



THE
HONG KONG PARKVIEW
GROUP LTD.

僑福建設企業機構

INTERIM REPORT 2002-2003 二零零二年至二零零三年度中期報告

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2002-2003**INTERIM RESULTS**

The Board of Directors is pleased to announce the unaudited results of the Group for the six months ended 30th September, 2002 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30th September, (Unaudited)	
	<i>Note</i>	2002 HK\$	2001 HK\$
Turnover	2	20,811,036	69,903,776
Cost of sales		<u>(14,767,478)</u>	<u>(44,255,870)</u>
Gross profit		6,043,558	25,647,906
Administrative expenses		<u>(14,010,152)</u>	<u>(38,344,256)</u>
Loss from operations		(7,966,594)	(12,696,350)
Finance costs		(64,013)	(924,269)
Loss on disposal of subsidiaries		(1,460,649)	(293,732)
Share of results of associates		<u>(5,203,060)</u>	<u>(1,672,082)</u>
Loss before taxation		(14,694,316)	(15,586,433)
Taxation	4	<u>(62,825)</u>	<u>(119,350)</u>
Loss after taxation		(14,757,141)	(15,705,783)
Minority interests		<u>259,086</u>	<u>2,585,095</u>
Loss attributable to shareholders		<u>(14,498,055)</u>	<u>(13,120,688)</u>
Loss per share – Basic	6	<u>(2.71 cents)</u>	<u>(2.45 cents)</u>

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Interim Report 2002-2003**CONDENSED CONSOLIDATED BALANCE SHEET**

		30th September, 2002 (Unaudited) HK\$	31st March, 2002 (Audited) HK\$
NON-CURRENT ASSETS			
Property, plant and equipment		20,597,958	21,535,447
Interest in associates		92,912,061	97,787,887
Investment in securities		14,393,000	33,943,000
Other receivables		1,511,700	1,500,000
		<hr/>	<hr/>
		129,414,719	154,766,334
CURRENT ASSETS			
Inventories and work in progress		47,987,376	49,560,778
Accounts receivable and prepayments	8	22,506,972	21,965,211
Amounts due from associates		40,920,081	38,633,643
Bank balances and cash		17,258,447	21,305,651
Others		12,696,935	11,961,358
		<hr/>	<hr/>
		141,369,811	143,426,641
CURRENT LIABILITIES			
Creditors and accrued charges	9	22,231,787	20,994,174
Tax payable		4,499,490	4,436,665
Amounts due to minority shareholders		30,017,208	30,017,208
Amounts due to related companies		25,179,053	24,483,984
Bank overdrafts		3,932,396	571
Others		955,036	921,349
		<hr/>	<hr/>
		86,814,970	80,853,951
NET CURRENT ASSETS		<hr/>	<hr/>
		54,554,841	62,572,690
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		183,969,560	217,339,024
CAPITAL AND RESERVES			
Share capital	10	53,535,926	53,535,926
Reserves		117,155,814	148,862,876
		<hr/>	<hr/>
		170,691,740	202,398,802
MINORITY INTERESTS		11,377,641	11,640,043
NON-CURRENT LIABILITIES			
Loans from minority shareholders		1,900,179	3,300,179
		<hr/>	<hr/>
		183,969,560	217,339,024

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2002

	Share capital	Share premium	Capital redemption reserve	Reserve/ (Goodwill) on consolidation	Capital reduction reserve	Investment property/ Investment revaluation reserve	Contributed surplus	Exchange reserve	Deficit	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1st April, 2002	53,535,926	-	2,382,000	(26,486,075)	85,844,959	(28,723,549)	329,928,202	(4,024,035)	(210,058,626)	202,398,802
Eliminated on disposal of subsidiaries	-	-	-	1,404,033	-	-	-	-	-	1,404,033
Unrealised loss on revaluation of investments in securities	-	-	-	-	-	(19,550,000)	-	-	-	(19,550,000)
Exchange differences	-	-	-	-	-	-	-	936,960	-	936,960
Net loss for the period	-	-	-	-	-	-	-	-	(14,498,055)	(14,498,055)
At 30th September, 2002	<u>53,535,926</u>	<u>-</u>	<u>2,382,000</u>	<u>(25,082,042)</u>	<u>85,844,959</u>	<u>(48,273,549)</u>	<u>329,928,202</u>	<u>(3,087,075)</u>	<u>(224,556,681)</u>	<u>170,691,740</u>
At 1st April, 2001	535,359,258	718,599,024	2,382,000	(22,255,602)	85,844,959	147,203,949	-	(5,117,134)	(287,034,093)	1,174,982,361
Unrealised loss on revaluation of investments in securities	-	-	-	-	-	(13,800,000)	-	-	-	(13,800,000)
Exchange differences	-	-	-	-	-	-	-	205,485	-	205,485
Net loss for the period	-	-	-	-	-	-	-	-	(13,120,688)	(13,120,688)
At 30th September, 2001	<u>535,359,258</u>	<u>718,599,024</u>	<u>2,382,000</u>	<u>(22,255,602)</u>	<u>85,844,959</u>	<u>133,403,949</u>	<u>-</u>	<u>(4,911,649)</u>	<u>(300,154,781)</u>	<u>1,148,267,158</u>

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Interim Report 2002-2003**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Six months ended 30th September (Unaudited)	
	2002	2001
	<i>HK\$</i>	<i>HK\$</i>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(4,024,582)	(35,159,254)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(2,612,835)	(11,261,400)
NET CASH INFLOW FROM FINANCING ACTIVITIES	<u>2,532,396</u>	<u>8,103,910</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,105,021)	(38,316,744)
CASH AND CASH EQUIVALENTS AT 1ST APRIL	21,305,080	140,810,015
EFFECT ON FOREIGN EXCHANGE RATE CHANGES	<u>58,388</u>	<u>2,960,865</u>
CASH AND CASH EQUIVALENTS AT 30TH SEPTEMBER	<u>17,258,447</u>	<u>105,454,136</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	<u>17,258,447</u>	<u>105,454,136</u>

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Notes to Condensed Consolidated Interim Financial Statements

1 Basis of preparation and accounting policies

These unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants.

These condensed consolidated interim financial statements should be read in conjunction with the 2002 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31st March, 2002 except that the Group has changed certain of its accounting policies following its adoption of the following SSAPs issued by the Hong Kong Society of Accountants which are 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 33	:	Discontinuing operations
SSAP 34	:	Employee benefits

The changes to the Group’s accounting policies and the effect of adopting these new policies are set out below:

SSAP 11 (revised): Foreign currency translation

The balance sheet of subsidiaries and associates expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the income statement is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

In prior periods, the income statement of foreign enterprises was translated at closing rate. This is a change in accounting policy, however, the translation of income statement of foreign enterprises in prior periods has not been restated as the effect of this change is not material to the current and prior periods.

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Interim Report 2002-2003**2. Segmental information***Business segments*

In previous years, the Group was organised into six operating divisions – decoration contractor and trading of building supplies, property dealing, management and consultancy services, property leasing, investment and financing and ship chartering. During last year, the Group discontinued its operation in property leasing and ship chartering.

Segment information about these businesses is presented below:

2002

	Property dealing <i>HK\$</i>	Decoration contractor and trading <i>HK\$</i>	Management and consultancy services <i>HK\$</i>	Investment and financing <i>HK\$</i>	Consolidated <i>HK\$</i>
Turnover	<u>567,449</u>	<u>18,868,344</u>	<u>1,374,406</u>	<u>837</u>	<u>20,811,036</u>
Segment result	<u>(1,264,582)</u>	<u>608,355</u>	<u>538,953</u>	<u>(567,342)</u>	<u>(684,616)</u>
Unallocated corporate expenses					<u>(7,281,978)</u>
Loss from operations					<u>(7,966,594)</u>
Finance costs					<u>(64,013)</u>
Loss on disposal of subsidiaries					<u>(1,460,649)</u>
Share of results of associates					<u>(5,203,060)</u>
Loss before taxation					<u>(14,694,316)</u>
Taxation					<u>(62,825)</u>
Loss after taxation					<u>(14,757,141)</u>

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2. Segmental information *(continued)*

Business segments (continued)

2001

	Property dealing <i>HK\$</i>	Decoration contractor and trading <i>HK\$</i>	Management and consultancy services <i>HK\$</i>	Investment and financing <i>HK\$</i>	Property leasing (Discontinued) <i>HK\$</i>	Ship chartering (Discontinued) <i>HK\$</i>	Consolidated <i>HK\$</i>
Turnover	34,096,022	8,871,283	6,138,812	1,642,829	16,240,148	2,914,682	69,903,776
Segment result	(2,932,573)	(4,147,083)	4,678,404	3,990,218	9,630,253	(4,778,645)	6,440,574
Unallocated corporate expenses							(19,136,924)
Loss from operations							(12,696,350)
Finance costs							(924,269)
Loss on disposal of a subsidiary							(293,732)
Share of results of associates							(1,672,082)
Loss before taxation							(15,586,433)
Taxation							(119,350)
Loss after taxation							(15,705,783)

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Interim Report 2002-2003**2. Segmental information** *(continued)**Geographical segments*

	Consolidated turnover		Contribution to Group results	
	Six months ended 30th September, (Unaudited)		Six months ended 30th September, (Unaudited)	
	2002	2001	2002	2001
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
By geographical location:				
Hong Kong	1,135,432	22,715,270	(3,074,141)	11,602,801
China and South East Asia	19,675,604	45,662,016	2,389,525	641,590
Europe	—	1,526,490	—	(5,803,817)
	<u>20,811,036</u>	<u>69,903,776</u>	(684,616)	6,440,574
<i>Less: Unallocated corporate expenses</i>			<u>(7,281,978)</u>	<u>(19,136,924)</u>
			<u>(7,966,594)</u>	<u>(12,696,350)</u>

3. Depreciation/Amortization

During the period, depreciation of HK\$0.9 million (2001: HK\$5.3 million) was charged in respect of the Group's property, plant and equipment.

4. Taxation

No provision for Hong Kong profits tax has been made in the financial statements as the Group has no assessable profit for the period (2001: 16% on assessable profit). Overseas taxes have been calculated at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30th September, (Unaudited)	
	2002	2001
	<i>HK\$</i>	<i>HK\$</i>
Company and subsidiaries		
Hong Kong profits tax	—	79,500
Overseas taxation	62,825	39,850
	<u>62,825</u>	<u>119,350</u>

A deferred tax asset has not been recognized in the financial statements of the Group and the Company in respect of tax losses available to offset future profits as it is not certain that the losses will be utilised in the foreseeable future.

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Interim Report 2002-2003**5. Dividends**

The Directors do not propose any interim dividend for the period (2001: Nil).

6. Loss per share

The calculation of loss per share is based on the consolidated loss for the six months of HK\$14,498,055 (2001: loss of HK\$13,120,688) and on the weighted average number of 535,359,258 (2001: 535,359,258) ordinary shares in issue during the year.

7. Reserves

There were no transfers to and from reserves during the six months ended 30th September, 2002.

8. Trade debtors

Included in accounts receivable and prepayments are trade debtors of HK\$13,372,621 (31st March, 2002: HK\$16,704,981). The Group allows an average credit period of 90 days to trade customers. The ageing analysis of trade debtors is as follows:

	30th September, 2002 (Unaudited) HK\$	31st March, 2002 (Audited) HK\$
0-60 days	3,098,498	9,144,309
61-90 days	5,362	3,131,687
>90 days	10,268,761	4,428,985
Total	<u>13,372,621</u>	<u>16,704,981</u>

9. Trade creditors

Included in creditors and accrued changes are trade creditors of HK\$7,852,041 (31st March, 2002: HK\$7,937,621). The ageing analysis of trade creditors is as follows:

	30th September, 2002 (Unaudited) HK\$	31st March, 2002 (Audited) HK\$
0-60 days	951,395	235,091
61-90 days	76,062	16,313
> 90 days	6,824,584	7,686,217
Total	<u>7,852,041</u>	<u>7,937,621</u>

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Interim Report 2002-2003**10. Share capital**

	Number of ordinary shares of HK\$0.10 each	Nominal value HK\$
<i>Authorised:</i>	<u>8,500,000,000</u>	<u>850,000,000</u>
<i>Issued and fully paid:</i> At 1st April, 2002 and 30th September, 2002	<u>535,359,258</u>	<u>53,535,926</u>

11. Contingent liabilities

The Group had no significant contingent liabilities at the balance sheet date.

OPERATING RESULTS

The Group's turnover for the six months ended 30th September, 2002 amounted to HK\$20,811,036. Loss attributable to the shareholders for the period totalled HK\$14,498,055.

BUSINESS REVIEW

After the reorganization in November, 2001, the Group's remaining assets consisted mainly of its property and investment interests in the PRC. The Group will maintain its principal activities of property and property related investments including trading of furniture items.

In order to enhance the Group's operations and business development, it is the Group's strategy to carry on identifying opportunities and/or strategic business partners in the PRC where economic conditions continue to be favourable in light of its WTO status.

Comments on segmental information:–

Shanghai Garden City, Shanghai, China

As reported in March 2002, the project has reached the final phase of its development and all the shareholders agreed to terminate the joint venture by way of a voluntary dissolution. The liquidation is in process and upon completion, the remaining assets of the joint venture company shall be distributed between the shareholders according to their respective shares.

Trading sales and contract works

The Group's furnishing business continued to focus its activities in mainland China. It managed to secure several projects in Shanghai and Beijing during the period. With these orders in hand, it should continue to be profitable in the coming financial period. The project-based strategy has shown a positive contribution in both its turnover and profit.

Nanjing Dingshan Garden Hotel, Nanjing, China

The hotel operation generated positive contribution with high occupancy rate. After allowing for financial costs and depreciation, the joint venture company showed a loss for the financial period. The management of the joint venture company plans to undertake and complete within the coming financial year phase 2 development of the 5-star hotel which will render over 200 more rooms available, thereby enhancing the productivity and profitability of the whole operation.

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FINANCIAL POSITION

The financial position of the Group remained healthy as bank and cash balances exceeded total bank borrowings. The gearing ratio, representing the ratio of total bank borrowings to total assets, was 1.45% (31st March, 2002: 0%).

All financial borrowings of the Group and the majority of income and expenses of the Group are dominated either in Yuan or Hong Kong Dollar. Hence the Group's exposure to fluctuations in the exchange rate is considered to be minimal and there is seldom the need to make use of financial instruments for hedging purposes.

As at 30th September, 2002, the Group had HK\$55 million net current assets in hand. This forms a solid foundation for the Group's forthcoming expansion and development.

EMPLOYEE

As at 30th September, 2002, the total number of employees of the Group was approximately 95.

The Group reviews remuneration packages from time to time and special adjustments are also made when required. Aside from salary payments other staff benefits include contributions to a retirement benefit scheme and medical insurance scheme.

DIRECTORS' INTEREST IN THE SHARE CAPITAL OF THE COMPANY

As at 30th September, 2002, the Directors and their respective associates had interests in the issued share capital of the Company as follows:

	Personal interests	Number of shares held		Other interests
		Family interests	Corporate interests	
Wong Kin Wah, George	2,000,000	–	98,000,000 <i>(Note)</i>	–

Note: These shares were held by High Return Trading Limited and in which Mr. Wong Kin Wah, George was deemed to have interest since he was entitled to exercise more than one-third of the voting power at the general meetings of High Return Trading Limited. This interest has also been disclosed under the section headed "SUBSTANTIAL SHAREHOLDERS".

Messrs. Wong Kin Wah, George, Hwang Yiou Hwa, Victor, Hwang Yiu Hwa, Richard, and Hwang Teh Hwa, Tony are directors and shareholders of Kompass International Limited which owned 293,674,138 shares in the Company.

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DIRECTORS' INTEREST IN THE SHARE CAPITAL OF THE COMPANY *(continued)*

Apart from the above, no interests were held or deemed or taken under the Securities (Disclosure of Interests) Ordinance to be held by any Directors or Chief Executives of the Company or their respective associates in the share capital of the Company or any of its associated corporations which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Section 28 of the Ordinance or which are required pursuant to Section 29 of the Ordinance to be entered in the register referred to therein.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2002, the following shareholders of the Company were interested in ten per cent or more of the issued share capital of the Company:

Number of shares held

Kompass International Limited	293,674,138
High Return Trading Limited	98,000,000 <i>(Note)</i>

Note: These shares represented the same parcel of shares Mr. Wong Kin Wah, George was deemed to have interests in as disclosed above under "DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY".

Apart from the above, no other person was recorded in the register kept pursuant to Section 16 of the Securities (Disclosure of Interests) Ordinance as having an interest in ten per cent or more of the issued share capital of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim results.

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

During the six months ended 30th September, 2002, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied throughout the six months ended 30th September, 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 of Hong Kong Limited.

On behalf of the Board
Wong Kin Wah, George
Chairman

Hong Kong, 20th December, 2002