



**Surge Recreation Holdings Limited**  
**盈新遊樂控股有限公司**

(Incorporated in Bermuda with limited liability)  
(於百慕達註冊成立之有限公司)



**INTERIM REPORT 2002**  
**2002年中期報告**



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The Board of Directors (the “Directors”) of Surge Recreation Holdings Limited (the “Company”) is pleased to announce the unaudited pro forma interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2002 together with the comparative figures for the corresponding period last year and the relevant explanatory notes set out on pages 8 to 20 of this report. These interim results have been reviewed by the Company’s audit committee.

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2002 (2001: Nil).

## **FINANCIAL REVIEW**

For the six months ended 30th June, 2002, the turnover of the Group was approximately HK\$45.8 million, representing a slight growth of 0.4% as compared to the corresponding period last year.

The gross profit of the Group for the six months ended 30th June, 2002 was approximately HK\$31.7 million, representing a decrease of approximately 2.6% as compared to the corresponding period last year. The gross profit margin for the six months ended 30th June, 2002 was approximately 69.2%, a decline of approximately 2.2% as compared to the corresponding period last year due to the increase in the expenses of repairs and maintenances in the cost of sales.

The operating profit and profit attributable to shareholders of the Group for the six months ended 30th June, 2002 decreased by 17.8% and 25.8% to HK\$23.9 million and HK\$19.4 million, respectively, as compared to the corresponding period last year. The net profit margin for the six months ended 30th June, 2002 was approximately 42.4%. Such decreases were mainly attributable to the increase in the expenses of repairs and maintenances in the cost of sales, promotion expenses, salaries and interests on long-term loan during the period.



## **OPERATION REVIEW**

The Group's principal activity is the operation of a theme park in the People's Republic of China ("PRC") under the name of Panyu SammyLand.

### **Admission fee**

During the six months ended 30th June, 2002, the total ticket income from visitors slightly decreased by 3.1% from approximately HK\$43,562,000 in the corresponding period last year to approximately HK\$42,203,000. It was mainly attributable to the decrease of ticket income from group visitors.

### **Sales of food, beverages and souvenirs**

During the six months ended 30th June, 2002, the total sales of food, beverages and souvenirs increased by 71.7% from approximately HK\$1,357,000 in the corresponding period last year to approximately HK\$2,330,000. It was mainly attributable to the increase of expenditures spent by the visitors during the period.

### **Mechanical rides, carnival and redemption games**

During the six months ended 30th June, 2002, the total income from redemption games and additional fees income from mechanical rides and carnival increased by 82.7% from approximately HK\$709,000 in the corresponding period last year to approximately HK\$1,295,000. Due to the improvement and renovation of such mechanical rides, carnival and redemption games, those visitors are willing to pay additional fees on the mechanical rides and redemption games.

## **PLANS AND PROSPECTS**

The Group plans to arrange for theme exhibits developed by United Exhibits II A/S ("UEG") and other theme exhibits and mechanical rides to be exhibited and installed in the amusement parks with which it has formed an alliance for the implementation of the concept of "Dreamland in Reality".



To broaden the income base of the Group, a souvenir shop for the sale of premium items and branded souvenir items will be set up in Panyu SammyLand. To facilitate the operation of the souvenir shop, the Group will set up a purchasing department to source souvenir items, gifts and game prizes. The Group also plans to introduce various theme-related souvenirs and gifts for special promotional events and festivals to stimulate the sales of the gifts and souvenirs.

In addition, the Group plans to extend the business hours of Panyu SammyLand. The Group plans to organise more night entertainment shows featuring well-known artistes during weekends, public holidays, festivals and special events.

To further expand and compliment its current business portfolio, the Group plans to organise birthday parties, festival gatherings and celebrations. Under the PRC's "One Child" policy, parents in the PRC are devoting more and more of their time, care and resources to their only child. Birthdays parties and other types of parties for their children are expected to become a trend among this target group.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30th June, 2002, the Group had net current assets of HK\$2.5 million (31st December, 2001: net current liabilities of HK\$17.8 million).

The Group generally finances its operations with internally generated resources and banking facilities provided by its bankers in the PRC. Net proceed from the initial public offer of the Company's shares will primarily be used to renovate the interior design of existing mechanical rides and attractions, and to acquire new mechanical rides in Panyu SammyLand. As at 30th June, 2002, the Group had aggregate secured bank loans of approximately HK\$29.8 million (31st December, 2001: HK\$29.8 million) which were secured by a legal charge on certain Group's land and buildings located in the PRC. Bank loans of approximately HK\$21.4 million are repayable within one year and approximately HK\$8.4 million are repayable in the second year.



As at 30th June, 2002, the Group's gearing ratio represented by the bank borrowings, long term loan and shareholders' loans as a percentage of the Group's total assets is 16.0% (31st December, 2001: 19.7%).

## EMPLOYEES

As at 30th June, 2002, the Group employed a total of 404 full-time and part-time staff in Hong Kong and Mainland China. The remuneration policies are reviewed on a periodical basis by the management.

## DIRECTORS' INTERESTS IN SHARES

As at the date of this report, the interests of the Directors in the shares of the Company and its associated corporations within the meaning of the Securities (Disclosure of Interests) Ordinance of Hong Kong ("SDI Ordinance") as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

Name of director	Number of ordinary shares held			Total
	Personal interest	Corporate interest	Other interest	
Mr. Li Tat Ting	—	300,150,000 (Note 1)	—	300,150,000
Mr. Tsang Chi Wai, Eric	—	38,340,000 (Note 2)	—	38,340,000

Notes:

- (1) The corporate interest is held by Super Master Holdings Limited, a company beneficially wholly owned by Mr. Li Tat Ting.
- (2) The corporate interest is held by Global Trend Holdings Limited, a company beneficially wholly owned by Mr. Tsang Chi Wai, Eric.



Save as disclosed above, as at the date of this report, none of the Directors, chief executive or any of their associates had any beneficial or non-beneficial interest in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance as recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SHARE OPTIONS

Under a pre-listing share option scheme approved by the shareholders, the Directors of the Company may, at their absolute discretion, invite full-time or part-time employees including directors, or non-executive directors, or suppliers of goods and services, or customers, or bona fide consultants, or shareholders of the Company or any of its subsidiaries to take up options to subscribe for shares in the Company representing up to a maximum 30% of the shares in issue from time to time.

As at 30th June, 2002, no share options were granted.

## SUBSTANTIAL SHAREHOLDERS

As at the date of this report, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued share capital:

<b>Name of shareholder</b>	<b>Number of ordinary shares held</b>	<b>Approximate percentage of voting power</b>
Super Master Holdings Limited ( <i>Note 1</i> )	300,150,000	50.03%
Cash Smart Enterprises Limited ( <i>Note 2</i> )	66,000,000	11.00%



*Notes:*

- (1) Super Master Holdings Limited is a company incorporated in the British Virgin Islands and is wholly owned by Mr. Li Tat Ting, a Director and the Chairman of the Company.
- (2) Cash Smart Enterprises Limited is a company incorporated in the British Virgin Islands and is owned as to 50% by each of Mr. Chan Chak Mo and Ms. Leong On Kei, Angela.

Save as disclosed above, as at the date of this report, no person had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

## **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

Up to the date of this report, other than those in connection with the Company's initial public offering, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **AUDIT COMMITTEE**

The Audit Committee was set up on 13th June, 2002 and has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30th June, 2002.

## **COMPLIANCE WITH THE CODE OF BEST PRACTICE**

None of the Directors is aware of any information which would indicate that the Group is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange at any time during the six months ended 30th June, 2002.

By Order of the Board  
**Li Tat Ting**  
*Chairman*

Hong Kong, 27th September, 2002





## CONDENSED PRO FORMA COMBINED PROFIT AND LOSS ACCOUNT

For the six months ended 30th June, 2002

		Six months ended 30th June,	
		2002	2001
		(Unaudited)	(Unaudited)
		(Note 1)	(Note 1)
	Notes	HK\$'000	HK\$'000
TURNOVER	2	<b>45,828</b>	45,628
Cost of sales		<b>(14,107)</b>	(13,070)
Gross profit		<b>31,721</b>	32,558
Other revenue		<b>104</b>	25
Selling and distribution costs		<b>(2,426)</b>	(605)
Administrative expenses		<b>(5,517)</b>	(2,933)
PROFIT FROM OPERATING ACTIVITIES	2 and 3	<b>23,882</b>	29,045
Finance costs	4	<b>(3,492)</b>	(1,920)
PROFIT BEFORE TAX		<b>20,390</b>	27,125
Tax	5	<b>(979)</b>	(964)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<b>19,411</b>	26,161
DIVIDEND	6	—	—
EARNINGS PER SHARE			
— Basic	7	<b>HK 3.9 cents</b>	HK 5.3 cents
— Diluted		<b>N/A</b>	N/A



## CONDENSED PRO FORMA COMBINED BALANCE SHEET

*As at 30th June, 2002 and 31st December, 2001*

	<i>Notes</i>	<b>As at 30th June, 2002 (Unaudited) (Note 1) HK\$'000</b>	<b>As at 31st December, 2001 (Audited) (Note 1) HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Fixed assets	8	<b>299,268</b>	282,543
Deposits for acquisition of fixed assets		<b>7,371</b>	2,904
		<b>306,639</b>	285,447
<b>CURRENT ASSETS</b>			
Inventories		<b>433</b>	452
Trade receivables	9	<b>39,834</b>	31,319
Prepayments, deposits and other receivables		<b>21,960</b>	12,590
Due from a director		<b>—</b>	153
Cash and bank balances		<b>1,866</b>	1,269
		<b>64,093</b>	45,783
<b>CURRENT LIABILITIES</b>			
Trade payables	10	<b>1,480</b>	1,408
Accrued liabilities and other payables		<b>28,693</b>	33,507
Tax payable		<b>9,952</b>	8,973
Interest-bearing bank loans, secured	11	<b>21,477</b>	19,709
		<b>61,602</b>	63,597
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>		<b>2,491</b>	(17,814)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>309,130</b>	267,633
<b>NON-CURRENT LIABILITIES</b>			
Long term payables	12	<b>27,570</b>	32,654
Long term loan	13	<b>18,692</b>	—
Interest-bearing bank loans, secured	11	<b>8,336</b>	12,504
Shareholders' loans	14	<b>10,698</b>	33,052
		<b>65,296</b>	78,210
		<b>243,834</b>	189,423
<b>CAPITAL AND RESERVES</b>			
Share capital	15	<b>200</b>	200
Reserves	16	<b>243,634</b>	189,223
		<b>243,834</b>	189,423



## CONDENSED PRO FORMA COMBINED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2002

	Share Contributed capital (Unaudited) (Note 1) HK\$'000	Surplus (Unaudited) (Note 1) HK\$'000	Capital reserve (Unaudited) (Note 1) HK\$'000	Retained profits (Unaudited) (Note 1) HK\$'000	Total (Unaudited) (Note 1) HK\$'000
At 1st January, 2001	200	(200)	39,304	126,276	165,580
Profit attributable to shareholders	—	—	—	26,161	26,161
At 30th June, 2001	<u>200</u>	<u>(200)</u>	<u>39,304</u>	<u>152,437</u>	<u>191,741</u>

	Share Contributed capital (Unaudited) (Note 1) HK\$'000	Surplus (Unaudited) (Note 1) HK\$'000	Capital reserve (Unaudited) (Note 1) HK\$'000	Retained profits (Unaudited) (Note 1) HK\$'000	Total (Unaudited) (Note 1) HK\$'000
At 1st January, 2002	200	(200)	39,304	150,119	189,423
Profit attributable to shareholders	—	—	—	19,411	19,411
Issue of shares of a subsidiary	—	35,000	—	—	35,000
At 30th June, 2002	<u>200</u>	<u>34,800</u>	<u>39,304</u>	<u>169,530</u>	<u>243,834</u>



## CONDENSED PRO FORMA COMBINED CASH FLOW STATEMENT

*For the six months ended 30th June, 2002*

	<b>Six months ended</b>	
	<b>30th June,</b>	
	<b>2002</b>	2001
	<b>(Unaudited)</b>	(Unaudited)
	<b>(Note 1)</b>	(Note 1)
	<b>HK\$'000</b>	HK\$'000
NET CASH FROM OPERATING ACTIVITIES	<b>2,674</b>	39,828
NET CASH USED IN INVESTING ACTIVITIES	<b>(28,370)</b>	(957)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	<b>26,293</b>	(38,896)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<b>597</b>	(25)
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	<b>1,269</b>	86
CASH AND CASH EQUIVALENTS AT 30TH JUNE	<b>1,866</b>	61
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>1,866</b>	61



## **NOTES TO CONDENSED PRO FORMA COMBINED INTERIM FINANCIAL STATEMENTS**

### **1. Basis of preparation and principal accounting policies**

#### *(a) Basis of preparation*

These unaudited condensed pro forma combined interim financial statements ("Interim Accounts") have been prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and is in compliance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

The Company was incorporated in Bermuda as an exempted company with limited liability on 5th June, 2001 under the Companies Act 1981 of Bermuda.

On 23rd July, 2002, pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of shares of the Company on the Main Board of the Stock Exchange, the Company became the holding company of the following subsidiaries:

- Penny Farthing Agents Limited ("PFAL")
- Panyu Fantasy Film City Limited ("PFFCL")

The Reorganisation involved companies under common control. For accounting purposes, the Company and its subsidiaries will be regarded as a continuing group in the preparation of the Group's Interim Accounts commencing from the year ending 31st December, 2002. Accordingly, for the benefit of shareholders, the Interim Accounts and the related notes thereto have been presented as supplementary information in the current period on the basis that the Company is treated as the holding company of its subsidiaries for the financial periods presented rather than from the subsequent date of acquisition of the subsidiaries as is required by the SSAP 27 "Accounting for group reconstructions". The unaudited condensed pro forma combined results of the Group for each of the six months ended 30th June, 2002 and 2001 include the results of the Group with effect from 1st January, 2001 or since their respective dates of incorporation/establishment, where this is a shorter period. The condensed pro forma combined balance sheets as at 30th June, 2002 and 2001 have been prepared on the basis that the current group structure was in place at those dates.



All significant transactions and balances among the companies comprising the Group have been eliminated on combination.

Although the Reorganisation had not been completed and, accordingly, the Group did not legally exist until 23rd July, 2002, in the opinion of the Directors of the Company, the presentation of such supplementary Interim Accounts prepared on the above basis is necessary to apprise the Company's shareholders of the Group's results and its state of affairs as a whole.

The Company's shares were listed on the Main Board of the Stock Exchange on 15th August, 2002. Details of the Reorganisation are set out in Appendix IV of the prospectus of the Company dated 31st July, 2002 (the "Prospectus").

(b) *Principal accounting policies*

The same accounting policies adopted in the accountants' report as disclosed in the Prospectus have been applied to the Interim Accounts, except that the Group has adopted the following recently issued and revised SSAPs which became effective for accounting periods commencing on or after 1st January, 2002:

SSAP 1 (revised):	"Presentation of financial statements"
SSAP 11 (revised):	"Foreign currency translation"
SSAP 15 (revised):	"Cash flow statements"
SSAP 34:	"Employee benefits"

The adoption of these recently issued and revised SSAPs has had no material effect on the Interim Accounts, except for SSAP 1 (revised) and SSAP 15 (revised) with their major impact summarised as follows:—

SSAP 1 (Revised) prescribes the basis for the presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. The main revision to this SSAP is to change the requirements from presenting a statement of recognised gains and losses to a statement of changes in equity. The condensed pro forma combined statement of changes in equity for the current interim period and the comparative figures have been presented in accordance with the revised SSAP.

SSAP 15 (Revised) prescribes the provision of information about the historical changes in cash and cash equivalents. The condensed pro forma combined cash flow statement historical changes in cash and cash equivalents. The condensed pro forma combined cash flow statement for the current interim period and the comparative figures are presented in accordance with the revised SSAP.



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## 2. Turnover

The Group is principally engaged in the operation of theme park. An analysis of the Group's turnover is as follows:

	Six months ended 30th June,	
	2002	2001
	HK\$'000	HK\$'000
Receipts from theme park operations	43,498	44,271
Sales of food, beverages and souvenirs	2,330	1,357
	<u>45,828</u>	<u>45,628</u>

All of the Group's turnover and profit were derived from the operation of a theme park in the PRC.

## 3. Profit from operating activities

The Group's profit from operating activities is arrived at after charging:

	Six months ended 30th June,	
	2002	2001
	HK\$'000	HK\$'000
Cost of inventories sold	945	756
Cost of services provided	13,162	12,314
Depreciation	7,179	7,057
Staff costs, wages and salaries	3,796	2,694
Minimum lease payments under operating leases in respect of land and buildings	3,012	2,941
Exchange losses, net	—	3
	<u>—</u>	<u>3</u>

## 4. Finance costs

	Six months ended 30th June,	
	2002	2001
	HK\$'000	HK\$'000
Interest expense on:		
Bank loans wholly repayable within five years	1,980	1,146
Long term payables	484	774
Long term loan	1,028	—
	<u>3,492</u>	<u>1,920</u>



**5. Tax**

	<b>Six months ended 30th June,</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Current period provision		
— the PRC	<b>979</b>	964
	<u>          </u>	<u>          </u>

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the periods.

Taxes on profits of companies operating overseas have been calculated at the rates of taxes applicable in the respective jurisdictions, based on existing legislation, interpretations and practices in respect thereof, during the periods.

No deferred tax had been provided for the Group because there were no significant timing differences at the respective balance sheet dates.

**6. Dividend**

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2002 (2001: Nil).

**7. Earnings per share**

The calculation of earnings per share for each of the periods is based on the net profit from ordinary activities attributable to shareholders for each of the periods and on the assumption that 492,000,000 shares were in issue, comprising 20,000,000 shares in issue as at the date of the Prospectus and 472,000,000 shares to be issued pursuant to the capitalisation issue, as disclosed more fully in Appendix IV of the Prospectus.

There were no dilutive potential ordinary shares during the periods and, therefore, no diluted earnings per share have been presented.

**8. Fixed assets**

	<b>Construction in progress HK\$'000</b>	<b>Leasehold land and buildings HK\$'000</b>	<b>Furniture and fixtures, equipment, motor vehicles, plant and machinery and leasehold improvements HK\$'000</b>	<b>Total HK\$'000</b>
Net book value at 31st December, 2001	4,861	246,680	31,002	282,543
Additions during the period	758	12,526	10,620	23,904
Depreciation charge for the period	—	(3,823)	(3,356)	(7,179)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value at 30th June, 2002</b>	<b>5,619</b>	<b>255,383</b>	<b>38,266</b>	<b>299,268</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>





## 9. Trade receivables

The ageing analysis of trade receivables is as follows:

	<b>As at 30th June, 2002 HK\$'000</b>	As at 31st December, 2001 HK\$'000
Current — 30 days	<b>3,459</b>	2,464
31 days — 90 days	<b>11,513</b>	9,659
Over 90 days	<b>24,862</b>	19,196
	<b><u>39,834</u></b>	<u>31,319</u>

The credit period granted by the Group to customers is generally 120 days. The Group seeks to maintain strict control over its outstanding receivable to minimise credit risk. Overdue balances are reviewed regularly by senior management.

## 10. Trade payables

The ageing analysis of trade payables is as follows:

	<b>As at 30th June, 2002 HK\$'000</b>	As at 31st December, 2001 HK\$'000
Current — 30 days	<b>106</b>	111
31 days — 90 days	<b>254</b>	269
Over 90 days	<b>1,120</b>	1,028
	<b><u>1,480</u></b>	<u>1,408</u>

## 11. Interest-bearing bank loans, secured

	<b>As at 30th June, 2002 HK\$'000</b>	As at 31st December, 2001 HK\$'000
Bank loans wholly repayable:		
Within one year	<b>21,477</b>	19,709
In the second year	<b>8,336</b>	8,336
In the third to fifth years, inclusive	<b>—</b>	4,168
	<b><u>29,813</u></b>	<u>32,213</u>
Portion classified as current liabilities	<b><u>(21,477)</u></b>	<u>(19,709)</u>
Non-current portion	<b><u>8,336</u></b>	<u>12,504</u>



At 30th June, 2002 and 31st December, 2001, the Group's banking facilities were secured by legal charges on certain leasehold land and buildings of the Group (*note 8*).

## **12. Long term payables**

Long term payables represent amounts due to certain independent third parties in respect of construction projects. Included in the long term payables are: (i) HK\$12,329,000 (31st December, 2001: HK\$12,329,000) which is interest-free and repayable from July, 2003 to June, 2007 by monthly instalment of approximately HK\$257,000; (ii) HK\$5,071,000 (31st December, 2001: HK\$5,071,000) which bear interest at 10% per annum and are repayable from July, 2003 to June, 2004 by monthly instalment of approximately HK\$423,000 and (iii) HK\$10,170,000 (31st December, 2001: HK\$15,254,000) which are interest-free and repayable from July, 2003 to June, 2004 by monthly instalments of a total of approximately HK\$847,000, in accordance with the terms agreed with those parties.

## **13. Long term loan**

The long term loan is unsecured, bearing interest at 12% per annum and repayable in December, 2003 (31st December, 2001: Nil).

## **14. Shareholders' loans**

Shareholders' loans of HK\$10,698,000 (31st December, 2001: HK\$10,698,000) is supported by a personal guarantee given by Mr. Li Tat Ting and is repayable on 31st July, 2003. During the six months ended 30th June, 2002, HK\$35,000,000 (31st December, 2001, HK\$22,354,000) of the shareholders' loans was capitalised by way of issue of shares of PFAL on 12th June, 2002.

## **15. Share capital**

The following movements in the Company's authorised and issued share capital took place during the period from 5th June, 2001 (date of incorporation) to the date of approval of the Interim Accounts:

- (a) Upon incorporation, the authorised share capital of the Company was HK\$100,000 divided into 10,000,000 shares of HK\$0.01 each.
- (b) On 5th June, 2001, 10,000,000 shares of HK\$0.01 each was allotted and issued nil paid.
- (c) On 13th June, 2002, the authorised share capital of the Company was increased from HK\$100,000 to HK\$30,000,000 by the creation of 2,990,000,000 additional shares of HK\$0.01 each, ranking *pari passu* with the existing share capital of the Company.



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- (d) On 13th June, 2002, as part of the Reorganisation, the Company (i) issued 10,000,000 new shares of HK\$0.01 each credited as fully paid at par, and (ii) credited as fully paid at par the existing 10,000,000 shares issued nil paid on 5th June, 2001, as set out in (b) above, in consideration of and in exchange for the acquisition of the entire issued share capital of PFAL. The excess of the nominal value of the share capital and share premium of the subsidiary acquired pursuant to the Reorganisation, set out in note 1(a) to the Interim Accounts, over the nominal value of the shares in the Company issued in exchange therefor.
- (e) On 13th June, 2002, a total of 472,000,000 shares of HK\$0.01 each were allotted and issued as fully paid, by way of capitalisation issue of HK\$4,720,000 standing to the credit of the share premium account of the Company, to the holders of shares whose names appear on the register of members of the Company at the close of business on the date following the date of the Prospectus at 31st July, 2002, conditional as a result of the new issue and placing of shares as detailed in (f) below. For the purpose of preparing the Interim Accounts, these shares are deemed to have been issued, nil paid, since 1st January, 2001.
- (f) On 15th August, 2002, a total of 108,000,000 new shares of HK\$0.01 each were issued at HK\$0.34 each to the public by way of new issue and placement of shares upon the listing of the Company's shares on the Main Board of the Stock Exchange.

A summary of the above movements in the issued share capital of the Company is as follows:

		<b>Number of shares issued</b>	<b>Par value HK\$'000</b>
Shares allotted and issued nil paid	(b)	10,000,000	—
Shares issued as consideration for the acquisition of the entire share capital of PFAL	(d)	10,000,000	100
Application of contributed surplus to pay up nil paid shares	(d)	—	100
Capitalisation issue credited as fully paid conditional on the share premium account of the Company being credited as a result of the public shares issue	(e)	<u>472,000,000</u>	<u>—</u>



	<b>Number of shares issued</b>	<b>Par value</b> HK\$'000
Pro forma issued share capital as at 31st December, 2001 and 30th June, 2002	492,000,000	200
New issue and placing of shares to the public	(f) 108,000,000	1,080
Capitalisation of the share premium account as set out above	(e) —	4,720
	600,000,000	6,000

**16. Reserves**

	<b>Contributed Surplus</b> HK\$'000	<b>Capital reserve</b> HK\$'000	<b>Retained profits</b> HK\$'000	<b>Total</b> HK\$'000
At 1st January, 2002	(200)	39,304	150,119	189,223
Profit attributable to shareholders	—	—	19,411	19,411
Issue of shares of a subsidiary	35,000	—	—	35,000
	<b>34,800</b>	<b>39,304</b>	<b>169,530</b>	<b>243,634</b>

**17. Commitments**

	<b>As at 30th June, 2002</b> HK\$'000	As at 31st December, 2001 HK\$'000
Capital commitments contracted for in respect of acquisition of fixed assets	<b>16,596</b>	17,616



## 18. Operating lease arrangements

The Group leases a piece of land, an office and certain amusement facilities under operating lease arrangements. Leases for these properties are negotiated for terms of 30, 2 and 2 years, respectively.

At the end of periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>As at 30th June, 2002 HK\$'000</b>	As at 31st December, 2001 HK\$'000
Within one year	<b>8,077</b>	9,730
In the second to fifth years, inclusive	<b>29,028</b>	28,921
After five years	<b>220,399</b>	223,862
	<b><u>257,504</u></b>	<u>262,513</u>

The non-cancellable operating leases in respect of the amusement facilities were subject to contingent rent payments, which were charged for the amount of 25% of gross revenue generated from the amusement facilities in excess of the base rents as determined in the respective lease agreements.

## 19. Contingent liabilities

Subsequent to the period end, the Company is claimed by Sun Wah Aluminium Windows & Curtain Wall Company Limited in relation of construction and engineering works agreed to be done amounting to approximately HK\$3,883,000 (RMB4,154,400). The management considered that such claim, if any, should not be material in terms of the net tangible assets of the Group. The claim is now handled by the Company's lawyer.

## 20. Post balance sheet date event

In addition to the matters set out in note 15, on 15th August, 2002, the Company issued 108,000,000 shares of HK\$0.01 each to the public, upon the listing of its shares on the Stock Exchange, at HK\$0.34 per share for a total cash consideration, before related issuing expenses of approximately HK\$12.1 million, of HK\$36.7 million.