分理據就反索償提出抗辯。

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。是項申索為關於根據該附屬公司與該貿易債務人訂立之協議應付該附屬公司之入場費。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算，亦有充分理據就反索償提出抗辯。

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算。

於二零零五年十二月三十一日，除上述者外，本集團並無牽涉任何重大訴訟或仲裁。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

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.

As at 31 December 2005, the Group had net current assets of HK\$63.5 million (2004: HK\$35.8 million). As at 31 December 2005, the Group's cash and bank balances amounted to HK\$641,000 (2004: HK\$4.7 million). As at 31 December 2005, the Group had interest-bearing loans of approximately HK\$74.6 million (2004: HK\$18.1 million). The interest-bearing loans comprised of a shareholder's loan of approximately HK\$6.9 million which was unsecured, interest bearing at 8% per annum and without fixed repayment terms and the balance of HK\$67.7 million represented a director's loan which was unsecured, interest bearing at 3% per annum and without fixed repayment terms. As at 31 December 2005, the Group had bank loans of approximately HK\$51.9 million (2004: HK\$47.6 million), which were interest bearing at the range from 8.5% to 9.0% per annum and were repayable from November 2004 by instalments. The managing Director, Mr. Chan Chak Mo, has also pledged Company's shares, to secure these bank loans. The Group's borrowings are denominated in Hong Kong dollars.

Mr. 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 31 December 2005, the Group's gearing ratio represented by bank borrowings and interest-bearing loans bearing to the Group's total assets was 122.0% (2004: 62.7%).

Details of the movements in the authorized and issue share capital of the Company during the year ended 31 December 2005 are set out in Note 27 to the financial statements.

CAPITAL EXPENDITURES

For the year ended 31 December 2005, the Group's capital expenditures were approximately HK\$1.5 million (2004: HK\$23.5 million).

CHARGES ON GROUP ASSETS

As at 31 December 2005, the Group did not have any charges on assets (2004: Nil).

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。

於二零零五年十二月三十一日，本集團之流動資產淨值為63,500,000港元（二零零四年：35,800,000港元）。於二零零五年十二月三十一日，本集團之現金及銀行結餘約為641,000港元（二零零四年：4,700,000港元）。於二零零五年十二月三十一日，本集團有附息貸款約74,600,000港元（二零零四年：18,100,000港元）。該筆附息貸款包括一名股東之貸款約6,900,000港元，乃無抵押、按8厘之年率計息及無固定還款期，而餘額67,700,000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。於二零零五年十二月三十一日，本集團有銀行貸款約51,900,000港元（二零零四年：47,600,000港元），乃按介乎8.5厘至9厘之年率計息，並須由二零零四年十一月起分期償還。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。本集團之借貸以港元為單位。

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

於二零零五年十二月三十一日，本集團之負債比率指銀行借貸及計息貸款佔本集團總資產之比例，為122.0%（二零零四年：62.7%）。

本公司於截至二零零五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27。

資本開支

於截至二零零五年十二月三十一日止年度，本集團之資本開支約為1,500,000港元（二零零四年：23,500,000港元）。

本集團資產抵押

於二零零五年十二月三十一日，本集團並無任何資產抵押（二零零四年：無）。

CONTINGENT LIABILITIES

As at 31 December 2005, the Group did not have any contingent liabilities (2004: HK\$6.5 million).

CURRENCY EXPOSURE

As at 31 December 2005, 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 set up a subsidiary company Guangzhou Funmania Carnival Co. Ltd., for the purpose of carrying its amusement park business.

EMPLOYEES

As at 31 December 2005, the Group employed a total of 7 full-time staff in Hong Kong (2004: 7) and 51 full-time staff in the PRC (2004: 50). The remuneration policies are reviewed on a periodical basis by the current management.

The share option scheme of the Company approved by its shareholders on 13 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 3(j) to the financial statements.

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 76.

RESUMPTION PROPOSAL

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

或然負債

於二零零五年十二月三十一日，本集團並無任何或然負債（二零零四年：6,500,000港元）。

貨幣風險

於二零零五年十二月三十一日，本集團並無任何尚未償還之對沖工具。本集團將繼續密切監察其外幣風險及需求，並在必要時作出對沖安排。

本集團成員公司變動

年內，本公司成立附屬公司廣州澤安游樂有限公司以經營嘉年華會業務。

僱員

於二零零五年十二月三十一日，本集團分別在香港聘用7名（二零零四年：7名）及在中國聘用51名（二零零四年：50名）全職員工。現時之管理層會定期檢討薪酬制度。

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3(j)。

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76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。本公司已向聯交所申請恢復股份買賣。