POKFULAM DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 225)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2008

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 2008 together with comparative figures for the corresponding period in 2007 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2008

		Six months ended	
		31.3.2008	31.3.2007
	NOTES	**(unaudited)**	(unaudited)
		HK$'000	*HK$'000*
Turnover	2	**63,002**	56,197
Cost of sales		**(9,612)**	(10,039)
Cost of rental and other operations		**(11,635)**	(11,102)
		41,755	35,056
Other income		**2,450**	1,454
(Decrease) increase in fair value of investments held for trading		**(9,998)**	8,291
Gain on fair value change of investment properties		**128,200**	189,000
Selling and marketing expenses		**(991)**	(803)
Administrative expenses		**(4,765)**	(4,510)
Finance costs	3	**(3,670)**	(4,693)
Share of (loss) profit of a jointly controlled entity		**(644)**	104
Profit before taxation	4	**152,337**	223,899
Income tax expense	5	**(22,965)**	(33,952)
Profit for the period		**129,372**	189,947
Profit for the period attributable to:			
Equity holders of the Company		**128,915**	189,589
Minority interests		**457**	358
		129,372	189,947
Dividend	6	**4,407**	4,407
		HK cents	HK cents
Earnings per share – basic	7	**117.0**	172.1

CONDENSED CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2008

	NOTES	**31.3.2008 (unaudited) *HK$'000***	30.9.2007 (audited) *HK$'000*
Non-current Assets			
Investment properties	*8*	**2,168,500**	2,040,300
Property, plant and equipment	*8*	**5,089**	4,903
Prepaid lease payments		**926**	930
Interest in a jointly controlled entity		**7,102**	3,751
Amount due from a jointly controlled entity		**79,305**	70,727
Available-for-sale investments		**8,000**	8,000
		2,268,922	2,128,611
Current Assets			
Inventories		**7,254**	7,437
Investments held for trading		**19,487**	29,485
Trade and other receivables		**3,922**	4,269
Deposits and prepayments		**1,781**	957
Prepaid lease payments		**8**	8
Bank balances and cash		**2,300**	1,590
		34,752	43,746
Current Liabilities			
Trade and other payables		**9,218**	10,405
Rental and management fee deposits		**19,756**	17,803
Provision for taxation		**6,095**	10,205
Loans from a related company, unsecured		**–**	6,000
Bank loans, secured		**81,000**	68,000
Bank overdrafts, secured		**1,239**	5,195
		117,308	117,608
Net Current Liabilities		**(82,556)**	(73,862)
		2,186,366	2,054,749
Capital and Reserves			
Share capital		**110,179**	110,179
Reserves		**1,684,232**	1,568,951
Equity attributable to equity holders of the Company		**1,794,411**	1,679,130
Minority Interests		**7,208**	6,751
Total equity		**1,801,619**	1,685,881
Non-current Liabilities			
Bank loans, secured		**94,000**	96,000
Deferred taxation		**290,747**	272,868
		384,747	368,868
		2,186,366	2,054,749

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2008

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".

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 September 2007.

In the current interim period, the Group has applied, for the first time, the following new standards, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group's financial year beginning 1 October 2007.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[2]
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions[3]

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

The adoption of these new HKFRSs had no material effect on the result or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new, revised or amended standards, amendment and interpretations that have been issued but are not yet effective on 1 October 2007.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 and 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combination[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 12	Service Concession Arrangements[3]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 January 2008
[4] Effective for annual periods beginning on or after 1 July 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

2. SEGMENT INFORMATION

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

	Six months ended	
	31.3.2008	31.3.2007
	HK$'000	*HK$'000*
Property rentals	**40,586**	34,190
Building management fees	**2,627**	2,451
Sale of goods	**16,118**	15,453
Others	**3,671**	4,103
	63,002	56,197

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 2008					
	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	**43,213**	**16,118**	**471**	**3,200**	**–**	**63,002**
Inter-segment	**609**	**–**	**–**	**–**	**(609)**	**–**
	43,822	**16,118**	**471**	**3,200**	**(609)**	**63,002**
SEGMENT RESULTS	**166,607** *(note)*	**1,034**	**(9,527)**	**3,200**	**–**	**161,314**
Other income						**4**
Unallocated expenses						**(4,667)**
Finance costs						**(3,670)**
Share of loss of a jointly controlled entity						**(644)**
Profit before taxation						**152,337**
Income tax expense						**(22,965)**
Profit for the period						**129,372**

	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)*	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

Note: Segment results of property investment and management division include gain on fair value change of investment properties of HK$128,200,000 (1.10.2006 to 31.3.2007: HK$189,000,000).

3. FINANCE COSTS

	Six months ended	
	31.3.2008	31.3.2007
	HK$'000	*HK$'000*
Interest on		
Bank loans and overdrafts wholly repayable within five years	**3,569**	4,391
Other loans wholly repayable within five years	**101**	302
	3,670	4,693

4. PROFIT BEFORE TAXATION

	Six months ended	
	31.3.2008	31.3.2007
	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	**512**	478
Imputed interest on amount due from a jointly controlled entity	**(1,582)**	(959)
Bank interest income	**(4)**	(88)
Dividend from listed securities	**(471)**	(1,518)

5. INCOME TAX EXPENSE

	Six months ended	
	31.3.2008	31.3.2007
	HK$'000	*HK$'000*
Company and subsidiaries		
Hong Kong Profits Tax	**5,086**	4,122
Deferred tax	**17,879**	29,830
	22,965	33,952

Hong Kong Profits Tax is calculated at 17.5% (six months ended 31.3.2007: 17.5%) on the estimated assessable profits for the period.

6. DIVIDEND

In January 2008, the final dividend in respect of the financial year ended 30 September 2007 of HK16 cents (year ended 30.9.2006: HK12 cents) per share totalling HK$17,629,000 (year ended 30.9.2006: HK$13,222,000) was paid to shareholders.

The directors have determined that an interim dividend in respect of the financial year ending 30 September 2008 of HK4 cents (year ended 30.9.2007: HK4 cents) per share totalling HK$4,407,000 (year ended 30.9.2007: HK$4,407,000) shall be paid to the shareholders of the Company whose names appear in the register of members on 23 July 2008.

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$128,915,000 (six months ended 31.3.2007: HK$189,589,000) and on 110,179,385 (six months ended 31.3.2007: 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 2008 were carried at their fair values as estimated by the directors with reference to recent sale transactions of similar properties. The resulting gain on fair value change of HK$128,200,000 (six months ended 31.3.2007: HK$189,000,000) has been recognised directly in the income statement.

During the six months ended 31 March 2008, the Group acquired property, plant and equipment at a total cost of HK$733,000 (six months ended 31.3.2007: HK$145,000).

DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK4 cents per ordinary share (2007: HK4 cents per ordinary share) payable on 28 July 2008 to shareholders whose names appear on the Register of Members on 23 July 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 17 July 2008 to Wednesday, 23 July 2008, 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, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 16 July 2008.

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 2008 was HK$128.9 million (2007: HK$189.6 million). Had the revaluation surplus net of deferred tax on investment properties been excluded, the underlying net profit for the period was HK$20.3 million (2007: HK$29.1 million). The Group had benefitted from the increase in rental income during the six months under review. However the mark down to market price of the listed securities held by the Group at balance sheet date was the cause for the overall decrease in the underlying net profit for the period.

Business Review

Hong Kong

The major portion of the Group's operation profit for the six months ended 31 March 2008 was derived from the rental income of the Group's investment properties in Hong Kong. Recent rental rates of the Group's residential and commercial properties had continuously improved in line with the property market, and the Group's rental income had shown a 19% increase over that of the same period last year.

The business of Elephant Holdings Limited (a subsidiary of the Group), had been steady during the six months under review, and continued to contribute profit to the Group.

Projects in the Mainland

Silver Gain Plaza in Guangzhou (in which the Group has a one-third interest) – Construction of the 4-storey podium of Phase III of this project is in progress and is expected to be completed by the 4th quarter of 2008. Construction of the two residential towers on top of the podium will commence thereafter. The building 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.

Prospects

The "sub-prime" financial crisis in America, the recent record high oil price and the tightening of bank credit in China are expected to have an adverse effect on the Hong Kong economy, which in turn would dampen further upward rise in property values. In view of the above, new rental rates are not likely to rise in Hong Kong, and the Group's rental income is expected to remain stable in the second half of the financial year, barring any unforeseen 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 2008 were HK$1,794.4 million, an increase of HK$115.3 million from HK$1,679.1 million at 30 September 2007. The increase was mainly due to the upward revaluation of the Group's investment properties.

At 31 March 2008, the Group's total borrowings, which were all denominated in Hong Kong dollars, were HK$176.2 million (HK$175.2 million at 30 September 2007). The maturity profile of the Group's total borrowings is set out as follows:

	31.3.2008	30.9.2007
	HK$ Million	*HK$ Million*
Repayable:		
Within one year	**82.2**	79.2
After one year but within two years	**94.0**	4.0
After two years but within five years	–	92.0
Total borrowings	**176.2**	175.2

At 31 March 2008, the Group had outstanding bank overdraft of HK$1.2 million, which carried interest chargeable at prime rate, whereas interest on remaining borrowings of HK$175 million was chargeable at HIBOR plus a margin. At 31 March 2008, the debt to equity ratio, based on the Group's total borrowings of HK$176.2 million and its net assets value of HK$1,794.4 million, was 9.8%, as compared with 10.4% on 30 September 2007. The decrease was mainly due to the upward revaluation of the Group's investment properties as mentioned above.

At 31 March 2008, investment properties and properties for own use of the Group with an aggregate carrying value of HK$2,063 million and HK$3.6 million respectively were pledged to banks to secure the general banking facilities granted to the Group.

At 31 March 2008, the Group had undrawn banking facilities of HK$237 million which will provide adequate funding for the Group's operational and capital expenditure requirement.

At 30 September 2007, the Group had contingent liabilities in respect of guarantee to the extent of HK$17 million issued to a bank for banking facilities granted to a subsidiary of the jointly controlled entity. The guarantee was released during the period.

Employees

At 31 March 2008, the Group had 119 employees and the employee's cost including directors' emoluments for the half year amounted to approximately HK$8.9 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 2008.

CORPORATE GOVERNANCE

Throughout the six months ended 31 March 2008, 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 at least 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 2008 have been reviewed by our auditors, Messrs. Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements No. 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 2008

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.