POKFULAM DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0225)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2007

The Board of Directors announces that the unaudited consolidated results of the Company and its subsidiaries ("the Group") for the six months ended 31 March 2007 together with comparative figures for the corresponding period in 2006 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2007

		Six months ended	
		31.3.2007	31.3.2006
	NOTES	**(unaudited)**	(unaudited)
		HK$'000	*HK$'000*
Turnover	*2*	**56,197**	54,781
Cost of sales		**(10,039)**	(11,552)
Cost of rental and other operations		**(11,102)**	(11,499)
		35,056	31,730
Other income		**1,454**	2,100
Increase in fair value of investments held for trading		**8,291**	4,001
Gain on fair value change of investment properties		**189,000**	39,980
Selling and marketing expenses		**(803)**	(844)
Administrative expenses		**(4,510)**	(4,117)
Impairment loss on amount due from an investee company		**–**	(2,147)
Finance costs	*3*	**(4,693)**	(5,736)
Share of profit (loss) of a jointly controlled entity		**104**	(276)
Profit before taxation	*4*	**223,899**	64,691
Income tax expense	*5*	**(33,952)**	(14,348)
Profit for the period		**189,947**	50,343
Profit for the period attributable to:			
Equity holders of the Company		**189,589**	49,024
Minority interests		**358**	1,319
		189,947	50,343
Dividend	*6*	**4,407**	3,305
		HK cents	HK cents
Earnings per share			
Basic	*7*	**172.1**	44.5

CONDENSED CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2007

	NOTES	**31.3.2007 (unaudited) *HK$'000***	30.9.2006 (audited) *HK$'000*
Non-current Assets			
Investment properties	*8*	**1,927,500**	1,738,500
Property, plant and equipment	*8*	**4,467**	4,800
Prepaid lease payments		**934**	938
Interest in a jointly controlled entity		**–**	–
Amount due from a jointly controlled entity		**58,780**	56,603
Available-for-sale investments		**8,000**	8,000
		1,999,681	1,808,841
Current Assets			
Inventories		**5,629**	6,357
Investments held for trading		**28,709**	21,218
Trade and other receivables		**5,865**	6,929
Deposits and prepayments		**1,761**	968
Prepaid lease payments		**8**	8
Pledged deposits		**–**	15,471
Bank balances and cash		**2,659**	1,727
		44,631	52,678
Current Liabilities			
Trade and other payables		**9,370**	10,817
Rental and management fee deposits		**16,295**	14,258
Provision for taxation		**6,613**	8,403
Loan from a related company, unsecured		**–**	15,000
Bank loans, secured		**72,000**	193,100
Bank overdrafts, secured		**15,527**	1,103
		119,805	242,681
Net Current Liabilities		**(75,174)**	(190,003)
		1,924,507	1,618,838
Capital and Reserves			
Share capital		**110,179**	110,179
Reserves		**1,453,677**	1,276,196
Equity attributable to equity holders of the Company		**1,563,856**	1,386,375
Minority Interests		**6,369**	6,011
Total equity		**1,570,225**	1,392,386
Non-current Liabilities			
Bank loans, secured		**98,000**	–
Deferred taxation		**256,282**	226,452
		354,282	226,452
		1,924,507	1,618,838

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2007

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments, which are measured at fair values. The accounting policies adopted are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 September 2006, except as described below.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA which are either effective for accounting periods beginning on or after 1 October 2006. The adoption of the new HKFRSs had no material effect on how the results and financial positions for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The Group is in the process of making an assessment of the potential impact of these standards, amendment or interpretations. Other than the adoption of HKFRS 8 "Operating Segments" which may have potential impact to the condensed consolidated financial statements, the directors of the Company so far concluded that the application of these standards, amendment or interpretations will have no material impact on the financial statements of the Group. The Group is still not in a position to reasonably estimate the impact that may arise from HKFRS 8.

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: disclosures[1]
HKFRS 8	Operating segments[2]
HK(IFRIC)–INT 10	Interim financial reporting and impairment[3]
HK(IFRIC)–INT 11	Group and treasury shares transaction[4]
HK(IFRIC)–INT 12	Service concession arrangments[5]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 November 2006
[4] Effective for annual periods beginning on or after 1 March 2007
[5] Effective for annual periods beginning on or after 1 January 2008

2. SEGMENTAL INFORMATION

An analysis of the Group's turnover is as follows:

	Six months ended 31.3.2007 HK$'000	31.3.2006 HK$'000
Property rentals	**34,190**	30,550
Building management fees	**2,451**	2,402
Sale of goods	**15,453**	19,932
Others	**4,103**	1,897
	56,197	54,781

The businesses based upon which the Group reports its primary segment information are as follows:

Property investment and management	–	letting and management of commercial and residential properties
Trading of goods	–	trading of visual and sound equipment
Securities dealing	–	dealings in listed securities
Investment holding	–	investment in unlisted equity securities for long term strategic purposes

Segment information about these businesses is presented below:

Six months ended 31 March 2007

	Property investment and management HK$'000	Trading of goods HK$'000	Securities dealing HK$'000	Investment holding HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE						
External	**36,641**	**15,453**	**2,503**	**1,600**	**–**	**56,197**
Inter-segment	**599**	**–**	**–**	**–**	**(599)**	**–**
	37,240	**15,453**	**2,503**	**1,600**	**(599)**	**56,197**
SEGMENT RESULTS	**219,271** *(note a)*	**951**	**9,985**	**1,600**	**–**	**231,807**
Other income						**1,031**
Unallocated expenses						**(4,350)**
Finance costs						**(4,693)**
Share of profit of a jointly controlled entity						**104**
Profit before taxation						**223,899**
Income tax expense						**(33,952)**
Profit for the period						**189,947**

	Six months ended 31 March 2006					
	Property investment and management *HK$'000*	Trading of goods *HK$'000*	Securities dealing *HK$'000*	Investment holding *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE						
External	32,952	19,932	297	1,600	–	54,781
Inter-segment	476	–	–	–	(476)	–
	33,428	19,932	297	1,600	(476)	54,781
SEGMENT RESULTS	66,356 *(note a)*	3,267	4,290	(547)	–	73,366
Other income						1,345
Unallocated expenses						(4,008)
Finance costs						(5,736)
Share of loss of a jointly controlled entity						(276)
Profit before taxation						64,691
Income tax expense						(14,348)
Profit for the period						50,343

Notes:

(a) Segment results of property investment and management division include gain on fair value change of investment properties of HK$189,000,000 (1.10.2005 to 31.3.2006: HK$39,980,000).

3. FINANCE COSTS

	Six months ended	
	31.3.2007	31.3.2006
	HK$'000	*HK$'000*
Interest on		
Bank loans and overdrafts wholly repayable within five years	**4,391**	5,170
Other loans wholly repayable within five years	**302**	413
Other financial expenses	**–**	153
	4,693	5,736

4. PROFIT BEFORE TAXATION

	Six months ended	
	31.3.2007	31.3.2006
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Release of prepaid lease payments	**4**	4
Depreciation on property, plant and equipment	**478**	374
Imputed interest on amount due from a jointly controlled entity	**(959)**	(954)
Bank interest income	**(88)**	(391)
Dividend from listed securities	**(1,518)**	(297)

5. INCOME TAX EXPENSE

	Six months ended	
	31.3.2007	31.3.2006
	HK$'000	*HK$'000*
Company and subsidiaries		
Hong Kong Profits Tax	**4,122**	3,676
Deferred tax	**29,830**	10,672
	33,952	14,348

Hong Kong Profits Tax is calculated at 17.5% (six months ended 31.3.2006: 17.5%) on the estimated assessable profits for the period.

6. DIVIDEND

In January 2007, the final dividend in respect of the financial year ended 30 September 2006 of HK12 cents (year ended 30.9.2005: HK10 cents) per share totalling HK$13,222,000 (year ended 30.9.2005: HK$11,018,000) was paid to shareholders.

The directors have determined that an interim dividend in respect of the financial year ending 30 September 2007 of HK4 cents (year ended 30.9.2006: HK3 cents) per share totalling HK$4,407,000 (year ended 30.9.2006: HK$3,305,000) shall be paid to the shareholders of the Company whose names appear in the register of members on 23 July 2007.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to the equity holders of the Company for the period of HK$189,589,000 (six months ended 31.3.2006: HK$49,024,000) and on 110,179,385 (six months ended 31.3.2006: 110,179,385) shares in issue during the period.

8. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's investment properties at 31 March 2007 were carried at their open market values as estimated by the directors with reference to recent sale transactions of similar properties. The resulting gain on fair value change of HK$189,000,000 (six months ended 31.3.2006: HK$39,980,000) has been recognised directly in the income statement.

During the six months ended 31 March 2007, the Group acquired property, plant and equipment at a total cost of HK$145,000 (six months ended 31.3.2006: HK$421,000).

DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK4 cents per ordinary share (2006: HK3 cents per ordinary share) payable on 26 July 2007 to shareholders whose names appear on the Register of Members on 23 July 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 17 July 2007 to Monday, 23 July 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's registrars, Standard Registrars Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 16 July 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Profit

The consolidated net profit of the Group after taxation and minority interests for the six months ended 31 March 2007 amounted to HK$189.6 million, compared with HK$49 million for the same period last year.

If the revaluation surplus net of deferred tax on investment properties of HK$160.5 million were to be excluded, the underlying net profit for the period would be HK$29.1 million, representing an increase of approximately 53 per cent over the corresponding period last year.

Business Review

Hong Kong

The major portion of the Group's operation profit for the six months ended 31 March 2007 was derived from the rental income of the Group's investment properties in Hong Kong. The new rental rate of the Group's residential and commercial properties had benefited from the improvement of the local economy during the period under review, and the Group's rental income had increased over that of the same period last year.

Elephant Holdings Limited, a subsidiary of the Group, had recorded a decline in sales revenue for the period under review, but continued to contribute profit to the Group.

Projects in the Mainland

Silver Gain Plaza in Guangzhou (in which the Group has one-third interest) - It is expected that the foundation work for Phase III of this project will be completed by early 2008 and construction for the superstructure will commence thereafter. Phase III will comprise of a 4-storey commercial podium and two 27-storey residential towers on top of the podium. The commercial podium has a floor area of 20,000 square meters and the two tower will consist of over 400 residential units with a total floor area of 42,000 square meters. Construction cost will be financed by bank loan and internal funding of the project company.

Residential units in Vivaldi Court of Manhattan Garden, Chao Yang District, Beijing - There had been slight improvement in the occupancy rate of the Group's properties in this project. However, the rental rate continued to be adversely affected by the unfinished construction in the adjacent sites.

Prospects

The successful large scale IPOs of a number of mainland companies in the period under review continued to bring an influx of capital into Hong Kong. The transaction activities and value of shares listed on the Hong Kong Stock Exchange have recently been driven to new record level. The continuous improvement of both the mainland and Hong Kong economy have driven up the local property market, especially in the high-end sector.

In view of the above, the Group's rental income from properties in Hong Kong is expected to improve in the second half of the financial year, barring any unforeseen adverse factor.

Financial Review

Liquidity and financial resources

The Group will continue to adopt prudent funding and treasury policies. The shareholders' funds as at 31 March 2007 were HK$1,563.9 million, an increase of HK$177.5 million from HK$1,386.4 million at 30 September 2006. The increase was mainly due to the upward revaluation of the Group's investment properties.

At 31 March 2007, the Group's total borrowings, which were all denominated in Hong Kong dollars, were HK$185.5 million, a decrease of HK$23.7 million from HK$209.2 million at 30 September 2006. The decrease was due to repayment of borrowings out of the net income from operating activities. At 31 March 2007, the Group's borrowings repayable within one year amounted to HK$87.5 million (HK$209.2 million at 30 September 2006). The decrease was mainly due to a secured bank loan of HK$100 million which was due to repay on December 2006 and the bank agreed to extend the repayment of the major portion of the loan for another three years to December 2009. At 31 March 2007, interest on bank overdraft of HK$15.5 million was mainly calculated at prime rate less a margin, whereas interest on remaining borrowings of HK$170 million was calculated at HIBOR plus a margin. At 31 March 2007, the debt to equity ratio, based on the Group's total borrowings of HK$185.5 million and its net assets value of HK$1,563.9 million, was 11.9%, as compared with 15.1% on 30 September 2006. The decrease was mainly due to the upward revaluation of the Group's investment properties as mentioned above.

At 31 March 2007, investment properties and properties for own use of the Group with an aggregate carrying value of approximately HK$1,829 million and HK$4 million respectively were pledged to banks to secure the general banking facilities granted to the Group. During the period, the pledge of a bank deposit of HK$15 million was discharged by bank and the bank deposit was subsequently applied to repay the borrowings of the Company.

At 31 March 2007, the Group had undrawn banking facilities of HK$229.5 million which will provide adequate funding for the Group's operational and capital expenditure requirement.

At 31 March 2007, the Group had contingent liabilities in respect of guarantees to the extent of HK$16 million issued to a bank to secure banking facilities utilised by the subsidiary of a jointly controlled entity.

Employees

At 31 March 2007, the Group had 121 employees and the employee's cost including directors' emoluments for the half year amounted to approximately HK$8.4 million which was slightly higher than that of the same period last year. There was no change in employment and remuneration policies of the Group and the Group does not have any share option scheme for employees.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 31 March 2007.

CORPORATE GOVERNANCE

Throughout the six months ended 31 March 2007, the Company had complied with the provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the following:

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Although the independent non-executive directors of the Company are not appointed for a specific term, all directors of the Company are subject to retirement by rotation once every three years in accordance with Article 119 of the Company's Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the directors (the "Model Code"). Having made specific enquiry of all directors of the Company, the Company confirms that all directors of the Company have complied with the required standard set out in the Model Code for the period under review.

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 financial report. In addition, the condensed consolidated financial statements of the Company for the six months ended 31 March 2007 have been reviewed by our auditors, Messrs. Deloitte Touche Tohmatsu, in accordance with Statement of Auditing Standards No. 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants and an unqualified review report is issued.

Wong Bing Lai
Chairman

Hong Kong, 25 June 2007

As at the date of this announcement, the board of directors of the Company comprises Mr. Wong Bing Lai (Chairman), Mr. Wong Tat Chang, Abraham (Managing Director), Mr. Wong Tat Kee, David, and Mr. Wong Tat Sum, Samuel as executive directors, Mdm. Lam Hsieh Li Chen, Linda, Mr. Li Kwok Sing, Aubrey and Mr. Sit Hoi Wah, Kenneth as independent non-executive directors.