

14. Subsequent Events

The Group had the following significant event took place subsequent to the balance sheet date:

On 2 June 2006, a winding-up petition (“Petition”) was filed by Mr. Cheung Yam Loi (“Mr. Cheung”), an ex-employee of Pacpo Investment, a wholly-owned subsidiary of the Company, to the High Court against Pacpo Investments for an amount of HK\$220,000, representing the outstanding balance of judgement sum awarded to Mr. Cheung by the Labour Tribunal on 2 December 2005. The Petition will be heard in the High Court on 2 August 2006 and the Group is now seeking legal advice on the matter and is confident of reaching settlement with Mr. Cheung.

Interim Dividend

The Board of Directors has resolved not to declare an interim dividend for the six months ended 30 June 2005 (2004: Nil).

Management Discussion and Analysis

Review of operations

The Company’s principal activity continued to be investment holding whilst its subsidiaries are mainly engaged in property investment and development.

The Group has experienced serious financial difficulties for the six months ended 30 June 2005 and the results under review generally reflected the situation. The Group recorded a consolidated turnover of HK\$506,000, a decrease of approximately 89% in comparison with the corresponding period. Loss attributable to shareholders amounted to HK\$6,486,000 as compared to the amount of approximately HK\$4,463,000 in the last corresponding period. Improving the financial condition of the Group becomes the primary target of the management in the coming year.

Property development and investment business

The Group’s property development and investment business, comprising commercial, industrial and residential projects in Malaysia and Hong Kong, recorded a turnover of HK\$506,000, representing total turnover of the Group for the period. The drop in pre-sale income from the commercial and residential project at Johor Bahru, Malaysia as well as the non-existence of rental income due to the disposal of all commercial and industrial properties in Hong Kong constituted the considerable reduction in total turnover for the period under review.