POKFULAM DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 225)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

HIGHLIGHTS

	2017	2016	Change
	HK$ Million	*HK$ Million*	
Revenue	**142.0**	146.5	-3%
Operating profit after taxation and non-controlling interests	**92.1**	94.9	-3%
Investment properties revaluation*	**320.0**	166.2	+93%
Listed securities investments revaluation*	**9.8**	(1.2)	N/A
Share of losses of joint ventures	**(2.0)**	(0.9)	+122%
Profit attributable to owners of the Company	**419.9**	259.0	+62%
Earnings per share	**HK$3.81**	HK$2.35	+62%
Proposed final dividend per share	**HK$0.30**	HK$0.25	+20%
Full financial year dividend per share	**HK$0.34**	HK$0.29	+17%

* *Including taxation effect*

The board of directors of Pokfulam Development Company Limited (the "Company" and the "Board", respectively) is pleased to announce that the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 September 2017 together with the comparative figures for 2016 are as follows:–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2017

		2017	2016
	NOTES	***HK$'000***	*HK$'000*
Revenue	*3*	**141,962**	146,515
Cost of goods sold		**(17,234)**	(21,639)
Cost of rental and other operations		**(30,838)**	(28,913)
		93,890	95,963
Other income and gains		**25,797**	32,743
Other expense and losses		**–**	(6,134)
Selling and marketing expenses		**(1,588)**	(1,743)
Administrative expenses		**(12,493)**	(13,259)
Finance costs	*4*	**(1,706)**	(2,087)
Profit before changes in fair value of investments held for trading and investment properties		**103,900**	105,483
Increase (decrease) in fair value of investments held for trading		**10,033**	(1,514)
Increase in fair value of investment properties	*9*	**323,934**	169,850
		437,867	273,819
Share of losses of joint ventures		**(1,963)**	(861)
Profit before tax	*5*	**435,904**	272,958
Income tax expense	*6*	**(15,483)**	(13,268)
Profit for the year		**420,421**	259,690

	NOTES	2017 HK$'000	2016 HK$'000
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**1,022**	(1,874)
Exchange gain (loss) arising from long term advances to a joint venture		**516**	(2,191)
		1,538	(4,065)
Total comprehensive income for the year		**421,959**	255,625
Profit for the year attributable to:			
Owners of the Company		**419,883**	259,012
Non-controlling interests		**538**	678
		420,421	259,690
Total comprehensive income for the year attributable to:			
Owners of the Company		**421,421**	254,947
Non-controlling interests		**538**	678
		421,959	255,625
		HK$	*HK$*
Earnings per share – basic	8	**3.81**	2.35
		HK$	*HK$*
Proposed final dividend per share	7	**0.30**	0.25

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As 30 September 2017

	NOTES	**2017** **HK$'000**	2016 *HK$'000*
Non-current Assets			
Investment properties	*9*	**4,651,170**	4,327,154
Property, plant and equipment		**4,801**	4,911
Interests in joint ventures		**21,018**	14,551
Amount due from a joint venture		**132,364**	146,329
Deposits and prepayments		**1,944**	–
Available-for-sale investment		**8,000**	8,000
		4,819,297	4,500,945
Current Assets			
Inventories		**5,415**	8,089
Investments held for trading		**43,814**	42,981
Loan to a joint venture		**14,422**	12,201
Trade and other receivables	*10*	**8,192**	12,186
Deposits and prepayments		**11,013**	5,117
Bank balances and cash		**245,093**	199,873
		327,949	280,447
Current Liabilities			
Trade and other payables	*11*	**22,175**	22,439
Amount due to a joint venture		**206**	–
Rental and management fee deposits		**25,302**	25,391
Provision for taxation		**12,978**	10,386
Bank loan, secured		**40,000**	70,000
		100,661	128,216
Net Current Assets		**227,288**	152,231
Total Assets less Current Liabilities		**5,046,585**	4,653,176
Capital and Reserves			
Share capital	*12*	**146,134**	146,134
Reserves		**4,854,121**	4,464,652
Equity attributable to owners of the Company		**5,000,255**	4,610,786
Non-controlling interests		**7,549**	8,692
Total Equity		**5,007,804**	4,619,478
Non-current Liability			
Deferred taxation		**38,781**	33,698
		5,046,585	4,653,176

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1. BASIS OF PREPARATION

The consolidated financial statements for the year ended 30 September 2017 (the "**Consolidated Financial Statements**") have been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). 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 "**Stock Exchange**" and the "**Listing Rules**", respectively, and by the Hong Kong Companies Ordinance (the "**Companies Ordinance**").

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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, 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 Hong Kong Accounting Standard ("**HKAS**") 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial information relating to the years ended 30 September 2017 and 2016 included in this announcement does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 30 September 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 30 September 2017 in due course.

The Company's independent auditor has reported on the financial statements of the Group for both years. The independent auditor's reports were unqualified; did not include a reference to any matters to which the independent auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs and HKASs issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants

The application of the amendments to HKFRSs and HKASs in the current year has had no material impact on the Group's financial performance and positions for the current year and prior period set out in these financial statements.

New and amendments to HKFRSs and interpretations in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments[2]
HKFRS 16	Leases[4]
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration[2]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[4]
Amendments to HKAS 7	Disclosure Initiative[5]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[5]
Amendments to HKAS 40	Transfer of Investment Property[2]

[1] Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

[2] Effective for annual periods beginning on or after 1 January 2018

[3] Effective for annual periods beginning on or after a date to be determined

[4] Effective for annual periods beginning on or after 1 January 2019

[5] Effective for annual periods beginning on or after 1 January 2017

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value 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.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 30 September 2017, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

HKFRS 15 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 October 2018 and the application of HKFRS 15 may result in more disclosures, however, it is not expected to have a significant impact on amounts reported in the consolidated financial statements based on the assessment on the existing contracts with customers after taking into account the above core principle.

Amendments to HKAS 7 *Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities; specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

Except as described above, the directors of the Company (the "**Directors**") do not anticipate that the application of the other new and amendments to HKFRSs and interpretations will have a material effect on the amounts recognised in the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

	2017 HK$'000	2016 HK$'000
Property rentals and building management fees	**111,332**	111,791
Sale of goods	**28,541**	33,146
Dividend income from investments held for trading	**2,089**	1,578
	141,962	146,515

The Group's operating segments based on information reported to the chief operating decision maker (managing director) (the "**CODM**") 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(s):

Year ended 30 September 2017

	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	111,332	28,541	2,089	141,962	–	141,962
Inter-segment	1,674	113	–	1,787	(1,787)	–
	113,006	28,654	2,089	143,749	(1,787)	141,962
Segment profit *(Note)*	412,085	3,090	12,112	427,287	–	427,287
Other income and gains						24,153
Central administrative costs						(11,867)
Finance costs						(1,706)
Share of losses of joint ventures						(1,963)
Profit before tax						435,904

Note: Segment profit of property investment and management division included an increase in fair value of investment properties of HK$323,934,000.

Year ended 30 September 2016

	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	111,791	33,146	1,578	146,515	–	146,515
Inter-segment	1,632	273	–	1,905	(1,905)	–
	113,423	33,419	1,578	148,420	(1,905)	146,515
Segment profit *(Note)*	260,246	2,815	86	263,147	–	263,147
Other income and gains						31,355
Other expense and losses						(6,134)
Central administrative costs						(12,462)
Finance costs						(2,087)
Share of loss of a joint venture						(861)
Profit before tax						272,958

Note: Segment profit of property investment and management division included an increase in fair value of investment properties of HK$169,850,000.

Inter-segment revenue is charged at mutually agreed terms.

Segment profit represents the profit earned by each segment without allocation of certain other income and gains (mainly including interest income and dividend income from available-for-sale investment), other expense and losses, central administrative costs, finance costs and share of losses of joint ventures. This is the measure reported to the CODM 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 CODM in the resource allocation and assessment of performance processes.

Other segment information

Amounts included in the measure of segment profit:

Year ended 30 September 2017

	Property investment and management *HK$'000*	**Trading of goods** *HK$'000*	**Securities investment** *HK$'000*
Depreciation	**443**	**47**	**–**
Loss on disposal of property, plant and equipment	**5**	**–**	**–**
Increase in fair value of investments held for trading	**–**	**–**	**(10,033)**

Year ended 30 September 2016

	Property investment and management *HK$'000*	Trading of goods *HK$'000*	Securities investment *HK$'000*
Depreciation	607	79	–
Gain on disposal of property, plant and equipment	(175)	–	–
Decrease in fair value of investments held for trading	–	–	1,514

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 segment information 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 amount represents interest on a bank loan for both years.

5. PROFIT BEFORE TAX

	2017	2016
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging (crediting):		
Auditor's remuneration	**948**	904
Loss (gain) on disposal of property, plant and equipment	**5**	(175)
Depreciation on property, plant and equipment	**790**	943
Staff costs (including Directors' emoluments)	**19,925**	19,281
Imputed interest income on amount due from a joint venture	**(5,312)**	(4,603)
Interest income from loan to a joint venture	**(2,096)**	(2,064)
Bank interest income	**(1,517)**	(1,510)
Foreign exchange (gain) loss, net	**(1,049)**	6,134
Dividend income from an investee company classified as an available-for-sale investment	**(13,333)**	(22,331)
Gross rental income	**(102,754)**	(102,461)
Less: Direct operating expenses arising from investment properties that generated rental income during the year	**10,235**	9,735
	(92,519)	(92,726)

6. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
The income tax expense comprises:		
Company and subsidiaries		
Hong Kong Profits Tax:		
– Current tax	**10,605**	9,419
– Overprovision in prior year	**(205)**	(563)
	10,400	8,856
Deferred tax charge	**5,083**	4,412
	15,483	13,268

7. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Dividend recognised as distributions during the year:		
Final dividend for the year ended 30 September 2016 of HK25 cents per ordinary share (2016: for the year ended 30 September 2015 of HK23 cents per ordinary share)	**27,545**	25,341
Interim dividend for the year ended 30 September 2017 of HK4 cents per ordinary share (2016: for the year ended 30 September 2016 of HK4 cents per ordinary share)	**4,407**	4,407
	31,952	29,748
Dividend proposed:		
Final dividend for the year ended 30 September 2017 of HK30 cents per ordinary share (2016: for the year ended 30 September 2016 of HK25 cents per ordinary share)	**33,054**	27,545

The final dividend of HK30 cents (2016: HK25 cents) per share has been proposed by the Board and is subject to approval by the shareholders of the Company (the "**Shareholders**") at 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$419,883,000 (2016: HK$259,012,000) and on 110,179,385 (2016: 110,179,385) ordinary shares in issue during the year.

There were 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:

	2017	2016
	HK$'000	*HK$'000*
Properties located in Hong Kong:		
Residential	**226,000**	122,785
Commercial	**81,638**	37,430
Industrial	**10,450**	7,500
Properties located in the People's Republic of China (the "**PRC**"):		
Residential	**5,846**	2,135
	323,934	169,850

In estimating the fair value of investment properties, it is the Group's policy to engage independent 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 2017 and 30 September 2016 were stated at fair value which had been arrived at on the basis of a valuation carried out as at those dates by Cushman & Wakefield Limited, which is a firm of independent professional valuers not connected with 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.

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**4,300**	4,470
Other receivables	**3,892**	7,716
Total trade and other receivables	**8,192**	12,186

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

	2017	2016
	HK$'000	*HK$'000*
0 - 30 days	**2,513**	4,019
31 - 60 days	**300**	64
61 - 90 days	**246**	63
Over 90 days	**1,241**	324
	4,300	4,470

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:

	2017	2016
	HK$'000	*HK$'000*
0 - 30 days	**2,949**	2,347
31 - 60 days	**1,998**	504
61 - 90 days	**71**	32
Over 90 days	**447**	97
	5,465	2,980
Other payables	**15,424**	17,283
Renovation fee and retention payable	**229**	763
Deposits received for sale of goods	**1,057**	1,413
	22,175	22,439

12. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Issued and fully paid		
At 1 October 2015, 30 September 2016 and 30 September 2017		
– Ordinary shares with no par value	**110,179,385**	**146,134**

DIVIDEND

The Board has recommended the payment of a final dividend of HK30 cents per share in respect of the year ended 30 September 2017 (the "Final Dividend") to the Shareholders whose names appear on the register of members of the Company (the "Register of Members") on Friday, 12 January 2018. This proposed pay-out, together with the interim dividend of HK4 cents per share paid on 6 July 2017, would give a total dividend of HK34 cents per share for the whole financial year (2016: HK29 cents). Subject to the Shareholders' approval at the annual general meeting of the Company to be held on Friday, 29 December 2017 (the "Annual General Meeting"), it is expected that the final dividend would be paid to the Shareholders on Friday, 19 January 2018.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The Annual General Meeting is scheduled to be held on Friday, 29 December 2017. For determining the Shareholders' entitlement to attend and vote at the forthcoming Annual General Meeting, the Register of Members will be closed from Friday, 22 December 2017 to Friday, 29 December 2017 (both days inclusive), during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the forthcoming Annual General Meeting, non-registered Shareholders must lodge all transfer documents accompanied by the relevant share certificates 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 Thursday, 21 December 2017.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed Final Dividend for the year ended 30 September 2017 is subject to the approval by the Shareholders at the forthcoming Annual General Meeting. For determining the Shareholders' entitlement to the proposed Final Dividend, the Register of Members will be closed from Wednesday, 10 January 2018 to Friday, 12 January 2018 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the Final Dividend, non-registered Shareholders must lodge all transfer documents accompanied by the relevant share certificates 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 Tuesday, 9 January 2018.

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 2017 was HK$419.9 million, as compared to HK$259.0 million in the previous year. Such profit took into account the following major non-operating items:

- A revaluation surplus of HK$323.9 million (2016: HK$169.9 million) on investment properties;

- A revaluation gain of HK$10.0 million (2016: loss of HK$1.5 million) on listed securities investments; and

- Share of losses of joint ventures of HK$2.0 million (2016: HK$0.9 million).

If those items and their net taxation expenses of HK$4.1 million (2016: HK$3.4 million) were excluded, the operating net profit after taxation for the year would have been HK$92.1 million (2016: HK$94.9 million), representing a decrease of 3% from the previous year.

BUSINESS REVIEW

A. Hong Kong

Rental income from investment properties in Hong Kong, from which the major portion of the Group's operating profit was derived, was similar to that of last year.

Rental revenue from the Group's Hong Kong residential properties showed a slight decrease of 1.7%. The decrease was mainly attributable to the increase in vacancy of the Group's residential properties in Scenic Villas and Shiu Fai Terrace since the beginning of 2017. This is a general reflection of the local economic situation and the subsequent reduction in employment of expats who constitute a major portion of our tenants. Rental income from the Group's office and industrial properties had shown a 3.9% increase, which was in line with the local segment trend and was attributable to the limited increase in supply of office space in the Wanchai area in which the Group's office building is located.

Elephant Holdings Limited (EHL), a subsidiary of the Group, had recorded a 14.3% decrease in revenue as compared to that of last year. This was due to keen competition in the sector of Public Address / CCTV Security / Audio visual system engineering, which is one of EHL's fields of specialty, and was a general reflection of the slowness of that business sector. In spite of the sales decline, EHL continued to contribute profit to the Group.

B. Property Projects in Mainland China

Silver Gain Plaza in Guangzhou (in which the Group has a one-third interest) – Our Group's investment in this Project is through a Joint Venture Company, Silver Gain Development Limited (銀利發展有限公司) ("**Joint Venture Company**"). The three shareholders of the Joint Venture Company are Dynabest Development Inc. (one of our wholly-owned subsidiaries), Property Trust Guangzhou Investments Limited and Million Global Limited, with each holding one-third of the issued shares of the Joint Venture Company. The Joint Venture Company is the sole foreign investor of Guangzhou Garden Plaza Development Company Limited (廣州市東銀房地產有限公司) (the "**PRC Company**"). The PRC Company is a sino-foreign cooperative project company incorporated in China, and 廣州市東建實業集團有限公司 is the Chinese partner which contributed the land to this Project. The Joint Venture Company is principally engaged in the development of the commercial/residential complex ("**Silver Gain Plaza**") located on the land in Guangzhou through the PRC Company. Construction of the commercial podium in Phase III (the final phase) of this development project was completed recently. An unforeseen change in local government policy requires payment of additional land premium for the underground structure of this phase before the Certificate of Compliance can be issued. In order to satisfy such requirements, the PRC Company had tried to obtain funding from local commercial banks. Unfortunately, the funding proposal was not agreed by one of the shareholders of the Joint Venture Company. At this stage, the PRC Company is exploring various alternatives to obtaining the requisite funds. As soon as this issue is resolved, the property will be released to the market.

During the period under review, the Joint Venture has repaid part of the shareholders loans to the Group. The Group is closely monitoring the financial position of the Joint Venture and will demand further repayment of shareholder loans from the Joint Venture when surplus funds become available.

Residential units in Vivaldi Court of Manhattan Garden, Chao Yang District, Beijing – Rental revenue from this project had been steady comparing to that of last year.

PROSPECTS

In spite of the recent escalation in prices of the residential properties in new development projects in Hong Kong and record-setting prices achieved in the tenders and auction of government land, demand for rental of the Group's high-end residential properties and office space had not been strong since late 2016. This may be a reflection of the sluggishness in general economic conditions, especially in the service and consumer retail sector.

In order to uphold the competitiveness of the Group's property holdings in the leasing market, renovation and refurbishment programs have been carried out in some of the Group's properties. The premises on No. 4 Headland Road will undergo a major renovation which will involve internal re-partitioning of individual units and addition of modern amenities to meet market requirement. The building needs to be vacated to carry out the renovation work, and the relevant tenancies there will not be renewed upon lease expiration. The entire process will last more than a year. Renovation work to modernize the Group's office building in Wanchai is in progress. Some floors are being refurbished for co-work office space upon their lease expiration so as to enhance the rental value. The work is expected to be completed in the first half of 2018.

In view of the above, the overall rental income of the Group in the coming financial year will be less than that of the year under review.

The Group will also look for new investment opportunities with a cautious and prudent 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 2017 were HK$5,000.3 million (2016: HK$4,610.8 million).

As at 30 September 2017, the Group's total bank balances and cash amounted to HK$245.1 million (2016: HK$199.9 million), of which over 93% (2016: 92%) was denominated in Hong Kong dollars, and 6% (2016: 7%) was denominated in Renminbi. The foreign exchange exposure of the Group was not significant given that its large asset base and operational cash flow primarily were denominated in Hong Kong dollars.

As at 30 September 2017, the Group's total borrowing, which was denominated in Hong Kong dollars, was HK$40.0 million (2016: HK$70.0 million).

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

	2017	2016
	HK$ Million	*HK$ Million*
Repayable:		
Within one year	**–**	70.0
After one year but within two years	**–**	–
After two years but within five years	**40.0**	–
	40.0	70.0

The Group's bank term loan of HK$40.0 million (that is repayable after two years but within five years after 30 September 2017 and the relevant loan agreement contains a repayment on demand clause) is classified under current liabilities. The bank loan carries interest at Hong Kong Interbank Offer Rate (HIBOR) plus a margin.

As at 30 September 2017, the Group had undrawn banking facilities of HK$451.0 million which will provide adequate funding for the Group's operational and capital expenditure requirements.

Gearing and charge on assets

As at 30 September 2017, the debt to equity ratio, based on the Group's total borrowing of HK$40.0 million and the Shareholders' funds of HK$5,000.3 million, was 0.8% as compared with 1.5% as at 30 September 2016.

As at 30 September 2017, investment properties and properties for own use of the Group with an aggregate carrying value of HK$4,360.8 million and HK$2.5 million respectively were pledged to banks to secure the general banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group had 101 (2016: 100) employees. The staff remuneration including Directors' emoluments and other employee expenses for the year ended 30 September 2017 amounted to approximately HK$20.0 million (2016: HK$19.3 million). There has been no change in the employment and remuneration policies of the Group and the Group does not have any share option scheme for the employees.

The Group recognises the importance of maintaining a stable staff force for its continued success. Under the Group's existing policies, the 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 the 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 the eligible employees.

CORPORATE GOVERNANCE

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct for Directors' securities transactions. Following specific enquiries made by the Company on them, all the Directors confirmed that they had complied with the required standard as set out in the Model Code throughout the year ended 30 September 2017.

Compliance with the Corporate Governance Code

Throughout the year ended 30 September 2017, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, 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 is represented by Independent Non-executive Directors (the "INEDs"), 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 LISTED SECURITIES

During the year ended 30 September 2017, the Company did not redeem any of its shares listed and traded on the Main Board of the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such shares.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

There has been no occurrence of events that had a significant impact on the Group's operations, financial and trading prospects since 30 September 2017 and up to the date of this announcement.

REVIEW BY AUDIT COMMITTEE

The Company's audit committee (the "Audit Committee") comprises all the three INEDs, namely Mr. Li Kwok Sing, Aubrey (Chairman), Mdm. Lam Hsieh Lee Chin, Linda and Mr. Sit Hoi Wah, Kenneth. The Audit Committee has reviewed with the management the Group's audited consolidated financial statements for the year ended 30 September 2017, including the accounting principles and practices adopted by the Group. It has also considered selected accounting, internal control, risk management and financial reporting matters of the Group, in conjunction with the Company's external auditor.

By order of the Board
Pokfulam Development Company Limited
Wong Tat Chang, Abraham
Chairman, Managing Director
and Executive Director

Hong Kong, 23 November 2017

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 INEDs.