



THE
HONG KONG PARKVIEW
GROUP LTD.

僑福建設企業機構*

INTERIM REPORT 2008-2009 二零零八年至二零零九年度中期報告

Stock Code 股份代號: 207

THE HONG KONG PARKVIEW GROUP LTD.

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INTERIM RESULTS

The board of Directors of The Hong Kong Parkview Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2008. The unaudited condensed consolidated interim results for the six months ended 30 September 2008 have not been audited by the Company's auditors, but were reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30 September	
		(Unaudited)	
		2008	2007
	<i>Notes</i>	HK\$	<i>HK\$</i>
Revenue	2	1,363,408	2,452,354
Cost of sales		(39,043)	(395,325)
		<hr/>	<hr/>
Gross profit		1,324,365	2,057,029
Other income		103,838	40,601
Administrative expenses		(4,578,331)	(6,861,893)
Finance costs		(110,703)	(99,466)
Gain on disposal of a subsidiary		-	390
Gain on liquidation of an investee company		-	3,460,560
Impairment loss recognized in respect of amounts due from associates		(12,370)	-
Net change in fair value of investments held for trading		45,000	381,000
Share of loss of an associate		(5,753,822)	(7,401,268)
Share of loss of a jointly controlled entity		(531,727)	(468,651)
		<hr/>	<hr/>
Loss before taxation		(9,513,750)	(8,891,698)
Taxation	4	-	-
		<hr/>	<hr/>
Loss for the period		(9,513,750)	(8,891,698)
		<hr/>	<hr/>
Loss per share – Basic	6	(1.78 cents)	(1.66 cents)
		<hr/>	<hr/>

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CONDENSED CONSOLIDATED BALANCE SHEET

		30 September 2008 (Unaudited) HK\$	31 March 2008 (Audited) HK\$
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		8,640,643	8,728,354
Interests in associates	8	2,184,561	7,505,014
Deposits paid for investment in an associate		107,419,330	106,764,554
Interest in a jointly controlled entity		54,056,257	54,587,985
Available-for-sale investments		2,236,300	2,236,300
Other receivable		1,104,677	1,104,677
		175,641,768	180,926,884
CURRENT ASSETS			
Amounts due from customers for contract work		-	1,943
Accounts receivable and prepayments	9	825,691	1,978,912
Investments held for trading		666,000	621,000
Bank balances and cash		4,099,408	3,747,823
		5,591,099	6,349,678
CURRENT LIABILITIES			
Accounts payable and accrued charges	10	2,059,575	2,585,236
Amounts due to related companies		13,633,841	9,962,060
Tax payable		59,215	59,215
Dividend payable		885,225	885,225
Bank overdrafts		3,878,173	4,052,693
		20,516,029	17,544,429
NET CURRENT LIABILITIES		(14,924,930)	(11,194,751)
TOTAL ASSETS LESS CURRENT LIABILITIES		160,716,838	169,732,133
CAPITAL AND RESERVES			
Share capital		53,535,926	53,535,926
Reserves		59,277,169	68,188,263
Equity attributable to equity holders of the Company		112,813,095	121,724,189
NON-CURRENT LIABILITIES			
Amount due to a jointly controlled entity		25,669,682	25,773,883
Amount due to a related company		22,234,061	22,234,061
		47,903,743	48,007,944
		160,716,838	169,732,133

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008 (Unaudited)

	Share capital <i>HK\$</i>	Capital redemption reserve <i>HK\$</i>	Capital reduction reserve <i>HK\$</i>	Property revaluation surplus <i>HK\$</i>	Contributed surplus <i>HK\$</i>	Exchange reserve <i>HK\$</i>	Accumulated deficit <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 2008	53,535,926	2,382,000	85,844,959	5,650,394	329,928,202	10,896,588	(366,513,880)	121,724,189
Exchange differences arising from translation of financial statements of foreign subsidiaries	-	-	-	-	-	169,286	-	169,286
Exchange differences arising from translation of financial statements of foreign associate	-	-	-	-	-	433,370	-	433,370
Net loss for the period	-	-	-	-	-	-	(9,513,750)	(9,513,750)
At 30 September 2008	<u>53,535,926</u>	<u>2,382,000</u>	<u>85,844,959</u>	<u>5,650,394</u>	<u>329,928,202</u>	<u>11,499,244</u>	<u>(376,027,630)</u>	<u>112,813,095</u>
At 1 April 2007	53,535,926	2,382,000	85,844,959	5,650,394	329,928,202	3,887,182	(349,676,687)	131,551,976
Exchange differences arising from translation of financial statements of foreign subsidiaries	-	-	-	-	-	162,687	-	162,687
Exchange differences arising from translation of financial statements of foreign associate	-	-	-	-	-	426,476	-	426,476
Net loss for the period	-	-	-	-	-	-	(8,891,698)	(8,891,698)
At 30 September 2007	<u>53,535,926</u>	<u>2,382,000</u>	<u>85,844,959</u>	<u>5,650,394</u>	<u>329,928,202</u>	<u>4,476,345</u>	<u>(358,568,385)</u>	<u>123,249,441</u>

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Interim Report 2008-2009**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Six months ended	
	30 September	
	(Unaudited)	
	2008	2007
	HK\$	HK\$
NET CASH USED IN OPERATING ACTIVITIES	(2,244,930)	(4,487,957)
NET CASH USED IN INVESTING ACTIVITIES	(681,340)	(250,246)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	3,463,135	(16,404)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	536,865	(4,754,607)
CASH AND CASH EQUIVALENTS AT 1 APRIL	(304,870)	5,616,496
EFFECT ON FOREIGN EXCHANGE RATE CHANGES	(10,760)	(125,157)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	221,235	736,732
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
BANK BALANCES AND CASH	4,099,408	3,918,877
BANK OVERDRAFTS	(3,878,173)	(3,182,145)
	221,235	736,732

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NOTES TO CONDENSED CONSOLIDATION INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2008, except for the adoption of certain new standards, amendments and interpretations issued by the HKICPA which are effective on or after 1 April 2008. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

The Group has not early applied all the new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2008 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards.

These condensed consolidated interim financial statements should be read in conjunction with the 2008 annual financial statements. The financial information relating to the financial year ended 31 March 2008 that is included in the interim financial report as being previously reported information 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 31 March 2008 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 18 July 2008.

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2. Segment information

Business segments

For management purposes, the Group is currently organised into four operating divisions – decoration contractor, trading of furniture, management services and investment holding. 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 30 September 2008 (Unaudited)

	Decoration contractor HK\$	Trading of furniture HK\$	Management services HK\$	Investment holding HK\$	Consolidated HK\$
REVENUE	<u>48,070</u>	<u>26,892</u>	<u>1,288,446</u>	<u>-</u>	<u>1,363,408</u>
Segment result	<u>(260,011)</u>	<u>(370,864)</u>	<u>239,582</u>	<u>2,892</u>	<u>(388,401)</u>
Unallocated corporate expenses					(2,716,727)
Finance costs					(110,703)
Impairment loss recognized in respect of amounts due from associates					(12,370)
Share of loss of associates					(5,753,822)
Share of loss of a jointly controlled entity					<u>(531,727)</u>
Loss before taxation					(9,513,750)
Taxation					<u>-</u>
Loss for the period					<u>(9,513,750)</u>

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2. Segment information (Continued)

Business segments (Continued)

For the six months ended 30 September 2007 (Unaudited)

	Decoration contractor <i>HK\$</i>	Trading of furniture <i>HK\$</i>	Management services <i>HK\$</i>	Investment holding <i>HK\$</i>	Consolidated <i>HK\$</i>
REVENUE	<u>22,800</u>	<u>374,415</u>	<u>1,972,077</u>	<u>83,062</u>	<u>2,452,354</u>
Segment result	<u>(54,360)</u>	<u>(921,868)</u>	<u>149,730</u>	<u>18,381</u>	(808,117)
Unallocated corporate expenses					(3,575,146)
Finance costs					(99,466)
Gain on disposal of a subsidiary					390
Gain on liquidation of an investee company					3,460,560
Share of loss of an associate					(7,401,268)
Share of loss of a jointly controlled entity					<u>(468,651)</u>
Loss before taxation					(8,891,698)
Taxation					<u>—</u>
Loss for the period					<u>(8,891,698)</u>

Geographical segments

	Consolidated turnover Six months ended 30 September (Unaudited) 2008		Contribution to Group results Six months ended 30 September (Unaudited) 2008	
	<i>HK\$</i>	2007 <i>HK\$</i>	<i>HK\$</i>	2007 <i>HK\$</i>
By geographical location:				
Hong Kong	62,505	89,227	(251,689)	(799,823)
The PRC	1,300,903	2,363,127	(136,712)	(8,294)
	<u>1,363,408</u>	<u>2,452,354</u>	<u>(388,401)</u>	<u>(808,117)</u>

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3. Depreciation/Amortization

During the period, depreciation of HK\$0.11 million (2007: HK\$0.14 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 profits for the period. Overseas taxes, if any, have been calculated at the rate of taxation prevailing in the respective jurisdictions in which the Group operates.

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.

5. Dividends

The Directors do not propose any interim dividend for the period (2007: Nil).

6. Loss per share – basic

The calculation of loss per share – basic is based on the consolidated loss attributable to equity holders of the Company for the six months of HK\$9,513,750 (2007: loss of HK\$8,891,698) and on 535,359,258 (2007: 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 30 September 2008.

8. Interest in associates

	30 September 2008 (Unaudited) HK\$	31 March 2008 (Audited) HK\$
Cost of unlisted investment in associates	89,549,045	89,549,045
Share of post-acquisition losses	(94,711,806)	(88,957,984)
Share of exchange reserves	7,347,322	6,913,953
	<u>2,184,561</u>	<u>7,505,014</u>

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8. Interest in associates (Continued)

The following table lists only the particulars of the Group's associate at 30 September 2008 and 31 March 2008 which principally affects the results or assets of the Group as the directors are of the opinion that a complete list of all the associates will be of excessive length.

Name of associate	Form of business structure	Place of registration and operation	Nominal value of capital contribution	Proportion of nominal value of registered capital held by the Group	Principal activity
Nanjing Dingshan Garden Hotel Company Ltd.	Sino-foreign equity joint venture	The PRC	US\$25,600,000	45%	Hotel business

The summarized financial information in respect of the Group's associates is set out below:

	30 September 2008 (Unaudited) HK\$	31 March 2008 (Audited) HK\$
Total assets	433,683,310	437,873,418
Total liabilities	(429,063,953)	(421,848,171)
Net assets	4,619,357	16,025,247
Group's share of net assets of associates	2,184,561	7,505,014

9. Accounts receivable and prepayments

Included in accounts receivable and prepayments are trade debtors of HK\$553,882 (31 March 2008: HK\$1,656,794), net of allowance HK\$868,747 (31 March 2008: HK\$865,975). The Group allows an average credit period of 90 days to trade debtors. The aged analysis of trade debtors is as follows:

	30 September 2008 (Unaudited) HK\$	31 March 2008 (Audited) HK\$
Aged:		
0 – 60 days	–	1,467,768
61 – 90 days	–	–
More than 90 days	553,882	189,026
	553,882	1,656,794

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10. Accounts payable and accrued charges

Included in accounts payable and accrued charges are trade creditors of HK\$243,404 (31 March 2008: HK\$243,404). The aged analysis of trade creditors are as follows:

	30 September 2008 (Unaudited) HK\$	31 March 2008 (Audited) HK\$
Aged:		
0 – 60 days	–	240,674
61 – 90 days	–	2,730
More than 90 days	243,404	–
	243,404	243,404

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:

		Associates Six months ended 30 September (Unaudited) 2008 HK\$	2007 HK\$	Related companies (iii) Six months ended 30 September (Unaudited) 2008 HK\$	2007 HK\$
Notes					
Management fee income received from	<i>i</i>	1,288,446	1,972,077	–	–
Building management fee paid to	<i>i</i>	–	–	66,390	62,628
General expenses paid to	<i>i</i>	–	–	235,897	205,900

(b) Outstanding balance with related parties

		Associates 30 September 2008 (Unaudited) HK\$	31 March 2008 (Audited) HK\$	Jointly controlled entity 30 September 2008 (Unaudited) HK\$	31 March 2008 (Audited) HK\$	Related companies (iii) 30 September 2008 (Unaudited) HK\$	31 March 2008 (Audited) HK\$
Notes							
Amount due to	<i>ii</i>	–	–	25,669,682	25,773,883	35,867,902	32,196,121

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Interim Report 2008-2009**11. Related party transactions (Continued)**

(c) Compensation of key management personnel of the Group

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Short term employee benefits	<u>498,000</u>	<u>1,496,400</u>
	498,000	1,496,400

Notes:

- (i) All transactions were carried out in the ordinary course of business, on normal commercial terms and 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.
- (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 HK\$
<i>Authorised:</i>	<u>8,500,000,000</u>	<u>850,000,000</u>
<i>Issued and fully paid:</i>		
At 1 April 2008 and 30 September 2008	<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 30 September 2008 (2007: Nil).

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OPERATING RESULTS

The Group's turnover for the six months ended 30 September 2008 amounted to HK\$1,363,408. Loss attributed to equity holders of the Company for the period totaled HK\$9,513,750.

BUSINESS REVIEW & OUTLOOK

One of the greatest challenges facing all businesses today is the ongoing global financial market turmoil that was triggered by the US subprime crisis and credit crunch. The Group has no association with any structure products or foreign exchange contracts.

During the six months period ended 30 September 2008, the Group continued to focus on its main investments in property development and hotel operations in China. Both areas were unable to generate positive results.

After the completion and sales of the second phase of the property development project in Shanghai by the jointly controlled company, we are continually looking for further development opportunities in that market. Taking into account the regulatory measures imposed by the mainland government to curb property speculation and now the worsening global economic situation, the Group will continue to exercise caution in its search for investment opportunities in the mainland.

Although the Group's interest in the Nanjing hotel project, Nanjing Dingshan Garden Hotel, reported a loss for the six months ended 30 September 2008, the results have continued to improve when compared to those of previous financial periods. The Group has continued active discussions with its China partner over the shareholding issue and the completion of the second phase of the hotel. Once completed, the addition of 309 rooms is expected to bring the hotel project back to profitability and generate reasonable results for the Group.

Meanwhile, the Group's ongoing efforts to curb costs resulted in improved gross profit ratio and other income in other areas. The Group continued to control its administrative expenses and was able to achieve some savings during the period.

Amid the uncertainties in the market and recession concerns in the US and Europe, it is expected that the economic growth rate of China, which is highly dependent on exports as engines for growth, will slow down. However the Group believes that the economic environment in the mainland will remain relatively stable due to the mainland government's rapid response and introduction of a stimulus package. Accordingly, since our Group has already managed to establish a foothold in the mainland and is equipped with the necessary know-how and experience, we are in a good position to exploit any opportunity that may arise in the near future for the long term benefit of our shareholders.

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BUSINESS REVIEW & OUTLOOK *(Continued)*

Property & Hospitality Division

Nanjing Dingshan Garden Hotel, Nanjing, China

Despite the 5-star hotel remains only partially completed and not operating at full capacity, the hotel managed to generate a positive contribution for the six months ended 30 September 2008. However, after allowing for interest on bank loan and depreciation, the joint venture company incurred a loss for the period. Nevertheless, the Group's share of loss in this project of HK\$5.8 million for the period ended 30 September 2008 (30 September 2007: HK\$7.4 million) was a significant improvement from the same reporting period of last year. The Group is continually engaging its China partner in active discussions to re-start the stalled work on the second phase as well as resolve the shareholding issue.

Shanghai Garden City, Shanghai, China

As all the residential units and a large number of shops were successfully sold in previous years, this segment did not bring much contribution to the Group for the current financial period. The conservative approach adopted by the Group during the period under review proved to be successful as the property market in China showed further signs of slowing down in the second half of 2008 following macroeconomic adjustments introduced by the mainland government and the global economic downturn.

Trading Sales and Contract Works

The project-based sales remained weak and only a few small projects were undertaken during the six months period ended 30 September 2008. This sector recorded modest revenues of HK\$74,962 for the reporting period. The small sales volume, coupled with thin profit margins, was inadequate to cover operating costs. In order to mitigate the impact of dropping sales, the Group continued to adopt stringent cost saving measures in this sector which included cutting down overheads during the reporting period as well as the periods ahead.

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 2.14% (31 March 2008: 2.16%).

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 30 September 2008, the Group had HK\$14.9 million net current liabilities (31 March 2008: HK\$11.2 million).

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EMPLOYEES

As at 30 September 2008, the total number of employees in the Group was approximately 12.

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

As at 30 September 2008, 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%
Hwang Yiou Hwa, Victor	Held by controlled corporation (Note 2)	393,674,138	73.6%
	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. This interest has also been disclosed under the section headed "SUBSTANTIAL SHAREHOLDERS".

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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 30 September 2008.

At no time during the six months ended 30 September 2008 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 30 September 2008, 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 shares 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".

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 30 September 2008.

AUDIT COMMITTEE

The Audit Committee, comprising of three Independent Non-executive Directors, has reviewed with management the accounting principles and standard practices adopted by the Group and discussed auditing, internal control and financial reporting matters including review of the unaudited interim results for the six months ended 30 September 2008.

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

During the six months ended 30 September 2008, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Board of Directors of the Company (the "Board") considers that the Company has complied with the code provisions as set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 September 2008.

The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers 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 30 September 2008.

On behalf of the Board
Wong Kin Wah, George
Chairman

Hong Kong, 12 December 2008

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. Lau Hon Chuen, Ambrose, G.B.S., J.P., Mr. Lam Kin Ming, Laurence and Mr. Wu Kwok Cheung, MH as Independent Non-executive Directors.

僑福建設企業機構

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