POKFULAM DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 225)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30TH SEPTEMBER, 2007

The Board of Directors announces that the audited consolidated results of the Company and its subsidiaries ("the Group") for the year ended 30th September, 2007 together with comparative figures for the corresponding period in 2006 are as follows:–

CONSOLIDATED INCOME STATEMENT
For the year ended 30th September, 2007

	NOTES	**2007** **HK$'000**	2006 *HK$'000*
Turnover	*3*	**110,605**	105,531
Cost of sales		**(18,054)**	(20,924)
Cost of rental and other operations		**(22,974)**	(23,739)
		69,577	60,868
Other income		**3,202**	3,805
Increase in fair value of investments held for trading		**9,067**	6,275
Gain on fair value change of investment properties		**301,800**	137,500
Impairment loss on amount due from an investee company		–	(2,502)
Selling and marketing expenses		**(1,574)**	(1,736)
Administrative expenses		**(9,203)**	(8,527)
Finance costs	*5*	**(9,377)**	(11,108)
Share of loss of a jointly controlled entity		**(1,203)**	(1,980)
Profit before taxation	*6*	**362,289**	182,595
Income tax expense	*7*	**(54,130)**	(32,210)
Profit for the year		**308,159**	150,385
Profit for the year attributable to			
Equity holders of the Company		**307,419**	148,684
Minority interests		**740**	1,701
		308,159	150,385
Dividends			
Paid	*8*	**17,629**	14,323
Proposed	*8*	**17,629**	13,222
		HK$	*HK$*
Earnings per share – basic	*9*	**2.79**	1.35

CONSOLIDATED BALANCE SHEET

At 30th September, 2007

	2007 HK$'000	2006 HK$'000
Non-current Assets		
Investment properties	**2,040,300**	1,738,500
Property, plant and equipment	**4,903**	4,800
Prepaid lease payments	**930**	938
Interest in a jointly controlled entity	**3,751**	–
Amount due from a jointly controlled entity	**70,727**	56,603
Available-for-sale investments	**8,000**	8,000
	2,128,611	1,808,841
Current Assets		
Inventories	**7,437**	6,357
Investments held for trading	**29,485**	21,218
Trade and other receivables	**4,269**	6,929
Deposits and prepayments	**957**	968
Prepaid lease payments	**8**	8
Pledged deposits	–	15,471
Bank balances and cash	**1,590**	1,727
	43,746	52,678
Current Liabilities		
Trade and other payables	**10,405**	10,817
Rental and management fee deposits	**17,803**	14,258
Provision for taxation	**10,205**	8,403
Loans from a related company, unsecured	**6,000**	15,000
Bank loans, secured	**68,000**	193,100
Bank overdrafts, secured	**5,195**	1,103
	117,608	242,681
Net Current Liabilities	**(73,862)**	(190,003)
	2,054,749	1,618,838
Capital and Reserves		
Share capital	**110,179**	110,179
Reserves	**1,568,951**	1,276,196
Equity attributable to equity holders of the Company	**1,679,130**	1,386,375
Minority Interests	**6,751**	6,011
Total equity	**1,685,881**	1,392,386
Non-current Liabilities		
Bank loans, secured	**96,000**	–
Deferred taxation	**272,868**	226,452
	368,868	226,452
	2,054,749	1,618,838

NOTES:

1. BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")/CHANGES IN ACCOUNTING POLICIES

In the current year, the Group and the Company have applied, for the first time, a new standard and a number of amendments and interpretations ("new HKFRS(s)"), issued by the Hong Kong Institute of Certified Public Accountants that are effective for the financial year of the Group and the Company beginning on 1st October, 2006. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas.

Financial guarantee contracts

In the current year, the Group has applied Hong Kong Accounting Standard ("HKAS") 39 and HKFRS 4 (Amendments) Financial Guarantee Contracts which is effective for annual periods beginning on or after 1st January, 2006.

A financial guarantee contract is defined by HKAS 39 Financial Instruments: Recognition and Measurement as "a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument".

Prior to 1st October, 2006, financial guarantee contracts were not accounted for in accordance with HKFRS 4 Insurance Contract and those contracts were disclosed as contingent liabilities. A provision for financial guarantee was only recognised when it was probable that an outflow of resources would be required to settle the financial guarantee obligation and the amount can be estimated reliably.

Upon the application of these amendments, a financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

The Company has also provided corporate guarantees to certain subsidiaries and subsidiary of the Company's jointly controlled entity over the repayment of loans. As the fair value of the pledged assets is significantly greater than the loan balances, the directors consider that the fair value of the financial guarantee is immaterial and therefore the Company has not recognised the financial guarantee contracts in the Group and the Company's balance sheet on initial recognition.

The Group and the Company have not early adopted the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendment or interpretations will have no material effect on the results and the financial position of the Group and the Company.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 23 (Revised)	Borrowing Costs[2]
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	HKFRS 2: Group and Treasury Share Transactions[4]
HK(IFRIC)-Int 12	Service Concession Arrangements[5]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[6]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[5]

1 Effective for annual periods beginning on or after 1st January, 2007
2 Effective for annual periods beginning on or after 1st January, 2009
3 Effective for annual periods beginning on or after 1st November, 2006
4 Effective for annual periods beginning on or after 1st March, 2007
5 Effective for annual periods beginning on or after 1st January, 2008
6 Effective for annual periods beginning on or after 1st July, 2008

3. TURNOVER

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

	2007	2006
	HK$'000	*HK$'000*
Property rentals	**70,625**	61,957
Building management fees	**4,974**	4,816
Sale of goods	**29,297**	34,106
Proceeds from sale of trading securities	**986**	1,702
Others	**4,723**	2,950
	110,605	105,531

4. SEGMENT INFORMATION

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:

Revenue and results

Year ended 30th September, 2007

	Property investment and management	Trading of goods	Securities dealing	Investment holding	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE						
External	**75,599**	**29,297**	**4,109**	**1,600**	**–**	**110,605**
Inter-segment	**1,198**	**–**	**–**	**–**	**(1,198)**	**–**
	76,797	**29,297**	**4,109**	**1,600**	**(1,198)**	**110,605**
SEGMENT RESULTS	**363,754** *(note)*	**1,735**	**12,352**	**1,600**	**–**	**379,441**
Other income						**2,209**
Unallocated corporate expenses						**(8,781)**
Finance costs						**(9,377)**
Share of loss of a jointly controlled entity						**(1,203)**
Profit before taxation						**362,289**
Income tax expense						**(54,130)**
Profit for the year						**308,159**

Note: Segment results of property investment and management division include gain on fair value change of investment properties of HK$301,800,000.

Revenue and results

Year ended 30th September, 2006

	Property investment and management	Trading of goods	Securities dealing	Investment holding	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE						
External	66,773	34,106	3,052	1,600	–	105,531
Inter-segment	993	–	–	–	(993)	–
	67,766	34,106	3,052	1,600	(993)	105,531
SEGMENT RESULTS	189,902 *(note a)*	4,028	8,181	(902) *(note b)*	–	201,209
Other income						2,595
Unallocated corporate expenses						(8,121)
Finance costs						(11,108)
Share of loss of a jointly controlled entity						(1,980)
Profit before taxation						182,595
Income tax expense						(32,210)
Profit for the year						150,385

Notes:

(a) Segment results of property investment and management division include gain on fair value change of investment properties of HK$137,500,000.

(b) Segment results of investment holding division include impairment loss on amount due from an investee company of HK$2,502,000.

5. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on:		
Bank loans and overdrafts	**8,830**	10,292
Other loans wholly repayable within five years	**547**	816
	9,377	11,108

6. PROFIT BEFORE TAXATION

	2007	2006
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Auditors' remuneration	**778**	690
Release of prepaid lease payments	**8**	8
Gain on disposal of property, plant and equipment	**(5)**	(23)
Depreciation of property, plant and equipment	**1,135**	1,011
Staff costs (including directors' emoluments)	**16,688**	16,056
Imputed interest income on amount due from a jointly controlled entity	**(2,113)**	(1,913)
Other interest income	**(99)**	(686)
Dividends from listed securities	**(3,123)**	(1,350)
Foreign exchange gain, net	**(80)**	(15)
Direct operating expenses arising from investment properties that generated rental income during the year	**7,774**	8,406

Included in staff costs are contributions to the Mandatory Provident Fund Scheme totalling HK$630,000 (2006: HK$645,000).

Rental income from investment properties less outgoings amounts to HK$62,851,000 (2006: HK$53,551,000).

7. INCOME TAX EXPENSE

	2007	2006
	HK$'000	*HK$'000*
The income tax expense comprises Hong Kong Profits Tax:		
Company and subsidiaries		
Current tax	**7,714**	6,751
Deferred tax	**46,416**	25,459
	54,130	32,210

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) on the estimated assessable profits for the year.

8. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Dividend paid:		
Interim dividend		
HK4 cents (2006: HK3 cents) per ordinary share	**4,407**	3,305
Final dividend in respect of 2006	**13,222**	–
Final dividend in respect of 2005	**–**	11,018
	17,629	14,323
Dividend proposed:		
Final dividend		
HK16 cents (2006: HK12 cents) per ordinary share	**17,629**	13,222

The final dividend of HK16 cents (2006: HK12 cents) per share has been proposed by the directors and is subject to approval by the shareholders in annual general meeting.

9. 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 year of HK$307,419,000 (2006: HK$148,684,000) and on 110,179,385 (2006: 110,179,385) ordinary shares in issue during the year.

CHAIRMAN'S STATEMENT

PROFIT FOR THE YEAR

The consolidated net profit of the Group after taxation and minority interests for the year ended 30th September, 2007 was HK$307.4 million, as compared to HK$148.7 million for the previous year.

If the revaluation surplus on investment properties net of deferred tax of HK$256.8 million (2006 - HK$113.9 million) were to be excluded, the underlying net profit for the year would be HK$50.6 million (2006 - HK$34.8 million), representing an increase of approximately 45 per cent over last year. This increase in profit was mainly attributable to the increase in rental income of the Group's investment properties in Hong Kong.

DIVIDEND

The Board has recommended the payment of a final dividend of 16 cents per share to shareholders whose names appear on the Register of Members of the Company on 28th December, 2007. This, together with the interim dividend of 4 cents per share paid on 26th July, 2007, will give a total dividend of 20 cents per share for the whole year. Upon approval at the Annual General Meeting, the final dividend will be paid to shareholders on 2nd January, 2008.

BUSINESS REVIEW

A. Hong Kong

The rental income of the Group's investment properties in Hong Kong contributed the major portion of the Group's operations profit for the financial year under review. Both the occupancy and new rental rate of these properties continued to benefit from the improvement of the Hong Kong economy. There had been strong demand for both the local residential and commercial properties throughout the year.

Elephant Holdings Limited (EHL), a subsidiary of the Group, had recorded a decline in sales revenue for the period under review. This was due to the keen competition in the Public Address/ Audio-Video Engineering field which is one of EHL's fields of specialty. In spite of the sales decline, EHL continued to contribute profit to the Group.

B. Project in the Mainland

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

Residential units in Vivaldi Court of Manhattan Garden, Chao Yang District, Beijing - There had been improvement in the rental revenue of the Group's properties in this project. However, the unfinished construction in the adjacent sites has been a negative factor to prevent the Group's properties from reaching their rental potential.

PROSPECTS

The local property market, especially the luxurious high-end sector, has reached the highest level since 1997, as a result of the continuous improvement of both the mainland and Hong Kong economy coupled with the strong performance in the local financial and stock market.

In view of the above, the Group's rental income is expected to improve in the coming financial year, barring any unforeseen adverse factor.

The Group will continue to upgrade its property holdings to enhance their competitiveness in the rental market, and will continue to look for investment opportunities with a cautious attitude.

I take this opportunity to thank my colleagues on the Board and our staff members for their loyal services and contributions.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The Group will maintain its conservative financial approach to the funding and treasury policies. At 30th September, 2007, the shareholders' funds were HK$1,679.1 million, an increase of HK$292.7 million from HK$1,386.4 million at 30th September, 2006. The increase was mainly due to the upward revaluation of the Group's investment properties.

At 30th September, 2007, the Group's total borrowings which were denominated in Hong Kong dollars were HK$175.2 million, a decrease of HK$34 million from HK$209.2 million last year. The decrease was due to repayment of borrowings out of the net income from operating activities. At 30th September, 2007, the Group's borrowing repayable within one year amounted to HK$79.2 million (HK$209.2 million at 30th September, 2006). The decrease was mainly due to renewal of a secured bank loan of HK$100 million for another three years to December 2009. At 30th September, 2007, the Group had outstanding bank overdraft of HK$5.2 million, which carried interest chargeable at prime rate less a margin, whereas interest on remaining borrowings of HK$170 million was chargeable at HIBOR plus a margin, At 30th September, 2007, the debt to equity ratio, based on the Group's total borrowings of HK$175.2 million and its net assets value of HK$1,679.1 million, was 10.4% , as compared with 15.1% on 30th September, 2006. The decrease was mainly due to the upward revaluation of the Group's investment properties as mentioned above.

At 30th September, 2007, investment properties and properties for own use of the Group with an aggregate carrying value of HK$1,940 million and HK$3.7 million respectively were pledged to banks to secure the general banking facilities granted to the Group.

As at 30th September, 2007, the Group had undrawn banking facilities of HK$245 million which will provide adequate funding for the Group's operational and capital expenditure requirement.

As at 30th September, 2007, the Group had contingent liabilities in respect of guarantees issued to secure the bank loans to the extent of HK$17 million granted to the subsidiary of the Group's jointly controlled entity. The extent of banking facilities utilised by the subsidiary of the jointly controlled entity and guaranteed by the Group at 30th September, 2007 was approximately HK$6 million.

Employees

At 30th September, 2007, the Group had 118 employees and the employee's cost including directors' emoluments for the year amounted to approximately HK$16.7 million which was slightly higher than that of 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.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 20th December, 2007 to Friday, 28th December, 2007 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's registrars, Tricor Standard Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 19th December, 2007.

CORPORATE GOVERNANCE

Throughout the year ended 30th September, 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, 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.

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 year ended 30th September, 2007.

AUDIT COMMITTEE

The Company's audit committee is composed of all the three independent non-executive directors of the Company. 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 consolidated financial statements for the year ended 30th September, 2007 with the executive directors.

Wong Bing Lai
Chairman

Hong Kong, 21st November, 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, and Mdm. Lam Hsieh Li Chen, Linda, Mr. Li Kwok Sing, Aubrey and Mr. Sit Hoi Wah, Kenneth as Independent Non-Executive Directors.