
THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2006-2007

OPERATING RESULTS

The Group's turnover for the six months ended 30th September, 2006 amounted to HK\$10,407,935. Loss attributed to equity holders of the Company for the period totaled HK\$12,169,127.

BUSINESS REVIEW

During the six months period ended 30th September, 2006, the Group's main investments which consist mainly of property investments in China, still remained non-profit contributing as they were at different stages of development. The second phase of the development of Shanghai Garden City was completed subsequent to this reporting period and is expected to bring a satisfactory result to the Group in the second half of this fiscal year. Meanwhile, the Nanjing Dingshan Garden Hotel, which the Group has 45% interest, suffered a loss for the period under review as it is still not operating at full capacity. With a view to fully realizing the anticipated positive economic results of this investment, the Group is continually exploring an acceptable programme with its mainland partner to undertake the second phase of the hotel. For the furniture trading and contracting business, both project-based sales and the furnishing of service apartments remained weak. However, after cost control measures were put in place, the performance of this division has improved compared to the same period of last year.

As one of the world's fastest growing economies, mainland China offers tremendous opportunities which the Group intends to explore as part of its strategy forward. Following the past several years of restructuring and repositioning the Group's operations and businesses, the Group believes that it is now in better shape to secure a viable future in mainland China.

Although certain macro control measures introduced by the mainland government during the period under review have tempered market sentiment, the Group believes that these measures will lead to a stable and sustainable property market in China in the longer term and should therefore be viewed positively. The Group will strengthen its business development activities and take new initiatives to find new investment opportunities in China, especially in cities where the Group already has a presence and a platform to build upon existing relationships with strategic partners, service providers and relevant government bodies.

Property & Hospitality Division

Nanjing Dingshan Garden Hotel, Nanjing, China

In January 2006, the board of directors of the Hotel had agreed with Shangri-la Hotel Management Co. Ltd. to terminate the hotel management agreement. Subsequently, the joint venture company appointed a subsidiary of the Group to take over management of the property.

The 5-star hotel remained only partially completed with the fitting out of the remaining rooms still to be done. As the Hotel was not operating at full capacity and occupancy was somewhat affected by the transition to a new hotel management, the hotel reported worse-than-expected results for the six months period ended 30th September, 2006.