



## DIRECTORS' REPORT

The directors present their first annual report and the audited financial statements for the year ended 31st December, 2002.

### CORPORATE REORGANISATION AND PUBLIC LISTING

The Company was incorporated with limited liability in Bermuda on 5th June, 2001.

Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the public listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 23rd July, 2002.

Details of the reorganisation are set out in the prospectus of the Company dated 31st July, 2002.

The shares of the Company were listed on the Main Board of the Stock Exchange with effect from 15th August, 2002.

### PRINCIPAL ACTIVITIES

The Company acts as an investment holding company while its subsidiaries are engaged in the operation of a theme park in Panyu, the PRC, under the name of "SammyLand".

The principal activities of its subsidiaries are set out in note 13 to the financial statements.

### RESULTS

The results of the Group for the year ended 31st December, 2002 are set out in the consolidated income statement on page 16.

The directors do not recommend the payment of a dividend.

### SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 19 to the financial statements.

### RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 20 and note 21 to the financial statements respectively.

## **PROPERTY, PLANT AND EQUIPMENT**

During the year, the Group incurred approximately HK\$39.9 million on the acquisition of property, plant and equipment of which approximately HK\$23.4 million was incurred on land and buildings, approximately HK\$12.0 million on theme park facilities and office fixtures and equipment and approximately HK\$4.5 million on construction in progress. Details of these and other movements in property, plant and equipment of the Group and the Company are set out in note 12 to the financial statements.

## **DIRECTORS AND DIRECTORS' SERVICE CONTRACTS**

The directors of the Company during the year and up to the date of this report were as follows:

### **Executive directors:**

Li Tat Ting (*Chairman*)

Tsang Chi Wai, Eric (*Deputy Chairman*)

Lam Kam Fai

Cheung Fuk Chuen, Lawrence

### **Independent non-executive directors:**

Lau Siu Hong, Freeman

Gary Lee (appointed on 13th March, 2003)

Tsao Kwang Yung, Peter (resigned on 13th March, 2003)

In accordance with Clause 99 of the Company's Bye-Laws, Messrs. Tsang Chi Wai, Eric and Lam Kam Fai retire. Except for Mr. Tsang Chi Wai, Eric who does not offer himself for re-election, Mr. Lam Kam Fai being eligible, offers himself for re-election.

All executive directors have entered into service contracts with the Company for an initial term of two years commencing 15th August, 2002 and shall continue thereafter unless and until terminated in accordance with the terms of the respective service contracts.

Mr. Lau Siu Hong, Freeman, the independent non-executive director, has entered into a non-executive director contract with the Company for an initial term of one year and thereafter automatically continue for further successive periods of one year unless and until terminated in accordance with the terms of the contract.



## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN SECURITIES

As at 31st December, 2002, the interests of the directors and their associates in the ordinary shares of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Hong Kong's Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of director	Number of ordinary shares held			
	Personal interest	Family interest	Corporate interest	Other interest
Mr. Li Tat Ting	–	–	300,150,000 (Note a)	–
Mr. Tsang Chi Wai, Eric	–	–	38,340,000 (Note b)	–

Notes:

- a. These shares, representing approximately 50.03% of the issued share capital of the Company, are held by Super Master Holdings Limited, a company beneficially wholly-owned by Mr. Li Tat Ting.
- b. These shares, representing approximately 6.39% of the issued share capital of the Company, are held by Global Trend Holdings Limited, a company beneficially wholly-owned by Mr. Tsang Chi Wai, Eric.

Save as disclosed above, none of the directors, nor any of their associates, had any interests as at 31st December, 2002 in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company has adopted a share option scheme on 13th June, 2002. Details of which are set out in note 20 to the financial statements. No share options were granted to any grantees including the directors of the Company since adoption of the scheme.

Save as disclosed above, at no time during the year was the Company or its holding company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and none of the directors or their spouses or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights.

## SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following persons, in addition to the directors as stated under the above paragraph headed "Directors' interests in securities", are interested in 10% or more of the nominal value of the issued ordinary shares of the Company:

Name of shareholder	Number of ordinary shares beneficially held
Cash Smart Enterprises Limited*	66,000,000

\* Cash Smart Enterprises Limited is a company incorporated in the British Virgin Islands and is beneficially owned by Ms. Leong On Kei, Angela and Mr. Chan Chak Mo.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 31st December, 2002.

## DIRECTORS' INTERESTS IN CONTRACTS

There were no contracts of significance to which the Company or its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, which subsisted at the end of the year or at any time during the year.

## MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company has been entered into or existed during the year.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 82.8% of the Group's total sales while the sales attributable to the Group's largest customer was approximately 76.5% of the Group's total sales.

The aggregate purchases during the year attributable to the Group's five largest suppliers comprised approximately 51.4% of the Group's total purchases while the purchases attributable to the Group's largest supplier was approximately 13.9% of the Group's total purchases.

None of the directors, their associates or any shareholder, which to the knowledge of the directors owned more than 5% of the Company's issued share capital had any interest in the share capital of any of the five largest customers or suppliers of the Group.



## DIRECTORS' REPORT

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Bye-Laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### **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 audited financial statements for the year ended 31st December, 2002.

### **CORPORATE GOVERNANCE**

The Company has complied throughout the period between its listing date and 31st December, 2002 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

### **AUDITORS**

During the year, Messrs. Ernst & Young, who acted as auditors of the Group for the past three years, resigned, and Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company. A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board

**LI TAT TING**

*CHAIRMAN*

Hong Kong, 25th April, 2003