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 2009

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 2009 together with comparative figures for the corresponding period in 2008 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 MARCH 2009

		Six months ended	
	NOTES	**31.3.2009 (unaudited)** ***HK$'000***	31.3.2008 (unaudited) *HK$'000*
Turnover	*2*	**65,576**	63,002
Cost of sales		**(7,164)**	(9,612)
Cost of rental and other operations		**(10,853)**	(11,635)
		47,559	41,755
Other income		**1,610**	2,450
Decrease in fair value of investments held for trading		**(7,546)**	(9,998)
(Loss) gain on fair value change of investment properties		**(15,700)**	128,200
Selling and marketing expenses		**(855)**	(991)
Administrative expenses		**(4,790)**	(4,765)
Finance costs	*3*	**(1,680)**	(3,670)
Share of loss of a jointly controlled entity		**(906)**	(644)
Profit before taxation	*4*	**17,692**	152,337
Income tax expense	*5*	**(2,334)**	(22,965)
Profit for the period		**15,358**	129,372
Profit for the period attributable to:			
Equity holders of the Company		**14,906**	128,915
Minority interests		**452**	457
		15,358	129,372
Dividend	*6*	**4,407**	4,407
		HK cents	*HK cents*
Earnings per share – basic	*7*	**13.5**	117.0

CONDENSED CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2009

	NOTES	31.3.2009 (unaudited) HK$'000	30.9.2008 (audited) HK$'000
Non-current Assets			
Investment properties	8	**2,024,200**	2,039,900
Property, plant and equipment	8	**4,642**	5,005
Prepaid lease payments		**918**	922
Interest in a jointly controlled entity		**5,565**	6,765
Amount due from a jointly controlled entity		**72,944**	79,016
Available-for-sale investments		**8,000**	8,000
		2,116,269	2,139,608
Current Assets			
Inventories		**7,444**	6,256
Investments held for trading		**15,220**	22,766
Trade and other receivables		**3,662**	2,832
Deposits and prepayments		**2,177**	2,457
Prepaid lease payments		**8**	8
Bank balances and cash		**2,570**	2,518
		31,081	36,837
Current Liabilities			
Trade and other payables		**7,664**	9,410
Rental and management fee deposits		**21,913**	22,318
Provision for taxation		**7,798**	9,890
Loans from a related company, unsecured		**–**	3,000
Bank loans, secured		**114,000**	44,000
Bank overdrafts, secured		**8,918**	5,994
		160,293	94,612
Net Current Liabilities		**(129,212)**	(57,775)
Total Assets less Current Liabilities		**1,987,057**	2,081,833
Capital and Reserves			
Share capital		**110,179**	110,179
Reserves		**1,617,811**	1,617,522
Equity attributable to equity holders of the Company		**1,727,990**	1,727,701
Minority Interests		**5,575**	5,123
Total equity		**1,733,565**	1,732,824
Non-current Liabilities			
Bank loans, secured		**–**	92,000
Deferred taxation		**253,492**	257,009
		253,492	349,009
		1,987,057	2,081,833

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2009

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 fair values.

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 2008.

In the current interim period, the Group has applied, for the first time, the following new interpretations ("new Interpretations") issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group's financial year beginning 1 October 2008.

HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation

The adoption of these new Interpretations 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 standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[6]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2009
4 Effective for annual periods beginning on or after 1 July 2009
5 Effective for annual periods ending on or after 30 June 2009
6 Effective for transfers on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition date is on or after 1 October 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

2. SEGMENT INFORMATION

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

	Six months ended	
	31.3.2009	31.3.2008
	HK$'000	*HK$'000*
Property rentals	**45,685**	40,586
Building management fees	**2,785**	2,627
Sale of goods	**13,437**	16,118
Others	**3,669**	3,671
	65,576	63,002

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 2009					
	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	48,470	13,437	469	3,200	–	65,576
Inter-segment	783	–	–	–	(783)	–
	49,253	13,437	469	3,200	(783)	65,576
SEGMENT RESULTS	27,589 *(note)*	1,118	(7,078)	3,200	–	24,829
Other income						155
Unallocated expenses						(4,706)
Finance costs						(1,680)
Share of loss of a jointly controlled entity						(906)
Profit before taxation						17,692
Income tax expense						(2,334)
Profit for the period						15,358

	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

Note: Segment results of property investment and management division include loss on fair value change of investment properties of HK$15,700,000 (1.10.2007 to 31.3.2008: gain of HK$128,200,000).

3. FINANCE COSTS

	Six months ended	
	31.3.2009	31.3.2008
	HK$'000	*HK$'000*
Interest on		
Bank loans and overdrafts wholly repayable within five years	**1,643**	3,569
Other loans wholly repayable within five years	**37**	101
	1,680	3,670

4. PROFIT BEFORE TAXATION

	Six months ended	
	31.3.2009	31.3.2008
	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	**560**	512
Imputed interest on amount due from a jointly controlled entity	**(926)**	(1,582)
Bank interest income	**(155)**	(4)
Dividend from listed securities	**(469)**	(471)

5. INCOME TAX EXPENSE

	Six months ended	
	31.3.2009	31.3.2008
	HK$'000	*HK$'000*
Company and subsidiaries		
Hong Kong Profits Tax	**5,851**	5,086
Deferred tax (credit) charge	**(3,517)**	17,879
	2,334	22,965

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% (six months ended 31.3.2008: 17.5%) for the six months ended 31 March 2009.

6. DIVIDEND

In January 2009, the final dividend in respect of the financial year ended 30 September 2008 of HK13 cents (year ended 30.9.2007: HK16 cents) per share totalling HK$14,323,000 (year ended 30.9.2007: HK$17,629,000) was paid to shareholders.

The directors have determined that an interim dividend in respect of the financial year ending 30 September 2009 of HK4 cents (year ended 30.9.2008: HK4 cents) per share totalling HK$4,407,000 (year ended 30.9.2008: HK$4,407,000) shall be paid to the shareholders of the Company whose names appear in the register of members on 20 July 2009.

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$14,906,000 (six months ended 31.3.2008: HK$128,915,000) and on 110,179,385 (six months ended 31.3.2008: 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 2009 were carried at their fair values as estimated by the directors with reference to recent sale transactions of similar properties. The resulting loss on fair value change of HK$15,700,000 (six months ended 31.3.2008: gain of HK$128,200,000) has been recognised directly in the income statement.

During the six months ended 31 March 2009, the Group acquired property, plant and equipment at a total cost of HK$203,000 (six months ended 31.3.2008: HK$733,000).

DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK4 cents per ordinary share (2008: HK4 cents per ordinary share) payable on 23 July 2009 to shareholders whose names appear on the Register of Members on 20 July 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 14 July 2009 to Monday, 20 July 2009, 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 Monday, 13 July 2009.

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 2009 was HK$14.9 million (2008: HK$128.9 million). Had the revaluation deficit (2008: surplus) net of deferred tax on investment properties been excluded, the underlying net profit for the period would have been HK$28.4 million (2008: HK$20.3 million). The improvement is attributed to the increase in rental income and the reduction in finance cost for the period under review, and the decrease in the unrealized loss of the listed securities held by the Group at balance sheet date.

Business Review

Hong Kong

The major portion of the Group's operation profit for the six months ended 31 March 2009 was derived from the rental income of the Group's investment properties in Hong Kong, which had shown a 12% increase over that of the same period last year. The increase is a reflection of the increase in rental for new lease and lease renewal of the Group's Hong Kong properties in the six months prior to the onset of the global financial tsunami in September 2008.

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 two 27-storey residential towers of Phase III of this project is in progress. There are 216 residential units in each tower and the two towers will have a total floor area of 42,000 square meters. Construction of these two towers is scheduled to be completed by the end of 2009, and pre-sale of the residential units is scheduled to be held in the fourth quarter of this year.

Residential units in Vivaldi Court of Manhattan Garden, Chao Yang District, Beijing – There has been a decrease in the occupancy rate of the Group's properties in this project since the occurrence of the financial tsunami in September 2008.

Prospects

The downturn of the economy in China and Hong Kong caused by the financial tsunami has had a negative effect on both the occupancy and rental rate of the Group's properties. The Group's rental income is expected to decline in the second half of the financial year.

Financial Review

Liquidity and financial resources

The Group continues to adopt prudent funding and treasury policies. Shareholders' funds as at 31 March 2009 were HK$1.728.0 million (30.9.2008: HK$1,727.7 million).

At 31 March 2009, the Group's total borrowings, which were all denominated in Hong Kong dollars, were HK$123 million (30.9.2008: HK$145 million). The decrease was due to the repayment of borrowings out of the net income from operating activities and repayment of advances to the jointly controlled entity.

The maturity profile of the Group's total borrowings is set out as follows:

	31.3.2009	30.9.2008
	HK$ Million	*HK$ Million*
Repayable:		
Within one year	**123**	53
After one year but within two years	–	92
Total borrowings	**123**	145

A bank term loan of HK$94 million will become due for repayment at the end of the year. This results in the increase in borrowings repayable within one year. The directors are confident that the bank will extend the loan before the due date.

At 31 March 2009, the Group had outstanding bank overdraft of HK$9 million, which carried interest chargeable at the prime rate, whereas interest on remaining borrowings of HK$114 million was chargeable at HIBOR plus a margin. At 31 March 2009, the debt to equity ratio, based on the Group's total borrowings of HK$123 million and shareholders' funds of HK$1,728 million, was 7.1%, as compared with 8.4% on 30 September 2008. The decrease was mainly due to the reduction of total borrowings.

At 31 March 2009, investment properties and properties for own use of the Group with an aggregate carrying value of HK$1,933.7 million and HK$3.5 million respectively were pledged to banks to secure the general banking facilities granted to the Group.

At 31 March 2009, the Group had undrawn banking facilities of HK$291 million which will provide adequate funding for the Group's operational and capital expenditure requirement.

Employees

At 31 March 2009, the Group had 120 employees and staff remuneration including directors' emoluments and other employee expenses for the half year amounted to approximately HK$8.7 million, which was slightly lower 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 2009.

CORPORATE GOVERNANCE

Throughout the six months ended 31 March 2009, 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 which became effective on 1 January 2009 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 2009 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, 22 June 2009

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 Lee Chin, Linda, Mr. Li Kwok Sing, Aubrey and Mr. Sit Hoi Wah, Kenneth as Independent Non-Executive Directors.