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 2010

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 2010 together with comparative figures for the corresponding period in 2009 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 MARCH 2010

		Six months ended	
		31.3.2010	31.3.2009
	NOTES	**(unaudited)**	(unaudited)
		HK$'000	*HK$'000*
Turnover	*2*	**57,784**	65,576
Cost of sales		**(7,838)**	(7,164)
Cost of rental and other operations		**(12,514)**	(10,853)
Gross profit		**37,432**	47,559
Other income		**6,664**	1,610
Increase (decrease) in fair value of investments held for trading		**8,662**	(7,546)
Gain (loss) on fair value change of investment properties		**27,382**	(15,700)
Selling and marketing expenses		**(734)**	(855)
Administrative expenses		**(4,624)**	(4,790)
Finance costs	*3*	**(538)**	(1,680)
Share of loss of a jointly controlled entity		**(1,073)**	(906)
Profit before taxation	*4*	**73,171**	17,692
Income tax expense	*5*	**(11,966)**	(2,334)
Profit for the period		**61,205**	15,358

	NOTES	Six months ended 31.3.2010 (unaudited) HK$'000	31.3.2009 (unaudited) HK$'000
Other comprehensive income			
Share of translation reserve of a jointly controlled entity		**102**	(102)
Exchange gain (loss) arising from long term advances		**190**	(192)
Other comprehensive income for the period		**292**	(294)
Total comprehensive income for the period		**61,497**	15,064
Profit attributable to:			
Owners of the Company		**60,895**	14,906
Non-controlling interests		**310**	452
		61,205	15,358
Total comprehensive income attributable to:			
Owners of the Company		**61,187**	14,612
Non-controlling interests		**310**	452
		61,497	15,064
		HK cents	*HK cents*
Earnings per share – basic	*7*	**55.3**	13.5
Interim dividend per share		**4.0**	4.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2010

	NOTES	**31.3.2010 (unaudited) *HK$'000***	30.9.2009 (audited) *HK$'000*
Non-current Assets			
Investment properties		**2,520,700**	2,490,200
Property, plant and equipment		**4,520**	4,469
Prepaid lease payments		**910**	914
Interest in a jointly controlled entity		**9,209**	5,951
Amount due from a jointly controlled entity		**71,791**	73,784
Available-for-sale investments		**8,000**	8,000
		2,615,130	2,583,318
Current Assets			
Inventories		**6,876**	6,678
Investments held for trading		**40,751**	33,836
Trade and other receivables	*8*	**4,388**	3,768
Deposits and prepayments		**2,728**	2,384
Prepaid lease payments		**8**	8
Bank balances and cash		**4,198**	1,645
		58,949	48,319
Current Liabilities			
Trade and other payables	*9*	**7,978**	8,648
Rental and management fee deposits		**20,283**	20,120
Provision for taxation		**6,500**	12,111
Bank loans, secured		**10,000**	92,000
Bank overdrafts, secured		**–**	2,798
		44,761	135,677
Net Current Assets (Liabilities)		**14,188**	(87,358)
Total Assets less Current Liabilities		**2,629,318**	2,495,960
Capital and Reserves			
Share capital		**110,179**	110,179
Reserves		**2,099,032**	2,055,474
Equity attributable to owners of the Company		**2,209,211**	2,165,653
Non-controlling interests		**5,678**	5,368
Total equity		**2,214,889**	2,171,021
Non-current Liabilities			
Bank loans, secured		**83,000**	–
Deferred taxation		**331,429**	324,939
		414,429	324,939
		2,629,318	2,495,960

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 2009.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 October 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendments to HKFRS 2, paragraphs 36 and 37 of HKAS 38, paragraph 80 of HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 *Segment Reporting*, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 2). The adoption of the new and revised HKFRSs has had no material effect on the reported results and 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 or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2009[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 9	Financial Instruments[7]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Amendments that are effective for annual periods beginning on 1 January 2010
2 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 July 2010
6 Effective for annual periods beginning on or after 1 January 2011
7 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements of the Group.

2. SEGMENT INFORMATION

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

	Six months ended	
	31.3.2010	31.3.2009
	HK$'000	*HK$'000*
Property rentals and building management fees	**43,604**	48,470
Sale of goods	**13,557**	13,437
Others	**623**	3,669
	57,784	65,576

As summarised in note 1, the Group has adopted HKFRS 8 *Operating Segments* which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (managing director) in order to allocate resources to segments and to assess their performance. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group's operating segments under HKFRS 8 are therefore 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

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

Six months ended 31 March 2010

	Property investment and management *HK$'000*	**Trading of goods** *HK$'000*	**Securities investment** *HK$'000*	**Investment holding** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
REVENUE						
External	**43,604**	**13,557**	**623**	**–**	**–**	**57,784**
Inter-segment	**779**	**–**	**–**	**–**	**(779)**	**–**
	44,383	**13,557**	**623**	**–**	**(779)**	**57,784**
Segment profit	**63,145** *(note)*	**771**	**9,284**	**–**	**–**	**73,200**
Other income						**6,066**
Central administrative costs						**(4,484)**
Finance costs						**(538)**
Share of loss of a jointly controlled entity						**(1,073)**
Profit before taxation						**73,171**

Note: Segment profit of property investment and management division included gain on fair value change of investment properties of HK$27,382,000.

Six months ended 31 March 2009

	Property investment and management HK$'000	Trading of goods HK$'000	Securities investment HK$'000	Investment holding HK$'000	Eliminations HK$'000	Consolidated HK$'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 profit (loss)	26,663 *(note)*	1,118	(7,078)	3,200	–	23,903
Other income						1,081
Central administrative costs						(4,706)
Finance costs						(1,680)
Share of loss of a jointly controlled entity						(906)
Profit before taxation						17,692

Note: Segment profit of property investment and management division included loss on fair value change of investment properties of HK$15,700,000.

Segment profit (loss) represents the profit earned / loss incurred by each segment without allocation of other income (mainly including interest income and management service income), central administrative costs, share of loss of a jointly controlled entity, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

No segment assets, liabilities and other segment information in the measure of Group's segment result and segment assets are presented as the information is not provided to the chief operating decision maker in the resource allocation and assessment of performance.

3. FINANCE COSTS

	Six months ended	
	31.3.2010	31.3.2009
	HK$'000	*HK$'000*
Interest on		
Bank loans and overdrafts wholly repayable within five years	**538**	1,643
Other loans wholly repayable within five years	**–**	37
	538	1,680

4. PROFIT BEFORE TAXATION

	Six months ended	
	31.3.2010	31.3.2009
	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	**436**	560
Imputed interest on amount due from a jointly controlled entity	**(2,066)**	(926)
Bank interest income	**–**	(155)
Dividend from listed securities	**(623)**	(469)
Management service income from an investee company classified as an available-for-sale investment	**(4,000)**	–

5. INCOME TAX EXPENSE

	Six months ended	
	31.3.2010	31.3.2009
	HK$'000	*HK$'000*
Company and subsidiaries		
Hong Kong Profits Tax	**5,476**	5,851
Deferred tax charge (credit)	**6,490**	(3,517)
	11,966	2,334

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% for the periods under review.

6. DIVIDEND

In January 2010, the final dividend in respect of the financial year ended 30 September 2009 of HK16 cents (2009: HK13 cents in respect of the financial year ended 30.9.2008) per share totalling HK$17,629,000 (2009: HK$14,323,000) was paid to shareholders.

The directors have determined that an interim dividend in respect of the financial year ending 30 September 2010 of HK4 cents (2009: HK4 cents in respect of the financial year ended 30 September 2009) per share totalling HK$4,407,000 (2009: HK$4,407,000) shall be paid to the shareholders of the Company whose names appear in the register of members on 22 July 2010.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to the owners of the Company for the period of approximately HK$60,895,000 (six months ended 31.3.2009: approximately HK$14,906,000) and on 110,179,385 (six months ended 31.3.2009: 110,179,385) shares in issue during the period.

8. 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.

The following is an aged analysis of trade receivables presented based on the invoice date at the end of reporting period:

	31.3.2010	30.9.2009
	HK$'000	*HK$'000*
0 – 30 days	**3,465**	2,682
31 – 60 days	**431**	313
61 – 90 days	**24**	244
Over 90 days	**286**	464
	4,206	3,703
Other receivables	**182**	65
	4,388	3,768

9. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of reporting period:

	31.3.2010	30.9.2009
	HK$'000	*HK$'000*
0 – 30 days	**820**	750
31 – 60 days	**–**	115
Over 90 days	**204**	193
	1,024	1,058
Other payables	**6,954**	7,590
	7,978	8,648

DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK4 cents per ordinary share (2009: HK4 cents per ordinary share) payable on 28 July 2010 to shareholders whose names appear on the Register of Members on 22 July 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Friday, 16 July 2010 to Thursday, 22 July 2010, 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 Thursday, 15 July 2010.

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 2010 was HK$60.9 million (2009: HK$14.9 million). Had the revaluation surplus (2009: deficit) net of deferred tax on investment properties been excluded, the underlying net profit for the period would have been HK$39.1 million (2009: HK$28.4 million). The improvement is a reflection of the unrealized gain on the listed securities held by the Group at balance sheet date and the reduction in finance cost, but the decrease in rental income had lessened the overall gain for the period under review.

Business Review

Hong Kong

The major portion of the Group's operation profit for the six months ended 31 March 2010 was derived from the rental income of the Group's investment properties in Hong Kong, which had shown a 10% decrease under that of the same period last year. The decrease is a reflection of the decrease in rental for new leases and lease renewal of the Group's Hong Kong properties in the year after the onset of the global financial tsunami in the last quarter of 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.

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 was completed in late 2009. There are 216 residential units in each tower and the two towers have a total saleable floor area of 42,000 square meters. Pre-sale of these units were launched in February 2010 and more than half has been pre-sold. The pre-sale activity has slowed down since May after the Chinese government announced measures to cool-down the real estate market. Many prospective buyers in Guangzhou are taking a "wait and see" attitude. Since there is strong demand in the residential market in Guangzhou, it is anticipated sales activities will pick-up again in the latter part of the year.

Residential units in Vivaldi Court of Manhattan Garden, Chao Yang District, Beijing – There has been improvement in the occupancy rate of the Group's properties in this project during the period under review, but it is still below the pre-tsunami level.

Prospects

The recent financial turmoil in Europe has caused uncertainty to the worldwide economic situation. Hong Kong's economy, to a large extent, has integrated with the economy of China which is less affected by the above-mentioned financial crisis. With that background, the Group's rental income is expected to be stable in the second half of the financial year.

Financial Review

Liquidity and financial resources

The Group will continue to adopt prudent funding and treasury policies. The shareholders' funds as at 31 March 2010 were HK$2,209.2 million (30.9.2009: HK$2,165.7 million). The increase was mainly from profit attributable to the Company's shareholders for the period of HK$60.9 million less dividend payment of HK$17.6 million.

At 31 March 2010, the Group's total borrowings, which were all denominated in Hong Kong dollars, were HK$93 million (30.9.2009: HK$95 million). The decrease was due to repayment of borrowings out of the income from operating activities.

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

	31.3.2010	30.9.2009
	HK$ Million	*HK$ Million*
Repayable:		
Within one year	**10**	95
After two years but within five years	**83**	–
Total borrowings	**93**	95

During the period, the Group had extended the repayment of a bank term loan for three years to the end of 2012 and the outstanding amount at 31 March 2010 was HK$83 million. This results in the decrease in borrowings repayable within one year.

The Group's bank loans and overdraft carry interest at HIBOR/prime rate plus/minus a margin. At 31 March 2010, the debt to equity ratio, based on the Group's total borrowings of HK$93 million and the shareholders' funds of HK$2,209.2 million, was 4.2%, as compared with 4.4% on 30 September 2009.

At 31 March 2010, investment properties and properties for own use of the Group with an aggregate carrying value of HK$2,411.4 million and HK$3.4 million respectively were pledged to banks to secure the general banking facilities granted to the Group.

At 31 March 2010, the Group had undrawn banking facilities of HK$310 million which will provide adequate funding for the Group's operational and capital expenditure requirement.

Employees

At 31 March 2010, the Group had 115 employees. The staff remuneration including directors' emoluments and other employee expenses for the six months ended 31 March 2010 amounted to approximately HK$8.6 million (2009: HK$8.7 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.

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 2010.

CORPORATE GOVERNANCE

Throughout the six months ended 31 March 2010, 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.

Code E.1.2 stipulates that the Chairman of the Board of Directors should attend the annual general meeting of the Company.

Although the Chairman of the Board of Directors did not attend the annual general meeting of the Company held on 29 December 2009 due to other commitments, Mr. Wong Tat Chang, Abraham, the managing director of the Company took the chair in accordance with Article 69 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 2010 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, 24 June 2010

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.