



THE
HONG KONG PARKVIEW
GROUP LTD.

僑福建設企業機構

INTERIM REPORT 2004-2005 二零零四年至二零零五年度中期報告

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2004-2005**INTERIM RESULTS**

The Group's unaudited results for the six months ended 30th September, 2004 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30th September,	
		(Unaudited)	
		2004	2003
	<i>Note</i>	<i>HK\$</i>	<i>HK\$</i>
Turnover	2	4,954,106	15,574,214
Cost of sales		<u>(3,099,685)</u>	<u>(12,301,077)</u>
Gross profit		1,854,421	3,273,137
Administrative expenses		(9,699,064)	(13,188,616)
(Loss) gain on disposal of investment in securities		(149,241)	493,262
Unrealized gain on investment in securities		<u>87,000</u>	<u>27,000</u>
Loss from operations		(7,906,884)	(9,395,217)
Finance costs		(87,198)	(200,148)
Loss on disposal of subsidiaries		–	(65,705)
Share of results of associates		<u>(1,596,609)</u>	<u>(2,579,515)</u>
Loss before taxation		(9,590,691)	(12,240,585)
Taxation	4	<u>(4,711)</u>	<u>–</u>
Loss after taxation		(9,595,402)	(12,240,585)
Minority interests		<u>186,752</u>	<u>35,558</u>
Loss attributable to shareholders		<u>(9,408,650)</u>	<u>(12,205,027)</u>
Loss per share – Basic	6	<u>(1.76 cents)</u>	<u>(2.28 cents)</u>

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Interim Report 2004-2005**CONDENSED CONSOLIDATED BALANCE SHEET**

		30th September, 2004 (Unaudited) HK\$	31st March, 2004 (Audited) HK\$
NON-CURRENT ASSETS	<i>Note</i>		
Property, plant and equipment		13,374,025	13,904,372
Interest in associates		73,852,586	74,758,167
Investment in securities		22,749,000	29,735,600
		<u>109,975,611</u>	<u>118,398,139</u>
CURRENT ASSETS			
Inventories and work in progress		29,694,166	27,709,922
Accounts receivable and prepayments	8	14,838,706	16,808,822
Amounts due from associates		50,161,319	50,632,969
Bank balances and cash		5,701,366	11,790,694
Others		7,274,984	7,188,374
		<u>107,670,541</u>	<u>114,130,781</u>
CURRENT LIABILITIES			
Creditors and accrued charges	9	19,689,600	18,530,857
Tax payable		4,189,180	4,187,528
Amounts due to minority shareholders		11,096,466	11,096,466
Amounts due to related companies		16,057,134	16,539,050
Bank overdrafts		2,591,554	3,518,346
Others		4,345,785	4,345,785
		<u>57,969,719</u>	<u>58,218,032</u>
NET CURRENT ASSETS		<u>49,700,822</u>	<u>55,912,749</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>159,676,433</u>	<u>174,310,888</u>
CAPITAL AND RESERVES			
Share capital	10	53,535,926	53,535,926
Reserves		91,776,973	106,224,676
		145,312,899	159,760,602
MINORITY INTERESTS		12,463,355	12,650,107
NON-CURRENT LIABILITIES			
Loans from minority shareholders		1,900,179	1,900,179
		<u>159,676,433</u>	<u>174,310,888</u>

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2004 (Unaudited)

	Share capital	Capital redemption reserve	Reserve/ (Goodwill) on consolidation	Capital reduction reserve	Investment revaluation reserve	Contributed surplus	Exchange reserve	Deficit	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1st April, 2004	53,535,926	2,382,000	(25,082,042)	85,844,959	5,903,647	329,928,202	(4,989,101)	(287,762,989)	159,760,602
Unrealized loss on revaluation of investment in securities	-	-	-	-	(4,800,000)	-	-	-	(4,800,000)
Exchange differences	-	-	-	-	-	-	(108,029)	-	(108,029)
Eliminated on disposal of investment in securities	-	-	-	-	(131,024)	-	-	-	(131,024)
Net loss for the period	-	-	-	-	-	-	-	(9,408,650)	(9,408,650)
At 30th September, 2004	<u>53,535,926</u>	<u>2,382,000</u>	<u>(25,082,042)</u>	<u>85,844,959</u>	<u>972,623</u>	<u>329,928,202</u>	<u>(5,097,130)</u>	<u>(297,171,639)</u>	<u>145,312,899</u>
At 1st April, 2003	53,535,926	2,382,000	(25,082,042)	85,844,959	(10,389,549)	329,928,202	(4,423,140)	(266,747,930)	165,048,426
Unrealized gain on revaluation of investment in securities	-	-	-	-	16,110,000	-	-	-	16,110,000
Exchange differences	-	-	-	-	-	-	(169,094)	-	(169,094)
Net loss for the period	-	-	-	-	-	-	-	(12,205,027)	(12,205,027)
At 30th September, 2003	<u>53,535,926</u>	<u>2,382,000</u>	<u>(25,082,042)</u>	<u>85,844,959</u>	<u>5,720,451</u>	<u>329,928,202</u>	<u>(4,592,234)</u>	<u>(278,952,957)</u>	<u>168,784,305</u>

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Interim Report 2004-2005**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Six months ended	
	30th September,	
	(Unaudited)	
	2004	2003
	<i>HK\$</i>	<i>HK\$</i>
NET CASH USED IN OPERATING ACTIVITIES	(7,368,673)	(6,904,737)
NET CASH FROM INVESTING ACTIVITIES	2,293,190	7,259,954
NET CASH USED IN FINANCING ACTIVITIES	(87,198)	(200,148)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,162,681)	155,069
CASH AND CASH EQUIVALENTS AT 1ST APRIL	8,272,348	1,272,387
EFFECT ON FOREIGN EXCHANGE RATE CHANGES	145	1,173
CASH AND CASH EQUIVALENTS AT 30TH SEPTEMBER	<u>3,109,812</u>	<u>1,428,629</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	5,701,366	4,311,385
Bank overdrafts	(2,591,554)	(2,882,756)
	<u>3,109,812</u>	<u>1,428,629</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 Institute of Certified Public Accountants (“HKICPA”).

These condensed consolidated interim financial statements should be read in conjunction with the 2004 annual financial statements. The financial information relating to the financial year ended 31st March, 2004 included in the interim financial report does not constitute the company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31st March, 2004 are available from the company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 19th July, 2004.

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, 2004.

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Interim Report 2004-2005**2. Segmental information***Business segments*

For management purposes, the Group is currently organised into four operating divisions – property dealing, decoration contractor and trading of building supplies, management and consultancy services, and investment and financing. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

2004

	Property dealing	Decoration contractor and trading	Management and consultancy services	Investment and financing	Consolidated
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Turnover	–	3,713,316	1,240,790	–	4,954,106
Segment result	(510,251)	(2,031,449)	(212,255)	237,226	(2,516,729)
Unallocated corporate expenses					(5,390,155)
Loss from operations					(7,906,884)
Finance costs					(87,198)
Share of results of associates					(1,596,609)
Loss before taxation					(9,590,691)
Taxation					(4,711)
Loss after taxation					(9,595,402)

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Interim Report 2004-2005**2. Segmental information** *(continued)**Business segments (continued)***2003**

	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>–</u>	<u>14,143,650</u>	<u>1,430,564</u>	<u>–</u>	<u>15,574,214</u>
Segment result	<u>(757,090)</u>	<u>(3,875,848)</u>	<u>(14,201)</u>	<u>997,174</u>	<u>(3,649,965)</u>
Unallocated corporate expenses					<u>(5,745,252)</u>
Loss from operations					(9,395,217)
Finance costs					(200,148)
Loss on disposal of subsidiaries					(65,705)
Share of results of associates					<u>(2,579,515)</u>
Loss before taxation					(12,240,585)
Taxation					<u>–</u>
Loss after taxation					<u>(12,240,585)</u>

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2. Segmental information *(continued)*

Geographical segments

	Consolidated turnover		Contribution to Group results	
	Six months ended 30th September, (Unaudited)		Six months ended 30th September, (Unaudited)	
	2004	2003	2004	2003
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
By geographical location:				
Hong Kong	2,410,543	11,564,049	(1,343,292)	(3,319,321)
China and South East Asia	2,543,563	4,010,165	(1,173,437)	(330,644)
	<u>4,954,106</u>	<u>15,574,214</u>	<u>(2,516,729)</u>	<u>(3,649,965)</u>
<i>Less:</i> Unallocated corporate expenses			(5,390,155)	(5,745,252)
			<u>(7,906,884)</u>	<u>(9,395,217)</u>

3. Depreciation/Amortization

During the period, depreciation of HK\$0.6 million (2003: HK\$0.6 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. 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)	
	2004	2003
	<i>HK\$</i>	<i>HK\$</i>
Company and subsidiaries		
Hong Kong profits tax	-	-
Overseas taxation	(4,711)	-
	<u>(4,711)</u>	<u>-</u>

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

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Interim Report 2004-2005**5. Dividends**

The Directors do not propose any interim dividend for the period (2003: Nil).

6. Loss per share – Basic

The calculation of loss per share is based on the consolidated loss for the six months of HK\$9,408,650 (2003: loss of HK\$12,205,027) and on 535,359,258 (2003: 535,359,258) ordinary shares in issue during the period.

7. Reserves

There were no transfers to and from reserves during the six months ended 30th September, 2004.

8. Trade debtors

Included in accounts receivable and prepayments are trade debtors of HK\$6,293,407 (31st March, 2004: HK\$8,887,404). The Group allows an average credit period of 90 days to trade customers. The ageing analysis of trade debtors is as follows:

	30th September, 2004 (Unaudited) HK\$	31st March, 2004 (Audited) HK\$
Aged		
0-60 days	1,586,733	2,565,101
61-90 days	17,285	516,764
>90 days	<u>4,689,389</u>	<u>5,805,539</u>
Total	<u>6,293,407</u>	<u>8,887,404</u>

9. Trade creditors

Included in creditors and accrued changes are trade creditors of HK\$8,680,439 (31st March, 2004: HK\$9,446,337). The ageing analysis of trade creditors is as follows:

	30th September, 2004 (Unaudited) HK\$	31st March, 2004 (Audited) HK\$
Aged		
0-60 days	5,499	278,197
61-90 days	31,556	10,225
> 90 days	<u>8,643,384</u>	<u>9,157,915</u>
Total	<u>8,680,439</u>	<u>9,446,337</u>

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Interim Report 2004-2005**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, 2004 and 30th September, 2004	<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, 2004 amounted to HK\$4,954,106. Loss attributed to the shareholders for the period totalled HK\$9,408,650.

BUSINESS REVIEW

During the period under review, the Group continued to follow its plan to proceed its activities in the property development projects in PRC and, in particular, achieved satisfactory progress in the renewed Shanghai Garden City joint venture which is expected to generate satisfactory results in the periods to come. The Group's interest in the Nanjing hotel development also registered reasonable operating performance. However, the furnishing business experienced slowdown in its business in the period.

Property & Hospitality Division*Shangri-La Dingshan Nanjing Hotel, Nanjing, China*

Despite the fact that the 5-star hotel is just partially completed, the overall hotel operation still managed to generate a positive contribution for the six months ended 30th September, 2004, thanks to the high occupancy level and the popularity of the hotel being chosen as an ideal conference venue.

However, after allowing for interests on bank loans and depreciation, the joint venture company was still in red for the financial period. With a view to fully effect positive economic results of this investment, the Group has endeavoured to steer an acceptable programme with the PRC partner to undertake the second phase of the hotel.

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BUSINESS REVIEW *(continued)*

Property & Hospitality Division *(continued)*

Shanghai Garden City, Shanghai, China

The joint venture has formally entered into its second phase of development of mostly residential accommodation with the ground breaking taking place in September, 2004. This latest phase shall provide a total sellable area of approximately 15,000 square metres comprising of 120 apartments and 10 shops. It is anticipated that there will be a high demand for these units when they will be put to the market in 2005. Based on the current prices of comparable residential properties on the market, the second phase is expected to generate a handsome profit to the Group.

Meanwhile, the joint venture is aggressively looking for further opportunities in Shanghai and its neighbouring areas.

Trading Sales and Contract Works

The business volume of the furnishing business has dropped in the first half year of 2004 due to the fact that several large contracts have reached completion. As a result, the operation has incurred a loss for the period. The management has endeavoured to replenish its work orders by broadening the geographical area and aggressively submitting tenders for a wider spectrum of furnishing works, which includes the marketing strategy to the export and trading of furniture to North America and South East Asian countries.

The Group is confident that this will bring better results in the periods to come.

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 1.19% (31st March, 2004: 1.51%).

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, 2004, the Group had HK\$50 million net current assets in hand. This forms a solid foundation for the Group's forthcoming expansion and development.

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EMPLOYEES

As at 30th September, 2004, the total number of employees of the Group was approximately 49.

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' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

At 30th September, 2004, the interests of the directors and the chief executives and their associates in the shares, underlying shares and convertible bonds of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long Positions – Ordinary Shares of HK\$0.10 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Wong Kin Wah, George	Beneficial owner	2,000,000	0.4%
	Held by controlled corporation (Notes 1 & 2)	391,674,138	73.2%
		<hr/>	<hr/>
		393,674,138	73.6%
Hwang Yiou Hwa, Victor	Held by controlled corporation (Note 2)	293,674,138	54.9%
Hwang Yiu Hwa, Richard	Held by controlled corporation (Note 2)	293,674,138	54.9%
Hwang Teh Hwa, Tony	Held by controlled corporation (Note 2)	293,674,138	54.9%

Notes:

- 98,000,000 shares were held by High Return Trading Limited and in which Mr. Wong Kin Wah, George was deemed to have interests 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' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY *(continued)*

Other than as disclosed above, none of the directors, chief executives, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30th September, 2004.

At no time during the six months ended 30th September, 2004 was the Company, or any of its subsidiaries or fellow 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 debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2004, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Future Ordinance shows that other than the interests disclosed above in respect of certain directors and chief executives, the following shareholders had an interest in 5% or more of the issued share capital of the Company.

Long Positions – Ordinary Shares of HK\$0.10 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Kompass International Limited	Beneficial owner	293,674,138	54.9%
High Return Trading Limited	Beneficial owner	98,000,000 <i>(Note)</i>	18.3%
Multi-Power International Limited	Beneficial owner	40,000,000	7.47%
Huang Jianquan	Beneficial owner	40,000,000	7.47%

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

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30th September, 2004.

AUDIT COMMITTEE

The audit committee comprises the three independent non-executive directors of the company and 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 for the six months ended 30th September, 2004.

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Interim Report 2004-2005**PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30th September, 2004, 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, 2004 with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, with the exception that the independent non-executive directors of the Company are not appointed for specific terms as they are subject to retirement by rotation in accordance with the Company's bye-laws.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed compliance with the required standard set out in the Model Code as provided in Appendix 10 to the Listing Rules for the six months ended 30th September, 2004.

On behalf of the Board
Wong Kin Wah, George
Chairman

Hong Kong, 17th December, 2004

As at the date of this report, the Board comprises Mr. Wong Kin Wah, George, Mr. Hwang Yiu Hwa, Victor, Mr. Hwang Yiu Hwa, Richard and Mr. Hwang Teh Hwa, Tony as executive directors and Mr. Ma Chi Man, Mr. Lau Hon Chuen, Ambrose, G.B.S., J.P. and Mr. Lam Kin Ming, Lawrence as independent non-executive directors.

僑福建設企業機構

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