POKFULAM DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 225)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

The Board of Directors announces that the audited consolidated results of the Company and its subsidiaries ("the Group") for the year ended 30 September 2012 together with comparative figures for the corresponding period in 2011 are as follows:–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2012

	NOTES	**2012** *HK$'000*	2011 *HK$'000*
Turnover	*3*	**133,525**	120,798
Cost of goods sold		**(19,157)**	(17,966)
Cost of rental and other operations		**(28,288)**	(29,039)
		86,080	73,793
Other income		**14,982**	10,616
Increase (decrease) in fair value of investments held for trading		**10,772**	(3,261)
Gain on fair value change of investment properties		**321,126**	500,290
Selling and marketing expenses		**(2,240)**	(1,460)
Administrative expenses		**(9,928)**	(8,218)
Finance costs	*4*	**(631)**	(780)
Share of profit (loss) of a jointly controlled entity		**54,682**	(6,392)
Profit before tax	*5*	**474,843**	564,588
Income tax expense	*6*	**(66,302)**	(92,766)
Profit for the year		**408,541**	471,822

	NOTES	**2012** **HK$'000**	2011 HK$'000
Other comprehensive income			
Exchange difference arising on translation of foreign operations		**193**	1,285
Exchange gain arising from long term advances to a jointly controlled entity		**341**	2,348
Other comprehensive income for the year		**534**	3,633
Total comprehensive income for the year		**409,075**	475,455
Profit for the year attributable to:			
Owners of the Company		**407,184**	471,409
Non-controlling interests		**1,357**	413
		408,541	471,822
Total comprehensive income for the year attributable to:			
Owners of the Company		**407,718**	475,042
Non-controlling interests		**1,357**	413
		409,075	475,455
		HK$	*HK$*
Earnings per share – basic	*8*	**3.70**	4.28
Proposed final dividend per share	*7*	**0.20**	0.16

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current Assets			
Investment properties		**3,729,000**	3,395,340
Property, plant and equipment		**6,452**	6,515
Interest in a jointly controlled entity		**72,710**	13,318
Amount due from a jointly controlled entity		**69,734**	70,403
Available-for-sale investments		**8,000**	8,000
		3,885,896	3,493,576
Current Assets			
Inventories		**6,831**	5,921
Investments held for trading		**46,069**	35,227
Trade and other receivables	*9*	**5,437**	3,538
Deposits and prepayments		**1,225**	1,703
Bank balances and cash		**72,606**	23,082
		132,168	69,471
Current Liabilities			
Trade and other payables	*10*	**20,016**	9,971
Rental and management fee deposits		**21,474**	21,129
Provision for taxation		**9,865**	9,539
Bank loan, secured		**42,000**	42,000
		93,355	82,639
Net Current Assets (Liabilities)		**38,813**	(13,168)
Total Assets less Current Liabilities		**3,924,709**	3,480,408
Capital and Reserves			
Share capital		**110,179**	110,179
Reserves		**3,279,218**	2,893,536
Equity attributable to owners of the Company		**3,389,397**	3,003,715
Non-controlling interests		**7,859**	6,502
Total Equity		**3,397,256**	3,010,217
Non-current Liability			
Deferred taxation		**527,453**	470,191
		3,924,709	3,480,408

1. BASIS OF PREPARATION

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 ("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.

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. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 7 (Amendments)	Disclosures-Transfers of Financial Assets
HKAS 24 (as revised in 2009)	Related Party Disclosures
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement

The application of these new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle[1]
HKFRS 1 (Amendments)	Government Loans[1]
HKFRS 7 (Amendments)	Disclosures-Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2015
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 January 2014

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets that are currently measured at cost less impairment. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation-Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities-Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements.

In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 October 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 October 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 12 Deferred Tax-Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to HKAS 12 for the annual period beginning 1 October 2012 may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale.

Other than as described above, the directors of the Company anticipate that the application of other new and revised standards, amendments or interpretation will have no material impact on the consolidated financial statements.

3. TURNOVER AND SEGMENT INFORMATION

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

	2012	2011
	HK$'000	*HK$'000*
Property rentals and building management fees	**97,482**	88,808
Sale of goods	**33,206**	29,071
Dividend income from securities investments	**2,837**	2,919
	133,525	120,798

The Group's operating segments based on information reported to the chief operating decision maker (managing director) for the purpose of resource allocation and performance assessment 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

The following is an analysis of the Group's revenue and results by operating and reportable segment:

Year ended 30 September 2012

	Property investment and management	**Trading of goods**	**Securities investment**	**Segment total**	**Eliminations**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
REVENUE						
External	**97,482**	**33,206**	**2,837**	**133,525**	**–**	**133,525**
Inter-segment	**1,531**	**–**	**–**	**1,531**	**(1,531)**	**–**
	99,013	**33,206**	**2,837**	**135,056**	**(1,531)**	**133,525**
Segment profit	**398,155** (note)	**4,861**	**13,580**	**416,596**	**–**	**416,596**
Other income						**13,686**
Central administrative costs						**(9,490)**
Finance costs						**(631)**
Share of profit of a jointly controlled entity						**54,682**
Profit before tax						**474,843**

Note: Segment profit of property investment and management division included gain on fair value change of investment properties of HK$321,126,000.

Year ended 30 September 2011

	Property investment and management	Trading of goods	Securities investment	Segment total	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE						
External	88,808	29,071	2,919	120,798	–	120,798
Inter-segment	1,541	–	–	1,541	(1,541)	–
	90,349	29,071	2,919	122,339	(1,541)	120,798
Segment profit (loss)	569,899 (note)	1,042	(342)	570,599	–	570,599
Other income						9,501
Central administrative costs						(8,340)
Finance costs						(780)
Share of loss of a jointly controlled entity						(6,392)
Profit before tax						564,588

Note: Segment profit of property investment and management division included gain on fair value change of investment properties of HK$500,290,000.

Inter-segment revenue is charged at mutually agreed terms.

Segment profit (loss) represents the profit (loss) of each segment without allocation of certain other income (mainly including interest income, dividend income from available-for-sale investment and management service income), central administrative costs, share of profit (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 and liabilities are presented as the information is not reported to the chief operating decision maker in the resource allocation and assessment of performance processes.

Other segment information

Amounts included in the measure of segment profit (loss):

Year ended 30 September 2012

	Property investment and management	**Trading of goods**
	HK\$'000	***HK\$'000***
Depreciation	**882**	**90**
Loss on disposal of property, plant and equipment	**12**	**–**

Year ended 30 September 2011

	Property investment and management	Trading of goods
	HK\$'000	*HK\$'000*
Depreciation	850	86
Loss on disposal of property, plant and equipment	18	–

Geographical information

Substantially all of the Group's non-current assets (based on the location of assets) and revenue attributable to customers (based on the location of goods delivered and services provided) are located in Hong Kong in both years and, therefore, no geographical segments are presented.

Information about major customers

There are no major customers contributing over 10% of the Group's revenue in both years.

4. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank loans	**631**	780

5. PROFIT BEFORE TAX

	2012	2011
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging (crediting):		
Auditor's remuneration	**872**	774
Loss on disposal of property, plant and equipment	**12**	18
Depreciation on property, plant and equipment	**1,540**	1,496
Staff costs (including directors' emoluments)	**17,023**	16,385
Imputed interest income on amount due from a jointly controlled entity	**(4,143)**	(4,143)
Bank interest income	**(377)**	(25)
Foreign exchange gain, net	**(32)**	(24)
Management service income from an investee company classified as an available-for-sale investment	**–**	(5,333)
Dividend income from an investee company classified as an available-for-sale investment	**(8,507)**	–
Gross rental income	**(92,812)**	(84,240)
Less: Direct operating expenses arising from investment properties that generated rental income during the year	**11,599**	11,933
	(81,213)	(72,307)

6. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
The income tax expense comprises:		
Company and subsidiaries		
Hong Kong Profits Tax:		
– Current tax	**9,113**	9,504
– Over-provision in prior year	**(73)**	–
	9,040	9,504
Deferred tax charge	**57,262**	83,262
	66,302	92,766

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

7. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Dividend recognised as distributions during the year:		
Interim dividend		
HK4 cents (2011: HK4 cents) per ordinary share	**4,407**	4,407
Final dividend in respect of financial year ended 30 September 2011		
of HK16 cents per ordinary share	**17,629**	–
Final dividend in respect of financial year ended 30 September 2010		
of HK16 cents per ordinary share	**–**	17,629
	22,036	22,036
Dividend proposed:		
Final dividend		
HK20 cents (2011: HK16 cents) per ordinary share	**22,036**	17,629

The final dividend of HK20 cents (2011: HK16 cents) per share has been proposed by the Board of the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to the owners of the Company of HK$407,184,000 (2011: HK$471,409,000) and on 110,179,385 (2011: 110,179,385) ordinary shares in issue during the year.

There are no potential ordinary shares in issue during both years and at the end of the reporting periods.

9. TRADE AND OTHER RECEIVABLES

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

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**3,619**	2,414
Less: accumulated impairment	**–**	(10)
	3,619	2,404
Other receivables	**1,818**	1,134
Total trade and other receivables	**5,437**	3,538

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

	2012	2011
	HK$'000	*HK$'000*
0-30 days	**3,355**	1,951
31-60 days	**99**	59
61-90 days	**63**	36
Over 90 days	**102**	358
	3,619	2,404

10. TRADE AND OTHER PAYABLES

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

	2012	2011
	HK$'000	*HK$'000*
0-30 days	**2,167**	574
31-60 days	**1,013**	189
61-90 days	**–**	–
Over 90 days	**93**	78
	3,273	841
Other payables	**9,539**	8,830
Renovation fee payable	**5,673**	–
Retention payable	**937**	–
Deposit received for sale of goods	**594**	300
	20,016	9,971

CHAIRMAN'S STATEMENT

PROFIT FOR THE YEAR

The consolidated net profit of the Group after taxation and minority interests for the year ended 30 September 2012 was HK$407.2 million, as compared to HK$471.4 million for the previous year. If the revaluation surplus on investment properties (net of deferred tax) of HK$266.8 million were to be excluded (2011 – HK$417.3 million), the underlying net profit for the year would have been HK$140.4 million (2011 – HK$54.1 million), representing an increase of approximately 160% from the comparable figure of last year.

The increase was mainly attributable to the share of profits of the Group's jointly controlled entity, namely Silver Gain Development Limited ("Silver Gain"), achieved during the financial year under review. Silver Gain has recognized profits arisen from the sale of residential units in the Guangzhou Silver Gain Plaza commercial/residential complex development project.

In addition, the Group's profit derived from property rental income has improved over that of last year. Furthermore, the unrealized gain (2011 – unrealized loss) from listed securities held by the Group at balance sheet date has also contributed to the overall profit increment.

DIVIDEND

The Board has recommended the payment of a final dividend of 20 cents per share to shareholders whose names appear on the Register of Members of the Company on 11 January 2013. This proposed pay-out, together with the interim dividend of 4 cents per share paid on 12 July 2012, would give a total dividend of 24 cents per share for the whole financial year. Upon approval at the Annual General Meeting to be held on 31 December 2012, the final dividend would expect to be paid to shareholders on 17 January 2013.

BUSINESS REVIEW

A. Hong Kong

A major renovation program for one of the Group's residential properties on Headland Road has been in progress since April 2012 and tenancies there had necessarily been terminated. The renovation work is scheduled to be completed in the third quarter of 2013.

Renovation on the exterior wall of the Group's office building on Lockhart Road has commenced in October 2012 and the work is expected to last for one year. Since the work is on the exterior wall of the building only, the management has so far been successful in limiting adverse effect on the occupancy rate of the property to a minimal.

In spite of the above disruptions, the overall rental income of the Group's investment properties in Hong Kong had shown a moderate increase over that of the same period last year. The increase was due to higher occupancy levels and a rise in rental rates for new leases and lease renewal for the rest of the Group's properties in Hong Kong.

Elephant Holdings Limited had recorded an improvement in sales revenue in the year under review, and this subsidiary 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) – over 97% of the residential units in Phase III of this development project had been sold up to 30 September 2012 and profit from such sale has been recognized in the financial year under review. As of the date of this report, the remaining residential units in Phase III have all been sold out. Internal fitting-out work is being carried out in the 4-storey commercial podium of this Phase. The process of getting various relevant government departments to issue the necessary Certificates of Compliance and approval for the commercial podium is in progress. A feasibility study has been conducted for building an office tower on top of the existing commercial podium of Phase II in order to better utilize the maximum buildable floor area allowed for this development project.

Residential units in Vivaldi Court of Manhattan Garden, Chao Yang District, Beijing – after completion of minor renovation works in some of the units, the occupancy rate of the Group's properties there had increased during the past year, thus resulting in an improvement in rental income.

PROSPECTS

The prolonged unresolved sovereign debt crisis in Europe and the slow and uneven recovery of the US economy had had a negative influence on China's economic growth. The recent QE3 measures launched by the US Federal Reserve is likely to induce asset inflation, and the "financial cliff", if unresolved by the US Congress, would cause even greater uncertainty to the world's economic recovery. Under these circumstances, Hong Kong's economic situation would likely be adversely affected in the coming year.

Barring an economic downturn, the Group's rental revenue would remain stable. The overall rental income might improve upon completion of the renovation programs as described above on two of the Group's properties in Hong Kong in the future.

It is the Group's policy to upgrade its property holdings on a continuous basis to maintain their competitiveness in the rental market. Separately, the Group continues to seek new 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, and am also grateful to the shareholders for their continuous support to the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Liquidity and financial resources

The Group will continue to maintain its conservative approach to financial management, funding and treasury policies. Shareholders' funds as at 30 September 2012 were HK$3,389.4 million (2011: HK$3,003.7 million). The increase was mainly from the total comprehensive income attributable to the owners of the Company for the year of HK$407.7 million less dividend payment of HK$22.0 million. The Group's profit for the year mainly came from gain on fair value change of investment properties.

In addition, the increase in the shareholders' fund was also attributable to share of profits of the Group's jointly controlled entity, namely Silver Gain Development Limited ("Silver Gain"), achieved during the financial year under review, Silver Gain has recognized profits arisen from the sales of residential units in the Guangzhou Silver Gain Plaza commercial/residential complex development project.

At 30 September 2012, the Group's total borrowings, which were all denominated in Hong Kong dollars, were HK$42.0 million (2011: HK$42.0 million).

The maturity profile of the Group's total borrowings, which is based on the scheduled repayment dates set out in the loan agreements, is set out as follows:

	2012	2011
	HK$ Million	*HK$ Million*
Repayable:		
Within one year	**42.0**	–
After one year but not exceeding two years	–	42.0
Total borrowings	**42.0**	42.0
Classified under:		
Current liabilities	**42.0**	42.0

The Group's bank term loan carries interest at HIBOR plus a margin. At 30 September 2012, the debt to equity ratio, based on the Group's total borrowings of HK$42.0 million and the shareholders' funds of HK$3,389.4 million, was 1.2%, as compared with 1.4% on 30 September 2011. The decrease was mainly due to the upward revaluation of the Group's investment properties and share of profit of a jointly controlled entity as mentioned above.

At 30 September 2012, investment properties and properties for own use of the Group with an aggregate carrying value of HK$3,560.8 million and HK$3.1 million respectively were pledged to banks to secure the general banking facilities granted to the Group.

At 30 September 2012, the Group had undrawn banking facilities of HK$320.0 million which will provide adequate funding for the Group's operational and capital expenditure requirement.

Employees

On 30 September 2012, the Group had 105 employees. The staff remuneration including directors' emoluments and other employee expenses for the year ended 30 September 2012 amounted to approximately HK$17.0 million (2011: HK$16.4 million). There has been 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 FOR ANNUAL GENERAL MEETING

The Annual General Meeting of the Company is scheduled to be held on 31 December 2012. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members will be closed from Thursday, 27 December 2012 to Monday, 31 December 2012 (both days inclusive), during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, 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, 24 December 2012.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 30 September 2012 is subject to the approval by the shareholders at the Annual General Meeting. For determining the entitlement to the proposed final dividend, the register of members will be closed from Wednesday, 9 January 2013 to Friday, 11 January 2013 (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 Tuesday, 8 January 2013.

CORPORATE GOVERNANCE

The Board has adopted all the code provisions (the "Code Provisions") as set out in the Code on Corporate Governance Practices (the "Former Code"), which was revised and renamed as Corporate Governance Code (the "Revised Code") on 1 April 2012, contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") as the code of the Company (the "Company Code"). The Board adopted certain amendments to the Company Code on 27 March 2012 to reflect and comply with the relevant amendments of the Listing Rules effective on 1 April 2012, including adoption of the following on 27 March 2012:

– New terms of reference for the Audit Committee

– New terms of reference for the Remuneration Committee

– Terms of reference for the Board of Directors – Corporate Governance Functions

- Procedures for shareholders to propose a person for election as a director of the Company
- Shareholders' Communication Policy
- Policy for employees to raise concerns about possible improprieties

During the year ended 30 September 2012, the Company has complied with all the Code Provisions of the Former Code for the period from 1 October 2011 to 31 March 2012 and of the Revised Code for the period from 1 April 2012 to 30 September 2012, with certain deviations mentioned below:

Code Provision A.2.1 of the Former Code and the Revised Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Although Mr. Wong Tat Chang, Abraham holds both the positions of the Chairman and Managing Director of the Company, the Board considers that vesting the roles of both Chairman and Managing Director in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. The Board also considers that the current Board composition, where half of the Board are represented by Independent Non-executive Directors, and corporate governance structure ensure effective oversight of management.

The Board will continue to review the effectiveness of the Group's corporate governance structure and consider whether any changes, including the separation of roles of Chairman and Managing Director, are necessary.

Code Provision A.4.1 of the Former Code and the Revised Code stipulates that Non-executive Directors shall be appointed for a specific term, subject to re-election. Although the Independent Non-executive Directors of the Company were not appointed for a specific term prior to 1 April 2012, they were subject to retirement by rotation at least once every three years in accordance with Article 119 of the Company's Articles of Association.

On 1 April 2012, all Directors (including the Independent Non-executive Directors) of the Company entered into letters of appointment with the Company for a specific term of three years commencing from 1 April 2012 and are subject to retirement by rotation at least once every three years pursuant to Article 119 of the Company's Articles of Association.

FORMATION OF NOMINATION COMMITTEE

A Nomination Committee of the Company was established on 27 March 2012 and comprises three members, namely Mr. Wong Tat Chang, Abraham (Chairman), Mr. Li Kwok Sing, Aubrey and Mr. Sit Hoi Wah, Kenneth.

The primary functions of the Nomination Committee are to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, based on skills, knowledge and experience, to complement the Company's strategy.

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 30 September 2012.

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, risk management system and financial reporting matters including the review of the consolidated financial statements for the year ended 30 September 2012 with the executive directors.

By order of the Board
Wong Tat Chang, Abraham
Chairman and Managing Director

Hong Kong, 20 November 2012

As at the date of this announcement, the Board of Directors of the Company comprises, Mr. Wong Tat Chang, Abraham (Chairman and 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.