POKFULAM DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 225)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

HIGHLIGHTS

	2014	2013	Change
	HK$ Million	*HK$ Million*	
Turnover	**136.2**	131.0	+4%
Operating profit after taxation and non-controlling interests	**93.5**	79.8	+17%
Investment properties revaluation*	**82.2**	139.7	-41%
Listed securities investments revaluation*	**(1.8)**	2.1	N/A
Share of profit of a joint venture	**4.1**	1.9	+116%
Profit attributable to shareholders	**178.0**	223.5	-20%
Earnings per share	**HK$1.62**	HK$2.03	-20%
Proposed final dividend per share	**HK$0.23**	HK$0.21	+10%
Full financial year dividend per share	**HK$0.27**	HK$0.25	+8%

* *Including taxation effect*

The board of directors (the "Board") announces that the audited consolidated results of Pokfulam Development Company Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 30 September 2014 together with comparative figures for the corresponding period in 2013 are as follows:–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2014

	NOTES	**2014** **HK$'000**	2013 *HK$'000*
Turnover	*3*	**136,215**	131,015
Cost of goods sold		**(20,774)**	(17,693)
Cost of rental and other operations		**(28,748)**	(30,927)
		86,693	82,395
Other income		**33,033**	22,600
Selling and marketing expenses		**(2,050)**	(2,029)
Administrative expenses		**(11,724)**	(11,609)
Finance costs	*4*	**(1,786)**	(1,262)
Profit before changes in fair value of investments held for trading and investment properties		**104,166**	90,095
(Decrease)increase in fair value of investments held for trading		**(2,165)**	2,464
Increase in fair value of investment properties	*9*	**86,409**	143,361
		188,410	235,920
Share of profit of a joint venture		**4,077**	1,942
Profit before tax	*5*	**192,487**	237,862
Income tax expense	*6*	**(13,259)**	(13,610)
Profit for the year		**179,228**	224,252

	NOTES	2014 HK$'000	2013 HK$'000
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(222)**	920
Exchange (loss) gain arising from long term advances to a joint venture		**(2,036)**	1,277
		(2,258)	2,197
Total comprehensive income for the year		**176,970**	226,449
Profit for the year attributable to:			
Owners of the Company		**178,001**	223,489
Non-controlling interests		**1,227**	763
		179,228	224,252
Total comprehensive income for the year attributable to:			
Owners of the Company		**175,743**	225,686
Non-controlling interests		**1,227**	763
		176,970	226,449
		HK$	*HK$*
Earnings per share – basic	8	**1.62**	2.03
		HK$	*HK$*
Proposed final dividend per share	7	**0.23**	0.21

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current Assets			
Investment properties	9	**4,018,631**	3,907,100
Property, plant and equipment		**5,130**	5,826
Interest in a joint venture		**25,078**	18,631
Amount due from a joint venture		**138,701**	131,949
Available-for-sale investment		**8,000**	8,000
		4,195,540	4,071,506
Current Assets			
Inventories		**7,384**	6,017
Investments held for trading		**46,445**	48,533
Trade and other receivables	10	**6,230**	5,438
Deposits and prepayments		**6,517**	1,605
Bank balances and cash		**151,508**	118,924
		218,084	180,517
Current Liabilities			
Trade and other payables	11	**17,362**	21,363
Rental and management fee deposits		**21,067**	21,732
Provision for taxation		**8,455**	9,396
Bank loans, secured		**85,000**	70,000
		131,884	122,491
Net Current Assets		**86,200**	58,026
Total Assets less Current Liabilities		**4,281,740**	4,129,532
Capital and Reserves			
Share capital	12	**146,134**	110,179
Reserves		**4,101,249**	3,989,006
Equity attributable to owners of the Company		**4,247,383**	4,099,185
Non-controlling interests		**7,919**	8,614
Total Equity		**4,255,302**	4,107,799
Non-current Liability			
Deferred taxation		**26,438**	21,733
		4,281,740	4,129,532

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance which concern the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance, "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to 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 and services.

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

The Group have applied the following new and revised HKFRSs issued by HKICPA for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 11 Joint Arrangements

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. 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 by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. 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 consolidation.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that the Group's joint arrangements, which were classified as jointly controlled entities under HKAS 31 and were accounted for using the equity method, should be classified as joint ventures under HKFRS 11 and continue to be accounted for using the equity method up to the date of the joint arrangements are classified as assets held for sale.

HKFRS 13 Fair Value Measurement

The Group have applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRS 9	Financial Instruments[6]
HKFRS 15	Revenue from Contracts with Customers[5]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after 1 January 2017
6 Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 and include the new requirements for hedging accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are 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 reporting 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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:

	2014	2013
	HK$'000	*HK$'000*
Property rentals and building management fees	**98,631**	98,061
Sale of goods	**34,601**	29,952
Dividend income from securities investments held for trading	**2,983**	3,002
	136,215	131,015

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 2014

	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	**98,631**	**34,601**	**2,983**	**136,215**	**–**	**136,215**
Inter-segment	**1,551**	**–**	**–**	**1,551**	**(1,551)**	**–**
	100,182	**34,601**	**2,983**	**137,766**	**(1,551)**	**136,215**
Segment profit	**164,436** *(note)*	**4,650**	**832**	**169,918**	**–**	**169,918**
Other income						**31,502**
Central administrative costs						**(11,224)**
Finance costs						**(1,786)**
Share of profit of a joint venture						**4,077**
Profit before tax						**192,487**

Note: Segment profit of property investment and management division included increase in fair value of investment properties of HK$86,409,000.

Year ended 30 September 2013

	Property investment and management HK$'000	Trading of goods HK$'000	Securities investment HK$'000	Segment total HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE						
External	98,061	29,952	3,002	131,015	–	131,015
Inter-segment	1,531	–	–	1,531	(1,531)	–
	99,592	29,952	3,002	132,546	(1,531)	131,015
Segment profit	219,248 *(note)*	3,416	5,438	228,102	–	228,102
Other income						20,092
Central administrative costs						(11,012)
Finance costs						(1,262)
Share of profit of a joint venture						1,942
Profit before tax						237,862

Note: Segment profit of property investment and management division included increase in fair value of investment properties of HK$143,361,000.

Inter-segment revenue is charged at mutually agreed terms.

Segment profit represents the profit earned by each segment without allocation of certain other income (mainly including interest income and dividend income from available-for-sale investment), central administrative costs, finance costs, share of profit of a joint venture 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 regularly 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:

Year ended 30 September 2014

	Property investment and management *HK$'000*	**Trading of goods** *HK$'000*	**Securities investment** *HK$'000*
Depreciation	**653**	**73**	**–**
Loss on disposal of property, plant and equipment	**9**	**–**	**–**
Decrease in fair value of investments held for trading	**–**	**–**	**2,165**

Year ended 30 September 2013

	Property investment and management *HK$'000*	Trading of goods *HK$'000*	Securities investment *HK$'000*
Depreciation	693	95	–
Gain on disposal of property, plant and equipment	(164)	–	–
Increase in fair value of investments held for trading	–	–	(2,464)

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

The amounts represent interest on bank loans wholly repayable within five years.

5. PROFIT BEFORE TAX

	2014	2013
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging (crediting):		
Auditor's remuneration	**875**	857
Loss (gain) on disposal of property, plant and equipment	**9**	(164)
Depreciation on property, plant and equipment	**1,185**	1,517
Staff costs (including directors' emoluments)	**17,843**	17,276
Imputed interest income on amount due from a joint venture	**(4,185)**	(4,184)
Bank interest income	**(2,548)**	(1,237)
Foreign exchange gain, net	**(867)**	(1,011)
Dividend income from an investee company classified as an available-for-sale investment	**(23,056)**	(14,022)
Gross rental income	**(94,028)**	(93,338)
Less: Direct operating expenses arising from investment properties that generated rental income during the year	**9,777**	11,613
	(84,251)	(81,725)

6. INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
The income tax expense comprises:		
Company and subsidiaries		
Hong Kong Profits Tax:		
– Current tax	**8,632**	8,580
– (Over) under provision in prior year	**(78)**	205
	8,554	8,785
Deferred tax charge	**4,705**	4,825
	13,259	13,610

7. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Dividend recognised as distributions during the year:		
Final dividend for the year ended 30 September 2013 of HK21 cents per ordinary share (2013: for the year ended 30 September 2012 of HK20 cents per ordinary share)	**23,138**	22,036
Interim dividend for the year ended 30 September 2014 of HK4 cents per ordinary share (2013: for the year ended 30 September 2013 of HK4 cents per ordinary share)	**4,407**	4,407
	27,545	26,443
Dividend proposed:		
Final dividend for the year ended 30 September 2014 of HK23 cents per ordinary share (2013: for the year ended 30 September 2013 of HK21 cents per ordinary share)	**25,341**	23,138

The final dividend of HK23 cents (2013: HK21 cents) per share has been proposed by the Board of 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$178,001,000 (2013: HK$223,489,000) and on 110,179,385 (2013: 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. INCREASE IN FAIR VALUE OF INVESTMENT PROPERTIES

An analysis of the increase in fair value of investment properties is set out below:

	2014	2013
	HK$'000	*HK$'000*
Properties located in Hong Kong:		
Residential	**23,094**	50,844
Commercial	**32,934**	60,217
Industrial	**11,500**	12,000
Properties located in the PRC:		
Residential	**18,881**	20,300
	86,409	143,361

In estimating the fair value of investment properties, it is the Group's policy to engage third party qualified external valuer to perform the valuation. The management works closely with the qualified external valuer to establish the appropriate valuation technique and inputs to the model.

The Group's investment properties at 30 September 2014 and 30 September 2013 are stated at fair value which has been arrived at on the basis of a valuation carried out as at those dates by DTZ Debenham Tie Leung Limited, which is a firm of independent firm of professional valuers not connected to the Group, a member of the Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

10. 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.

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**2,140**	2,167
Other receivables	**4,090**	3,271
Total trade and other receivables	**6,230**	5,438

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

	2014	2013
	HK$'000	*HK$'000*
0 - 30 days	**1,697**	1,889
31 - 60 days	**113**	53
61 - 90 days	**45**	170
Over 90 days	**285**	55
	2,140	2,167

11. 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 periods:

	2014	2013
	HK$'000	*HK$'000*
0 - 30 days	**1,980**	1,235
31 - 60 days	**36**	44
61 - 90 days	**741**	149
Over 90 days	**21**	607
	2,778	2,035
Other payables	**11,428**	11,095
Renovation fee payable	**2,497**	5,330
Retention payable	**127**	2,344
Deposit received for sale of goods	**532**	559
	17,362	21,363

12. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Authorised		
At 1 October 2012 and 30 September 2013		
– Ordinary shares of HK$1 each	200,000,000	200,000
At 30 September 2014	Note	Note
Issued and fully paid		
At 1 October 2012 and 30 September 2013		
– Ordinary shares of HK$1 each	110,179,385	110,179
Transfer from share premium upon abolition of par value	–	35,955
At 30 September 2014		
– Ordinary shares with no par value	110,179,385	146,134

Note: Under the Hong Kong Companies Ordinance (Cap. 622) with effect from 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of this transition.

DIVIDEND

The Board has recommended the payment of a final dividend of HK23 cents per share to shareholders whose names appear on the Register of Members of the Company (the "Register of Members") on Tuesday, 6 January 2015. This proposed pay-out, together with the interim dividend of HK4 cents per share paid on 7 July 2014, would give a total dividend of HK27 cents per share for the whole financial year (2013: HK25 cents). Upon approval at the Annual General Meeting of the Company to be held on Monday, 22 December 2014 (the "Annual General Meeting"), it is expected that the final dividend would be paid to the shareholders on Tuesday, 13 January 2015.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The Annual General Meeting is scheduled to be held on Monday, 22 December 2014. For determining the entitlement to attend and vote at the Annual General Meeting, the Register of Members will be closed from Thursday, 18 December 2014 to Monday, 22 December 2014 (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 share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 17 December 2014.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 30 September 2014 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 Friday, 2 January 2015 to Tuesday, 6 January 2015 (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 share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 31 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the year

The consolidated net profit of the Group after taxation and minority interests for the year ended 30 September 2014 was HK$178.0 million, as compared to HK$223.5 million in the previous year. Such profit took into account the following major non-operating items:

- A revaluation surplus of HK$86.4 million (2013: HK$143.4 million) on investment properties;
- A unrealized loss of HK$2.2 million (2013: surplus of HK$2.5 million) on listed securities investments; and
- Share of profit of a joint venture of HK$4.1 million (2013: HK$1.9 million).

If those items and their net taxation expense of HK$3.8 million (2013: HK$4.1 million) were to be excluded, the operating net profit after taxation for the year would have been HK$93.5 million (2013: HK$79.8 million), representing an increase of 17.2% from previous year. The increase is mainly attributable to a higher dividend income from the Group's unlisted investment.

BUSINESS REVIEW

A. Hong Kong

Rental income from investment properties in Hong Kong, from which came the major portion of the Group's operating profit, was similar to that of the preceding year. The rental income from the Group's residential properties was slightly less than that of last year. This was due to the trend of reduction in housing allowance for expatriate employees, many of whom were the tenants and potential tenants of the Group's residential properties. However, rental income from the Group's office and industrial properties had shown a moderate increase which was in line with local inflation.

Renovation for one of the Group's residential properties on Headland Road was completed in the fourth quarter of the financial year under review. This property has been released in the rental market.

Refurbishment of the exterior wall of the Group's office building on Lockhart Road has completed. Effective project management managed to minimize the adverse effect of the external work on the occupancy of the property.

Elephant Holdings Limited had recorded a moderate improvement in sales revenue during the financial 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) – Frequent unforeseen policy changes of various government departments governing this development project caused considerable delay in various stages of the development work. Approval of the building plan for the proposed office tower in Phase II and granting of Certificates of Compliance for the commercial podium of Phase III have been delayed. There has been on-going liaison with these government departments to obtain the necessary approvals and Certificates. Construction work of the office tower in Phase II can only proceed upon approval of the building plan, and the commercial podium of Phase III can be released to the market after issuance of the Certificates of Compliance.

Residential units in Vivaldi Court of Manhattan Garden, Chao Yang District, Beijing – Interior renovation work has been carried out to upgrade the Group's properties in this project, and there had been an improvement in rental revenue comparing to that of the previous financial year.

PROSPECTS

The current "Occupy Central Movement" has had adverse effects on consumer spending hence sectors of retail business. If the crisis is not resolved soon, such adverse effects may take toll on the stock and property markets and the economy as a whole, which, in turn, may affect foreign investments in Hong Kong. If the property market suffers a downturn, the Group's rental income will reduce naturally and, in particular, because the Group's residential properties have their catchments substantially on expatriate executives, reduction of foreign investments in Hong Kong can lead to a certain drop in the Group's residential rental revenue.

In spite of the above, the Group continues to uphold its policy to upgrade its property holdings on a continuous basis to maintain their competitiveness in the rental market. Separately, the Group continues to look for new investment opportunities with a cautious attitude.

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 2014 were HK$4,247.4 million (2013: HK$4,099.2 million).

At 30 September 2014, the Group's total bank balances and cash amounted to HK$151.5 million (2013: HK$118.9 million), of which over 10% (2013: 22%) was denominated in Hong Kong dollars, and 89% (2013: 69%) was denominated in Renminbi. The Group's foreign exchange exposure was not significant given its large asset base and operational cash flow primarily denominated in Hong Kong dollars.

At 30 September 2014, the Group's total borrowings, which were all denominated in Hong Kong dollars, were HK$85.0 million (2013: HK$70.0 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:

	2014 ***HK$ Million***	2013 *HK$ Million*
Repayable:		
Within one year	**15.0**	–
After one year but within two years	**70.0**	–
After two years but within five years	**–**	70.0
	85.0	70.0

The Group's bank loan of HK$15.0 million drawn in January 2014 is a monthly revolving loan and classified under current liabilities. The Group's bank term loan of HK$70.0 million (that is repayable after one year but within two years after 30 September 2014 but contains a repayment on demand clause) is classified under current liabilities. Both bank loans carry interest at HIBOR plus a margin.

At 30 September 2014, the Group had undrawn banking facilities of HK$305.0 million which will provide adequate funding for the Group's operational and capital expenditure requirement.

Gearing and charge on assets

At 30 September 2014, the debt to equity ratio, based on the Group's total borrowings of HK$85.0 million and the Shareholders' funds of HK$4,247.4 million, was 2.0%, as compared with 1.7% on 30 September 2013.

At 30 September 2014, investment properties and properties for own use of the Group with an aggregate carrying value of HK$3,782.6 million and HK$2.9 million respectively were pledged to banks to secure the general banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

On 30 September 2014, the Group had 95 employees. The staff remuneration including directors' emoluments and other employee expenses for the year ended 30 September 2014 amounted to approximately HK$17.8 million (2013: HK$17.3 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.

The Group recognises the importance of maintaining a stable staff force for its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with the industry practice. Other benefits including free hospitalisation insurance plan, subsidised medical care and training programmes are offered to eligible employees.

CORPORATE GOVERNANCE

Throughout the year ended 30 September 2014, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange" and the "Listing Rules", respectively), save for the following:

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. Although Mr. Wong Tat Chang, Abraham holds both the positions of 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 the roles of Chairman and Managing Director, are necessary.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 30 September 2014, the Company did not redeem any of its shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such shares.

REVIEW OF ANNUAL RESULTS

The Company's Audit Committee comprises all the three Independent Non-executive Directors of the Company. The Audit Committee has reviewed with the management the Group's consolidated financial statements for the year ended 30 September 2014, including the accounting principles and practices adopted by the Group. It has also considered selected accounting, internal control and financial reporting matters of the Group, in conjunction with the Company's external auditor.

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

Hong Kong, 11 November 2014

As at the date of this announcement, the Board 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.