



THE
HONG KONG PARKVIEW
GROUP LTD.

僑福建設企業機構

INTERIM REPORT 2005-2006 二零零五年至二零零六年度中期報告

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006**INTERIM RESULTS**

The Group's unaudited consolidated results for the six months ended 30th September, 2005 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30th September, (Unaudited)	
	<i>Note</i>	2005 HK\$	2004 HK\$
Turnover	2	10,213,871	4,954,106
Cost of sales		<u>(11,654,320)</u>	<u>(3,099,685)</u>
Gross (loss) profit		(1,440,449)	1,854,421
Administrative expenses		(5,432,740)	(9,699,064)
Gain (loss) on disposal of available-for-sale financial assets	3	2,386,984	(149,241)
Written back of provision for a financial asset at fair value through profit or loss		139,814	–
Unrealized gain on financial assets at fair value through profit or loss		6,000	87,000
Other income	1	<u>203,360</u>	<u>–</u>
Loss from operations		(4,137,031)	(7,906,884)
Finance costs		(107,287)	(87,198)
Share of results of a jointly controlled entity		(165,083)	–
Share of results of associates		<u>(7,822,183)</u>	<u>(1,596,609)</u>
Loss before taxation		(12,231,584)	(9,590,691)
Taxation	5	<u>–</u>	<u>(4,711)</u>
Loss for the period		<u>(12,231,584)</u>	<u>(9,595,402)</u>
Loss attributable to:			
Equity holders of the Company		(12,204,524)	(9,408,650)
Minority interests		<u>(27,060)</u>	<u>(186,752)</u>
		<u>(12,231,584)</u>	<u>(9,595,402)</u>
Loss per share – Basic	7	<u>(2.28 cents)</u>	<u>(1.76 cents)</u>

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006**CONDENSED CONSOLIDATED BALANCE SHEET**

		30th September, 2005 (Unaudited) HK\$	31st March, 2005 (Audited) HK\$
NON-CURRENT ASSETS			
Property, plant and equipment		9,510,359	9,822,964
Interest in associates		57,982,179	63,693,844
Interest in a jointly controlled entity		13,627,251	13,792,334
Available-for-sale financial assets		13,851,499	19,364,000
Other receivables		1,044,573	1,500,000
		<hr/> 96,015,861	<hr/> 108,173,142
CURRENT ASSETS			
Inventories and work in progress		1,669,755	1,540,850
Accounts receivable and prepayments	9	5,742,669	8,137,367
Amounts due from minority shareholders		4,999,911	4,999,911
Amounts due from associates		49,834,544	49,834,544
Financial assets at fair value through profit or loss		409,814	264,000
Bank balances and cash		8,751,876	8,929,047
		<hr/> 71,408,569	<hr/> 73,705,719
CURRENT LIABILITIES			
Creditors and accrued charges	10	2,196,778	3,625,345
Tax payable		671,032	671,032
Amounts due to minority shareholders		97,383	97,383
Amounts due to a jointly controlled entity		9,272,723	6,390,323
Amounts due to related companies	11	17,136,649	23,837,345
Bank overdrafts		3,285,907	2,225,191
Others		7,422,241	7,785,483
		<hr/> 40,082,713	<hr/> 44,632,102
NET CURRENT ASSETS		<hr/> 31,325,856	<hr/> 29,073,617
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 127,341,717	<hr/> 137,246,759
EQUITY			
Capital and reserves			
Share capital	12	53,535,926	53,535,926
Reserves		70,923,358	80,142,553
Equity attributable to equity holders of the Company		124,459,284	133,678,479
Minority interests		1,641,041	1,668,101
TOTAL EQUITY		<hr/> 126,100,325	<hr/> 135,346,580
NON-CURRENT LIABILITIES			
Loans from minority shareholders		1,241,392	1,900,179
TOTAL EQUITY AND NON-CURRENT LIABILITIES		<hr/> 127,341,717	<hr/> 137,246,759

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2005 (Unaudited)

	Share capital	Capital redemption reserve	Reserve/(Goodwill) on consolidation	Capital reduction reserve	Investment revaluation reserve	Contributed surplus	Exchange reserve	Deficit	Equity attributable to equity holders of the Company	Minority interests	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1st April, 2005	53,535,926	2,382,000	(25,082,042)	85,844,959	1,404,343	329,928,202	(4,929,681)	(309,405,228)	133,678,479	1,668,101	135,346,580
Unrealized loss on revaluation of available-for-sale financial assets	-	-	-	-	(260,381)	-	-	-	(260,381)	-	(260,381)
Exchange differences	-	-	-	-	-	-	267,602	-	267,602	-	267,602
Eliminated on disposal of available-for-sale financial assets	-	-	-	-	2,978,108	-	-	-	2,978,108	-	2,978,108
Net loss for the period	-	-	-	-	-	-	-	(12,204,524)	(12,204,524)	(27,060)	(12,231,584)
At 30th September, 2005	53,535,926	2,382,000	(25,082,042)	85,844,959	4,122,070	329,928,202	(4,662,079)	(321,609,752)	124,459,284	1,641,041	126,100,325
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	12,650,107	172,410,709
Unrealized loss on revaluation of available-for-sale financial assets	-	-	-	-	(4,800,000)	-	-	-	(4,800,000)	-	(4,800,000)
Exchange differences	-	-	-	-	-	-	(108,029)	-	(108,029)	-	(108,029)
Eliminated on disposal of available-for-sale financial assets	-	-	-	-	(131,024)	-	-	-	(131,024)	-	(131,024)
Net loss for the period	-	-	-	-	-	-	-	(9,408,650)	(9,408,650)	(186,752)	(9,595,402)
At 30th September, 2004	53,535,926	2,382,000	(25,082,042)	85,844,959	972,623	329,928,202	(5,097,130)	(297,171,639)	145,312,899	12,463,355	157,776,254

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Six months ended	
	30th September,	
	(Unaudited)	
	2005	2004
	<i>HK\$</i>	<i>HK\$</i>
NET CASH USED IN OPERATING ACTIVITIES	(10,502,652)	(7,368,673)
NET CASH FROM INVESTING ACTIVITIES	9,370,011	2,293,190
NET CASH USED IN FINANCING ACTIVITIES	(107,287)	(87,198)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,239,928)	(5,162,681)
CASH AND CASH EQUIVALENTS AT 1ST APRIL	6,703,856	8,272,348
EFFECT ON FOREIGN EXCHANGE RATE CHANGES	2,041	145
CASH AND CASH EQUIVALENTS AT 30TH SEPTEMBER	<u>5,465,969</u>	<u>3,109,812</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	8,751,876	5,701,366
Bank overdrafts	(3,285,907)	(2,591,554)
	<u>5,465,969</u>	<u>3,109,812</u>

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006

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 Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the Group’s audited financial statements for the year ended 31st March, 2005, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period’s financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 12	Income Taxes
HKAS 16	Property, Plant and Equipment
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement

The adoption of HKASs 1, 2, 8, 12, 16, 18, 19, 21, 23, 24, 27, 28, 32, 33, 36 and 38 has had no material impact on the accounting policies of the Group and the methods of the computation in the Group’s condensed consolidated financial statements.

In the current period, the Group has applied HKAS 32 “Financial Instruments: Disclosure and Presentation” and HKAS 39 “Financial Instruments: Recognition and Measurement”. HKAS 32 requires retrospective application. The application of HKAS 32 has had no material effect on the presentation of financial instrument in the financial statements of the Group. HKAS 39, which is effective for annual periods beginning on or after 1st January, 2005, generally does not permit to recognize, derecognize or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 39 are summarized below.

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006**1. Basis of preparation and accounting policies** *(continued)*

From 1st April, 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of Statement of Standard Accounting Practice 24 "Accounting for Investments in Securities") in accordance with the requirements of HKAS 39. They are classified under the appropriate classification of HKAS 39. Financial liabilities other than financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest method.

The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognized at 1st April, 2005.

The effects of the changes in the accounting policies described above on the results for the current period are as follows:

	1.4.2005 to 30.9.2005
HKAS 32 and 39	
Other receivables	(455,427)
Loans from minority shareholders	658,787
	<hr/>
	203,360
	<hr/>

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006**2. Segmental information***Business segments*

For management purposes, the Group is currently organised into three operating divisions – 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:

For the six months ended 30th September, 2005 (Unaudited)

	Decoration contractor and trading	Management and consultancy services	Investment and financing	Consolidated
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Turnover	<u>9,369,383</u>	<u>811,688</u>	<u>32,800</u>	<u>10,213,871</u>
Segment result	<u>(4,553,055)</u>	<u>749,486</u>	<u>2,367,555</u>	(1,436,014)
Unallocated corporate expenses				<u>(2,701,017)</u>
Loss from operations				(4,137,031)
Finance costs				(107,287)
Share of results of a jointly controlled entity				(165,083)
Share of results of associates				<u>(7,822,183)</u>
Loss before taxation				(12,231,584)
Taxation				<u>—</u>
Loss for the period				<u>(12,231,584)</u>

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006**2. Segmental information** *(continued)**Business segments (continued)***For the six months ended 30th September, 2004 (Unaudited)**

	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>3,713,316</u>	<u>1,240,790</u>	<u>-</u>	<u>4,954,106</u>
Segment result	<u>(2,031,449)</u>	<u>(212,255)</u>	<u>237,226</u>	<u>(2,006,478)</u>
Unallocated corporate expenses				<u>(5,900,406)</u>
Loss from operations				(7,906,884)
Finance costs				(87,198)
Share of results of associates				<u>(1,596,609)</u>
Loss before taxation				(9,590,691)
Taxation				<u>(4,711)</u>
Loss for the period				<u>(9,595,402)</u>

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006**2. Segmental information** *(continued)**Geographical segments*

	Consolidated turnover		Contribution to Group results	
	Six months ended 30th September, (Unaudited)		Six months ended 30th September, (Unaudited)	
	2005	2004	2005	2004
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
By geographical location:				
Hong Kong	8,118,491	2,410,543	(1,332,471)	(1,343,292)
The PRC	2,095,380	2,543,563	(103,543)	(663,186)
	<u>10,213,871</u>	<u>4,954,106</u>	<u>(1,436,014)</u>	<u>(2,006,478)</u>
<i>Less: Unallocated corporate expenses</i>			<u>(2,701,017)</u>	<u>(5,900,406)</u>
			<u>(4,137,031)</u>	<u>(7,906,884)</u>

3. Gain (Loss) on disposal of available-for-sale financial assets

The gain arose from the acceptance of the take over bid made by PCCW Limited for the entire share capital of Sunday Communications Limited in which the Group had certain holding previously held as investments in securities.

4. Depreciation/Amortization

During the period, depreciation of HK\$0.3 million (2004: HK\$0.6 million) was charged in respect of the Group's property, plant and equipment.

5. 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)	
	2005	2004
	<i>HK\$</i>	<i>HK\$</i>
Company and subsidiaries		
Hong Kong profits tax	—	—
PRC taxation	—	(4,711)
	<u>—</u>	<u>(4,711)</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.

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006**6. Dividends**

The Directors do not propose any interim dividend for the period (2004: Nil).

7. Loss per share – Basic

The calculation of loss per share is based on the consolidated loss attributable to equity holders of the Company for the six months of HK\$12,204,524 (2004: loss of HK\$9,408,650) and on 535,359,258 (2004: 535,359,258) ordinary shares in issue during the period.

8. Reserves

There were no transfers to and from reserves during the six months ended 30th September, 2005.

9. Trade debtors

Included in accounts receivable and prepayments are trade debtors of HK\$2,809,961 (31st March, 2005: HK\$3,494,513). The Group allows an average credit period of 90 days to trade customers. The ageing analysis of trade debtors is as follows:

	30th September, 2005 (Unaudited)	31st March, 2005 (Audited)
	<i>HK\$</i>	<i>HK\$</i>
Aged		
0-60 days	205,160	1,283,390
61-90 days	1,106,857	134,518
>90 days	1,497,944	2,076,605
	<hr/>	<hr/>
Total	2,809,961	3,494,513
	<hr/>	<hr/>

10. Trade creditors

Included in creditors and accrued changes are trade creditors of HK\$492,820 (31st March, 2005: HK\$2,636,558). The ageing analysis of trade creditors is as follows:

	30th September, 2005 (Unaudited)	31st March, 2005 (Audited)
	<i>HK\$</i>	<i>HK\$</i>
Aged		
0-60 days	201,527	533,079
61-90 days	52,328	–
> 90 days	238,965	2,103,479
	<hr/>	<hr/>
Total	492,820	2,636,558
	<hr/>	<hr/>

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006

11. Related party transactions

(a) During the period, the Group entered into the following transactions with related parties, including key management personnel and companies controlled or significantly influenced by management of the Group:

	Notes	Associates		Jointly controlled entity		Related companies (iii)	
		For the six months ended 30th September, (Unaudited)		For the six months ended 30th September, (Unaudited)		For the six months ended 30th September, (Unaudited)	
		2005	2004	2005	2004	2005	2004
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Sales	<i>i</i>	-	-	-	-	-	272,132
Management income received from	<i>i</i>	810,000	810,000	-	-	-	-
Building management fee paid to	<i>i</i>	-	-	-	-	50,508	50,508
General expenses paid to	<i>i</i>	-	-	-	-	199,566	1,235,159

(b) Outstanding balances with related parties

	Notes	Associates		Jointly controlled entity		Related companies (iii)	
		30th September, 2005 (Unaudited)	31st March, 2005 (Audited)	30th September, 2005 (Unaudited)	31st March, 2005 (Audited)	30th September, 2005 (Unaudited)	31st March, 2005 (Audited)
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Amount due from	<i>ii</i>	49,834,544	49,834,544	-	-	-	-
Amount due to	<i>ii</i>	-	-	9,272,723	6,390,323	17,136,649	23,837,345
Loans to	<i>ii</i>	19,020,441	16,909,923	-	-	-	-

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006**11. Related party transactions** *(continued)**(c) Compensation of key management personnel of the Group*

	For the six months ended 30th September,	
	2005 <i>HK\$</i>	2004 <i>HK\$</i>
Short term employee benefits	1,819,800	1,739,010
	<u>1,819,800</u>	<u>1,739,010</u>

Notes:

- (i) Sales were carried out in the ordinary course of business and on normal commercial terms and all other transactions were carried out at terms mutually agreed between both parties.
- (ii) The amounts are unsecured, interest-free and the amounts repayable within one year are classified as current assets/liabilities. Loans to associates are net of allowances of HK\$2,957,123 (31st March, 2005: HK\$2,957,123).
- (iii) Certain directors of the related companies are also the Company's directors and two directors of a related company are children of a Company's director. The amount is unsecured, interest-free and repayable on demand.

12. Share capital

	Number of ordinary shares of HK\$0.10 each	Nominal value <i>HK\$</i>
<i>Authorised:</i>	<u>8,500,000,000</u>	<u>850,000,000</u>
<i>Issued and fully paid:</i>		
At 1st April, 2005 and 30th September, 2005	<u>535,359,258</u>	<u>53,535,926</u>

13. Contingent liabilities

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

14. Charges on assets

The Group did not have any charge on its assets as at 30th September, 2005 (2004: nil).

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006

OPERATING RESULTS

The Group's turnover for the six months ended 30th September, 2005 amounted to HK\$10,213,871. Loss attributable to equity holders of the Company for the period totalled HK\$12,204,524.

BUSINESS REVIEW

As stated in last year's Annual Report, the Group's main investments, which consist of property investments in China, were at different stages of development. For the six months ended 30th September, 2005, these investment projects still remained non-profit contributing. The real estate development project in Shanghai has commenced the pre-sale of the first batch of units and the result achieved has been satisfactory. Therefore it is expected when the project is fully completed, scheduled for next summer, it will generate satisfactory result. In the furniture trading and contracting business, both project-based sales and the furnishing of serviced apartments for the period remained weak. Further, the US Government's imposition of higher duties on imported furniture from China led to a slide in export sales which contributed to the loss results suffered by the furnishing business for the period.

Property & Hospitality Division

Shangri-La Dingshan Nanjing Hotel, Nanjing, China

The 5-star hotel remains only partially completed with the fitting out of the remaining rooms still to be done. Despite not operating at full capacity, the hotel still managed to generate a positive contribution for the six months ended 30th September, 2005. However, after allowing for interest on bank loan and depreciation, the joint venture company showed a loss for the period.

With a view to fully realizing the anticipated positive economic results of this investment, the Group expects to work out an acceptable programme with its partner to resolve and complete the stalled work.

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006

BUSINESS REVIEW *(continued)*

Property & Hospitality Division *(continued)*

Shanghai Garden City, Shanghai, China

The second phase of the development of Shanghai Garden City has been progressing as planned. This phase shall provide a total saleable area of approximately 15,000 square metres comprising 122 apartments and 10 shops. Pre-selling of some apartments started in early July 2005 and up to now, approximately one-third of the saleable space have been sold at satisfactory prices. Although macro-economic measures introduced by the China Government to cool down the overheated investment activity across the mainland have adversely affected market sentiment, it is anticipated that the remaining apartments and shops will be in high demand and will generate a satisfactory profit to the Group. The project shall be fully completed next summer, upon which the result of the project shall be taken up and reflected in the Group accounts.

The joint venture is now aggressively looking for further opportunities in Shanghai that will help generate sustainable profits for the Group.

Trading sales and contracting works

The project-based sales for this period remained weak because most new hotel developments have been completed early this year and few projects have started. Works for renovation and decoration of existing hotels are slackening due to high occupancy rates making it financially unattractive for operators to leave rooms vacant for renovation.

The property market in China is still soaring despite the government's macro-economic controls. Selling instead of furnishing properties for leasing purposes is still the preferred activity of most developers. This has undermined the serviced apartments sector which used to be our main source of income.

As for the furniture export sector, the US Government has imposed higher duties on imported furniture from China as an anti-dumping measure. This caused a slide in our export trade.

In order to mitigate the impact of dropping sales, the Group has adopted stringent cost control measures, which included cutting down its overhead, while continuously working on improving product quality. It is expected that these measures, together with the positive performance of the Fitting Out Department in past months following its set up, the furnishing business will have a steady and healthy growth this year.

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 1.96% (31st March, 2005: 1.22%).

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006**FINANCIAL POSITION** *(continued)*

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 a need to make use of financial instruments for hedging purposes.

As at 30th September, 2005, the Group had HK\$31 million net current assets in hand. This forms a solid foundation for the Group's forthcoming expansion and development.

EMPLOYEES

As at 30th September, 2005, the total number of employees of the Group was approximately 31.

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, 2005, 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 <i>(Notes 1 & 2)</i>	391,674,138	73.2%
		393,674,138	73.6%
Hwang Yiou Hwa, Victor	Held by controlled corporation <i>(Note 2)</i>	293,674,138	54.9%
Hwang Yiu Hwa, Richard	Held by controlled corporation <i>(Note 2)</i>	293,674,138	54.9%
Hwang Teh Hwa, Tony	Held by controlled corporation <i>(Note 2)</i>	293,674,138	54.9%

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY *(continued)*

Notes:

1. 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".
2. Messrs. Wong Kin Wah, George, Hwang Yiu 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. This interest has also been disclosed under the section headed "SUBSTANTIAL SHAREHOLDERS".

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, 2005.

At no time during the six months ended 30th September, 2005 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, 2005, 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 relevant interests in 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 <i>(Note)</i>	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 disclosed above under "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY".

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006

SUBSTANTIAL SHAREHOLDERS *(continued)*

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, 2005.

AUDIT COMMITTEE

The audit committee is comprised of three independent non-executive directors. 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 for the six months ended 30th September, 2005.

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

During the six months ended 30th September, 2005, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied throughout the six months ended 30th September, 2005 with the Code on Corporate Governance Practices ("Code") 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 of the followings:

Code provision A4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election, and code provision A4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Non-Executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation in accordance with the Bye-laws of the Company. The Directors are not required by the Bye-laws to retire by rotation at least once every three years. However, in accordance with Bye-law 87, at each annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third), other than the Director holding office of Chairman or Managing Director, shall retire from office by rotation. The Board will ensure the retirement of each Director, other than the one who holds the office of Chairman or Managing Director, by rotation at least once every three years in order to comply with Code provisions. The Board considered that the continuity of office of the Chairman provides the Group a strong and consistent leadership and is of great importance to the smooth operations of the Group.

THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2005-2006

CORPORATE GOVERNANCE *(continued)*

Code provision B1.1 stipulates the establishment of a remuneration committee with specific written terms of reference which deal clearly with its authority and duties and a majority of the remuneration committee should be independent non-executive directors. The Company has not set up a remuneration committee during the period under review. Nevertheless, the staff (including Directors) remuneration policies have been set out in annual reports, which were received by shareholders in the general meetings and stipulated in the Director's service contracts.

The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board consider appropriate.

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, 2005.

On behalf of the Board
Wong Kin Wah, George
Chairman

Hong Kong, 16th December, 2005

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

THE HONG KONG PARKVIEW GROUP LTD.

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