POKFULAM DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 225)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30TH SEPTEMBER, 2009

The Board of Directors announces that the audited consolidated results of the Company and its subsidiaries ("the Group") for the year ended 30th September, 2009 together with comparative figures for the corresponding period in 2008 are as follows:–

CONSOLIDATED INCOME STATEMENT

For the year ended 30th September, 2009

	NOTES	**2009**	2008
		HK$'000	*HK$'000*
Turnover	*3*	**123,103**	122,781
Cost of sales		**(13,906)**	(16,122)
Cost of rental and other operations		**(24,680)**	(25,025)
		84,517	81,634
Other income		**3,035**	4,937
Increase (decrease) in fair value of investments held for trading		**11,070**	(6,719)
Gain (loss) on fair value change of investment properties		**450,300**	(400)
Selling and marketing expenses		**(1,533)**	(1,685)
Administrative expenses		**(9,434)**	(9,290)
Finance costs	*5*	**(2,161)**	(5,699)
Share of loss of a jointly controlled entity		**(914)**	(4,165)
Profit before taxation	*6*	**534,880**	58,613
Income tax (expense) credit	*7*	**(77,951)**	6,978
Profit for the year		**456,929**	65,591
Profit for the year attributable to			
Equity holders of the Company		**456,684**	65,295
Minority interests		**245**	296
		456,929	65,591
Dividends			
Paid	*8*	**18,730**	22,036
Proposed	*8*	**17,629**	14,323
		HK$	*HK$*
Earnings per share – basic	*9*	**4.14**	0.59

CONSOLIDATED BALANCE SHEET

At 30th September, 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non–current Assets			
Investment properties		**2,490,200**	2,039,900
Property, plant and equipment		**4,469**	5,005
Prepaid lease payments		**914**	922
Interest in a jointly controlled entity		**5,951**	6,765
Amount due from a jointly controlled entity		**73,784**	79,016
Available–for–sale investments		**8,000**	8,000
		2,583,318	2,139,608
Current Assets			
Inventories		**6,678**	6,256
Investments held for trading		**33,836**	22,766
Trade and other receivables	*10*	**3,768**	2,832
Deposits and prepayments		**2,384**	2,457
Prepaid lease payments		**8**	8
Bank balances and cash		**1,645**	2,518
		48,319	36,837
Current Liabilities			
Trade and other payables	*11*	**8,648**	9,410
Rental and management fee deposits		**20,120**	22,318
Provision for taxation		**12,111**	9,890
Loan from a related company, unsecured		–	3,000
Bank loans, secured		**92,000**	44,000
Bank overdrafts, secured		**2,798**	5,994
		135,677	94,612
Net Current Liabilities		**(87,358)**	(57,775)
Total Assets less Current Liabilities		**2,495,960**	2,081,833
Capital and Reserves			
Share capital		**110,179**	110,179
Reserves		**2,055,474**	1,617,522
Equity attributable to equity holders of the Company		**2,165,653**	1,727,701
Minority Interests		**5,368**	5,123
Total Equity		**2,171,021**	1,732,824
Non–current Liabilities			
Bank loans, secured		–	92,000
Deferred taxation		**324,939**	257,009
		324,939	349,009
		2,495,960	2,081,833

NOTES:

1. BASIS OF PREPARATION

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the HKICPA which are or have become effective.

HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
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
HK(IFRIC) – Int 18	Transfers of Assets from Customers

The adoption of the new HKFRSs had no material effect on how the consolidated financial statements 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 and revised 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 24 (Revised)	Related Party Disclosures[4]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[5]
HKAS 32 (Amendment)	Classification of Rights Issues[6]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[5]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[7]
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 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[7]
HKFRS 3 (Revised)	Business Combinations[5]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 17	Distributions of Non–cash Assets to Owners[5]

[1] Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009

[2] Effective for annual periods beginning on or after 1st January, 2009, 1st July, 2009 and 1st January, 2010, as appropriate

[3] Effective for annual periods beginning on or after 1st January, 2009

[4] Effective for annual periods beginning on or after 1st January, 2011

[5] Effective for annual periods beginning on or after 1st July, 2009

[6] Effective for annual periods beginning on or after 1st February, 2010

[7] Effective for annual periods beginning on or after 1st January, 2010

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements of the Group and the financial position of the Company.

3. TURNOVER

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

	2009	2008
	HK$'000	*HK$'000*
Property rentals	**88,213**	84,357
Building management fees	**5,419**	5,467
Sale of goods	**24,214**	27,293
Others	**5,257**	5,664
	123,103	122,781

4. SEGMENT INFORMATION

Business Segment

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 investment	–	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, 2009

	Property investment and management	Trading of goods	Securities investment	Investment holding	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE						
External	**93,632**	**24,214**	**2,057**	**3,200**	**–**	**123,103**
Inter–segment	**1,567**	**–**	**–**	**–**	**(1,567)**	**–**
	95,199	**24,214**	**2,057**	**3,200**	**(1,567)**	**123,103**
Segment results *(note)*	**527,937**	**589**	**13,127**	**3,200**	**–**	**544,853**
Other income						**2,023**
Unallocated corporate expenses						**(8,921)**
Finance costs						**(2,161)**
Share of loss of a jointly controlled entity						**(914)**
Profit before taxation						**534,880**
Income tax expense						**(77,951)**
Profit for the year						**456,929**

Note: Segment results of property investment and management division include gain on fair value change of investment properties of HK$450,300,000.

Segment information about these businesses is presented below:

Revenue and results

Year ended 30th September, 2008

	Property investment and management	Trading of goods	Securities investment	Investment holding	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE						
External	89,824	27,293	2,464	3,200	–	122,781
Inter–segment	1,282	–	–	–	(1,282)	–
	91,106	27,293	2,464	3,200	(1,282)	122,781
Segment results *(note)*	74,695	572	(4,279)	3,200	–	74,188
Other income						3,166
Unallocated corporate expenses						(8,877)
Finance costs						(5,699)
Share of loss of a jointly controlled entity						(4,165)
Profit before taxation						58,613
Income tax credit						6,978
Profit for the year						65,591

Note: Segment results of property investment and management division include loss on fair value change of investment properties of HK$400,000.

Geographical segment

More than 90% of the Group's revenue, profit before taxation, assets and liabilities were derived from and located in Hong Kong and, therefore, no geographical segments are presented.

5. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on:		
Bank loans and overdrafts	**2,117**	5,545
Loan from a related company wholly repayable within five years	**44**	154
	2,161	5,699

6. PROFIT BEFORE TAXATION

	2009	2008
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**725**	690
Release of prepaid lease payments	**8**	8
Loss (gain) on disposal and write–off of property, plant and equipment	**21**	(179)
Depreciation on property, plant and equipment	**1,189**	1,137
Staff costs (including directors' emoluments)	**17,072**	17,441
Imputed interest income on amount due from a jointly controlled entity	**(1,866)**	(3,161)
Bank interest income	**(157)**	(10)
Dividends from listed securities	**(2,057)**	(2,464)
Foreign exchange gain, net	**(24)**	(4)
Direct operating expenses arising from investment properties that generated rental income during the year	**8,875**	8,623

Rental income from investment properties less outgoings amounts to HK$79,338,000 (2008: HK$75,734,000).

7. INCOME TAX (EXPENSE) CREDIT

	2009	2008
	HK$'000	*HK$'000*
The income tax (expense) credit comprises Hong Kong Profits Tax:		
Company and subsidiaries		
Current tax	**(10,034)**	(9,025)
Overprovision in prior years	**13**	144
Deferred tax (charge) credit	**(67,930)**	15,859
	(77,951)	6,978

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both years.

8. DIVIDENDS

	2009	2008
	HK$'000	*HK$'000*
Dividend recognised as distributions during the year:		
Interim dividend		
HK4 cents (2008: HK4 cents) per ordinary share	**4,407**	4,407
Final dividend in respect of 2008 of HK13 cents per ordinary share	**14,323**	–
Final dividend in respect of 2007 of HK16 cents per ordinary share	**–**	17,629
	18,730	22,036
Dividend proposed:		
Final dividend		
HK16 cents (2008: HK13 cents) per ordinary share	**17,629**	14,323

The final dividend of HK16 cents (2008: HK13 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$456,684,000 (2008: HK$65,295,000) and on 110,179,385 (2008: 110,179,385) ordinary shares in issue during the year.

There are no potential ordinary shares in issue during both years at the balance sheet dates.

10. TRADE AND OTHER RECEIVABLES

For sales of goods, the Group allows an average credit period of 30 days to its trade customers. Rentals receivable from tenants are payable on presentation of invoices.

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**3,713**	2,939
Less: accumulated impairment	**(10)**	(318)
	3,703	2,621
Other receivables	**65**	211
Total trade and other receivables	**3,768**	2,832

The following is an aged analysis of trade receivables at the balance sheet date:

	2009	2008
	HK$'000	*HK$'000*
0–30 days	**2,682**	1,936
31–60 days	**313**	100
61–90 days	**244**	186
Over 90 days	**464**	399
	3,703	2,621

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	2009	2008
	HK$'000	*HK$'000*
0–30 days	**750**	733
31–60 days	**115**	26
Over 90 days	**193**	229
	1,058	988
Other payables	**7,590**	8,422
	8,648	9,410

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, 2009 was HK$456.7 million, as compared to HK$65.3 million for the previous year.

If the revaluation surplus on investment properties net of deferred tax of HK$380.5 million were to be excluded (2008 – deferred tax credit net of revaluation deficit of HK$14.2 million), the underlying net profit for the year would have been HK$76.2 million (2008 – HK$51.1 million), representing an increase of approximately 49% over the comparable figure of last year. This increase in profit as adjusted was mainly attributable to an unrealized gain on listed shares (2008 – unrealized loss) and an increase in rental income from 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 29th December, 2009. This, together with the interim dividend of 4 cents per share paid on 23rd July, 2009, 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 5th January, 2010.

BUSINESS REVIEW

A. Hong Kong

The major portion of the Group's profit from operations for the financial year under review was derived from rental income from the Group's investment properties in Hong Kong, which had shown a moderate increase over that of the previous year. The increase was helped by the high rental rates achieved for the Group's residential properties which leases commenced prior to the onslaught of the financial tsunami in September 2008, after which rental rates for new leases had shown a decline of up to 20% from the high point in the last financial year. From mid-2009 onwards, new rental rates for the Group's residential properties had rebounded from the low point, but is still below the peak seen in the previous financial year.

Elephant Holdings Limited (EHL), a subsidiary of the Group, had recorded a slight decline in sales revenue for the period under review. This was due to 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. Property Projects in Mainland China

Silver Gain Plaza in Guangzhou (in which the Group has a one-third interest) – Construction for the superstructure of the two 27-storey residential towers of Phase III of this project has just been completed. There are 216 residential units in each tower and the two towers have a total saleable floor area of 42,000 square meters. Official pre-sale of these units is expected to be launched in the first quarter of 2010.

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

PROSPECTS

The inflow of capital into Hong Kong since the second half of 2009 had helped trigger a rise in activities in the local stock market and boosted values in certain luxury residential sector of the property market. However, economic conditions in Hong Kong in overall terms do not seem to have benefited appreciably from the above. For instance, since mid-2009, there has been only slight improvement in the export and re-export sector, which are two of the major sectors of the Hong Kong economy. This less-than buoyant general economic situation is reflected in the occupancy and rental rates of both commercial and residential properties. In view of the above, the Group's rental income is not expected to rise in the coming financial year.

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

I take this opportunity to thank my colleagues on the Board and our staff members for their loyal service 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, 2009, the shareholders' funds were HK$2,165.7 million (2008: HK$1,727.7 million). The increase was mainly due to the upward revaluation of the Group's investment properties.

At 30th September, 2009, the Group's total borrowings which were all denominated in Hong Kong dollars were HK$95 million, a decrease of HK$50 million from HK$145 million last year. The decrease was due to repayment of borrowings out of the net income from operating activities and repayment of advances by the jointly controlled entity.

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

	30.9.2009	30.9.2008
	HK$ Million	*HK$ Million*
Repayable:		
Within one year	**95**	53
After one year but not exceeding two years	–	92
Total borrowings	**95**	145

A bank term loan of HK$92 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 30th September, 2009, the Group had bank loans and overdraft of HK$95 million, which carried interest at prime rates/HIBOR plus/minus certain basis points. At 30th September, 2009, the debt to equity ratio, based on the Group's total borrowings of HK$95 million and its shareholders' funds of HK$2,165.7 million, was 4.4% (2008: 8.4%). The decrease was mainly due to the reduction of total borrowings and the upward revaluation of the Group's investment properties as mentioned above.

At 30th September, 2009, investment properties and properties for own use of the Group with an aggregate carrying value of HK$2,381 million and HK$3.4 million respectively were pledged to banks to secure the general banking facilities granted to the Group.

At 30th September, 2009, the Group had undrawn banking facilities of HK$317 million which will provide adequate funding for the Group's operational and capital expenditure requirement.

Employees

At 30th September, 2009, the Group had 120 employees and staff remuneration including directors' emoluments and other employee expenses for the year amounted to approximately HK$17.1 million (2008: HK$17.4 million). 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 Tuesday, 22nd December, 2009 to Tuesday, 29th December, 2009 (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 Monday, 21st December, 2009.

CORPORATE GOVERNANCE

Throughout the year ended 30th September, 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, 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.

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, 2009.

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, 2009 with the executive directors.

Wong Bing Lai
Chairman

Hong Kong, 18th November, 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.