



博富臨置業有限公司

Pokfulam Development Company Limited

Stock Code : 225

Property Leasing | Management | Development



*Your Life,
Our Inspiration*



Interim Report

2023/2024





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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Wong Tat Chang, Abraham
(Chairman and Managing Director)
Wong Tat Kee, David
Wong Tat Sum, Samuel

Independent Non-executive Directors

Li Kwok Sing, Aubrey
Sit Hoi Wah, Kenneth
Seto Gin Chung, John

BOARD COMMITTEES

Audit Committee

Li Kwok Sing, Aubrey *(Chairman)*
Sit Hoi Wah, Kenneth
Seto Gin Chung, John

Remuneration Committee

Sit Hoi Wah, Kenneth *(Chairman)*
Wong Tat Chang, Abraham
Li Kwok Sing, Aubrey

Nomination Committee

Wong Tat Chang, Abraham *(Chairman)*
Li Kwok Sing, Aubrey
Sit Hoi Wah, Kenneth

AUTHORISED REPRESENTATIVES

Wong Tat Chang, Abraham
Hui Sui Yuen

COMPANY SECRETARY

Hui Sui Yuen

REGISTERED OFFICE

23rd Floor, Beverly House
93-107 Lockhart Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Bank of East Asia, Limited
The Hongkong and Shanghai Banking
Corporation Limited
OCBC Bank (Hong Kong) Limited
Bank of Communications Co., Ltd.
Industrial and Commercial Bank
of China (Asia) Limited

SOLICITORS

Howse Williams
Tony Kan & Co.
Huen & Partners, Solicitors

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong

WEBSITE

<https://www.pokfulam.com.hk>

SHARE INFORMATION

Place of Listing

Main Board of
The Stock Exchange of Hong Kong Limited

Stock Code

225

Board Lot

2,000 shares

CHAIRMAN'S STATEMENT

INTERIM RESULTS

The unaudited consolidated net loss of Pokfulam Development Company Limited (the "Company") and its subsidiaries (collectively, the "Group") after taxation and non-controlling interests for the six months ended 31 March 2024 (the "Period") was approximately HK\$218.4 million (2023: net profit of HK\$17.3 million).

Such results took into account the following major non-operating items:

- A revaluation deficit of approximately HK\$233.0 million (2023: HK\$2.3 million) on investment properties;
- Net revaluation loss of approximately HK\$1.0 million (2023: HK\$5.9 million) on securities investments and equity instruments;
- Share of losses of joint venture of approximately HK\$3.5 million (2023: HK\$3.0 million);
- Exchange gain on amount due from a joint venture of approximately HK\$0.8 million (2023: HK\$0.5 million); and
- Net provision for impairment losses in respect of expected credit losses on financial assets of approximately HK\$6.9 million (2023: HK\$6.1 million);

If the above items and their net taxation expense of approximately HK\$0.9 million (2023: HK\$0.5 million) were excluded, the Group would make an unaudited consolidated operating net profit after taxation and non-controlling interests of the Group for the Period of approximately HK\$26.1 million (2023: HK\$34.6 million).

INTERIM DIVIDEND

The board of directors of the Company (the "Directors" and the "Board", respectively) has resolved to declare an interim dividend of HK4 cents per ordinary share of the Company (the "Share") in respect of the first six months of the financial year ending 30 September 2024 (the "FY2024" and the "Interim Dividend", respectively) (2023: HK4 cents per Share) payable on Tuesday, 2 July 2024 to the Company's shareholders (the "Shareholders") whose names will appear on the register of members of the Company (the "Register of Members") on Friday, 21 June 2024.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

A. Hong Kong

Rental business –

Rental income from investment properties in Hong Kong, from which the major portion of the Group's operating profit was derived, was 0.1% higher than that of the same period last year.

Rental income from the Group's residential properties showed an increase of 2.3%. Expatriates constitute a good portion of the tenants for our residential property. The influx of overseas and Mainland China's talent attracted by the Government's talent schemes has been a major factor in driving demand.

On the other hand, rental income from the Group's commercial and industrial properties decreased by 4.2%. Compared to the same period of the previous year, there has been a decrease in the overall average office rent in Hong Kong. Hong Kong's economic recovery has been constrained by a number of factors, such as increase in interest rate, tightening monetary conditions, a decrease in global trade and rising geopolitical tensions.

Elephant Holdings Limited ("EHL") –

EHL is a provider of digital display and signage solutions, public address systems, CCTV security systems, audio-visual systems, and high-end high fidelity audio systems to both Government and private end-users.

The sales revenue of EHL witnessed a notable 34% increase in comparison to the same period of the previous year. This growth can be attributed to the gradual resumption of economic activities subsequent to the impact of the COVID-19 pandemic.

For the Period, EHL accounted for approximately 24% of the Group's total revenue.

Property-related Fund Investment –

In order to broaden and enhance its portfolio of real estate investments, the Group has undertaken a subscription for participation in a third-party property investment fund known as the "TKO Fund" with a capital commitment of HK\$39.0 million in October of 2018. The TKO Fund's objective is to engage in co-investment with an institutional investor in three properties situated in Tseung Kwan O, which collectively encompass approximately 300,000 sq. ft. of retail and car parking space. The fund's investment in these properties is expected to have a holding period of approximately five years from its acquisition at the end of March 2019, subject to prevailing market conditions. Depending on the property market situation in the following year, the holding period may be extended for an additional year. As of 31 March 2024, the Group has already contributed HK\$34.9 million in capital to the TKO Fund. On the same date, our investment in the TKO Fund was valued at HK\$41.1 million.

The Group maintains a portfolio of stocks and other investment products that yield a high return. The Group employs the following criteria when evaluating investment and trading opportunities: 1. The potential for return on investment, considering both capital appreciation and dividend payment, for the intended holding period. 2. The level of risk exposure, taking into account the Group's risk tolerance at the current time. 3. The diversification of the current investment portfolio.

CHAIRMAN'S STATEMENT

Other Fund Investments –

Adams Street Private Income Fund LP

The Group has subscribed to invest in a private equity fund, specifically the Adams Street Private Income Fund LP (referred to as the “Adams Fund”). The primary objective of the Adams Fund is to generate current income and attractive risk-adjusted returns while providing strong protection against potential losses. The Adams Fund primarily invests in senior secured debt instruments of middle-market companies that are backed by private equity, with a focus on directly originated 1st lien instruments. As of 31 March 2024, the Group has made a contribution of USD7.5 million to the Adams Fund. On the same date, our investment in the Adams Fund was valued at USD6.2 million. The Group has fulfilled its commitment to contribute fully to the Adams Fund.

Hundreds SH Fund LP

The Hundreds SH Fund LP, referred to as the “Hundreds Fund,” is a limited partnership incorporated in the Cayman Islands. Its primary focus is on fund management. The investment objective of the Hundreds Fund is to achieve long-term capital gains through investments in private or public companies that are centered around emerging technologies or online businesses in the People’s Republic of China. The primary investment strategy of the Hundreds Fund is to gain exposure to these companies by primarily investing in the Tencent Plus Partners II Fund (referred to as “TPP II”). TPP II principally invests in late stage growth companies that are engaged in consumer internet verticals related to Tencent’s business, technology, media and telecom, as well as business-to-business e-commerce sectors.

The Group has committed to investing USD2.0 million in the Hundreds Fund. As of 31 March 2024, the Group has contributed USD0.9 million to the Hundreds Fund, and the value of our investment in the Hundreds Fund as of 31 March 2024, was USD0.6 million.

Digital technology disruptions like AI and cloud are expected to offer investment opportunities in 2024, leading to improved market dynamics and valuations. TPP II is strategically deploying in key sectors as its investment period nears its end, with plans to accelerate capital deployment and make further calls in second half of 2024. TPP II is also monitoring the public market for opportunities to optimise returns through strategic exits.

B. Property Projects in Mainland China

Silver Gain Plaza in Guangzhou (in which the Group has a one-third interest) –

The three shareholders of Silver Gain Development Limited (銀利發展有限公司) (the “Joint Venture Company”) had agreed to realise the accumulated profit generated from this Project by disposing of their shares of equity interests in the Joint Venture Company (the “Disposal”), and the Disposal has to go through an open tendering process through the United Assets and Equity Exchange in Shanghai. The tendering period ended in 2023, and no sales and purchase agreement has been entered into as at 31 March 2024.

Residential units in Vivaldi Court of Manhattan Garden, Chao Yang District, Beijing –

The rental income of this project showed a decrease of 5.2% in comparison to that of the same period last year.

CHAIRMAN'S STATEMENT

C. Finance cost

The sum totalled approximately HK\$11.5 million, signifying an increase of HK\$3.7 million compared to the same period of the previous year. The surge in finance expenses could be attributed to the higher interest rates throughout the Period compared with the same period of last year.

D. Fair value change of Investment properties

The valuation of investment properties across all sectors of the Group experienced a decline of 5.9% with a total amount of approximately HK\$233.0 million, based on both the transaction price and rental yield.

PROSPECTS

Bolstered by the Government initiatives devised to attract overseas and Mainland China's talent, the residential rental market in Hong Kong has undergone a gradual recovery over the past six months; this is evident as both the number of enquiries and occupancy in the Group's residential properties showed encouraging gains over the same period. Corresponding rental income, however, only grew modestly as the global economy remains hampered by high interest rates, geopolitical tensions and two ongoing hot wars.

Meanwhile, Hong Kong's office rental market continues to be plagued by weak demand and over-supply. Grade-A office buildings are particularly affected, as vacancy rates rose across all sub-districts in 2023; this in turn poses significant downward pressure on rental rates, as the city's total office rental income declined by 7.5% in 2023. Thankfully, the Group has been able to maintain an occupancy rate of above 90% at its office building over the last two quarters, while only experiencing a minor decrease in corresponding income. Conveniently located next to the Wan Chai MTR station, the Beverly House serves as an attractive option for businesses looking to rent conveniently located offices at affordable price points.

Going into the second half of FY2024, the Group's operations shall be underlined by three key objectives: 1) sustain high occupancy by maintaining a proactive and flexible approach towards the pricing of leases; 2) identify opportunities to upgrade and enhance the appeal of rental properties and; 3) seek above-market return opportunities in the financial markets to offset increased interest costs. With that said, we expect the residential rental market to continue gaining momentum due to additional demand from new comers. We also foresee an uptick in our office rental performance as companies from Mainland China are showing a growing interest in small and medium-sized office. All in all, we are cautiously optimistic about the Group's short- and medium-term prospects.

Last but not least, I would like to take the opportunity to thank our Board and staff members for their dedication and hard work. I would also like to express my gratitude to the Shareholders for their continued support.

Wong Tat Chang, Abraham
Chairman and Managing Director

Hong Kong, 27 May 2024

GENERAL AND CORPORATE GOVERNANCE INFORMATION

FINANCIAL REVIEW

Liquidity and financial resources

Shareholders' funds as at 31 March 2024 were HK\$4,995.4 million (30 September 2023: HK\$5,250.3 million).

As at 31 March 2024, the Group's total time deposits, bank balances and cash amounted to HK\$85.3 million (30 September 2023: HK\$100.5 million), of which over 43% (30 September 2023: 49%) was denominated in Hong Kong dollar ("HK\$"), 40% (30 September 2023: 36%) was denominated in United States dollar ("US\$") and 16% (30 September 2023: 14%) was denominated in Renminbi. As at 31 March 2024, a portion of the Group's securities investments with a total value of HK\$58.2 million (30 September 2023: HK\$50.3 million) was denominated in US\$. The foreign exchange exposure of the Group was not significant given that its large asset base and operational cash flow were denominated primarily in HK\$ and the HK\$ is pegged to US\$.

As at 31 March 2024, the Group's total borrowings, which were denominated in HK\$, were HK\$396.3 million (30 September 2023: HK\$384.4 million).

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

	31.3.2024	30.9.2023
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Repayable:		
Within one year	207.4	192.8
After one year but within two years	5.5	5.4
After two years but within five years	171.0	173.1
After five years	12.4	13.1
	<hr/>	<hr/>
	396.3	384.4
	<hr/>	<hr/>

The Group's bank loans of HK\$192.5 million are 1-month revolving loans and classified under current liabilities.

The Group's bank overdraft of HK\$9.5 million. The Group's bank term loans of HK\$194.3 million, which contain a repayment on demand clause are classified under current liabilities.

The borrowings carry interest at the Hong Kong Interbank Offer Rate (HIBOR) plus a margin.

As at 31 March 2024, the Group had unutilised banking facilities of approximately HK\$1,286.0 million, which will provide adequate funding for the Group's operational and capital expenditure requirements.

GENERAL AND CORPORATE GOVERNANCE INFORMATION

Gearing and charge on assets

As at 31 March 2024, the debt to equity ratio, based on the Group's total borrowings of HK\$396.3 million and the consolidated equity attributable to owners of the Company of approximately HK\$4,995.4 million, was 7.9%, as compared with 7.3% as at 30 September 2023.

As at 31 March 2024, (i) investment properties of the Group with a total carrying amount of approximately HK\$4,769.5 million (as at 30 September 2023: approximately HK\$4,972.6 million); and (ii) ownership interests in leasehold land held for own use and building of the Group with a total carrying amount of approximately HK\$1.8 million (as at 30 September 2023: approximately HK\$1.9 million) were pledged to banks to secure the general banking facilities granted to the Group.

Treasury Policies

During the Period, there were no significant changes in the Group's treasury policies.

The principal investment objectives of the Company are to seek capital appreciation with a view to enhancing the application of the Group's surplus funds in accordance with our policies for financial investments and for hedging purpose. For short-term cash investments with horizon of not more than one year, the surplus cash is intended to place as time deposits in licensed banks in Hong Kong or investment in debt or similar financial instruments with a pre-determined minimum credit rating. Any other longer term investments made by the Group from its surplus funds are intended to be financial investments with horizon of over one year, with no fixed cut-off period for equities, and up to 7 years for debt instruments, private equity and private equity funds.

Commitments

Particulars of the Group's commitments are set out in note 16 to the condensed consolidated interim financial statements of the Company for the Period (the "Condensed Consolidated Interim Financial Statements").

Employees and Remuneration Policies

As at 31 March 2024, the Group had 119 employees (as at 30 September 2023: 113). The staff remuneration, including Directors' emoluments and other employee expenses for the Period amounted to approximately HK\$16.4 million (2023: HK\$16.7 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 (including the Directors).

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.

GENERAL AND CORPORATE GOVERNANCE INFORMATION

CONNECTED TRANSACTION

On 15 December 2022, Pokfulam Property Management Limited, a wholly-owned subsidiary of the Company, entered into a construction contract with B.L. Wong & Co., Ltd. (the "Contractor") to engage the Contractor to perform certain renovation works for an industrial building (the "Building") at a contract sum of HK\$4,688,000 (the "Contract Sum" and the "Construction Contract", respectively). The Building is situated at China Paint Building, No. 1163 Canton Road, No. 5B Arran Street, Mong Kok, Kowloon, Hong Kong and is partially owned by Metrocenter Holdings Limited, a wholly-owned subsidiary of the Company. The Contractor is beneficially owned by the Executive Directors in equal shares. Accordingly, the Contractor is an associate of the Executive Directors and a connected person of the Company pursuant to Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The Construction Contract, therefore, constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Contract Sum was more than 0.1% but less than 5%, the Construction Contract was subject to the reporting and announcement requirements but was exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Construction Contract was approved by the Board. In view of their interests in the Contractor, each of the Executive Directors was considered to have a material interest in the Construction Contract and, therefore, they abstained from voting at the meeting of the Board convened for considering and approving the Construction Contract. Further details regarding the Construction Contract were set out in the Company's announcement dated 15 December 2022.

Save as disclosed above, there were no discloseable non-exempted connected transaction or non-exempted continuing connected transaction of the Company under the Listing Rules during the Period and up to the date of this report. None of the "Related Party Transactions" as disclosed in note 19 to the Condensed Consolidated Interim Financial Statements constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules and the Company had complied with the relevant requirements of Chapters 14 and 14A of the Listing Rules during the Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate governance

Throughout the Period, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules, save for the following:

Code provision C.2.1 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 chairman of the Board (the "Chairman") and Managing Director, 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 (the "INEDs"), and corporate governance structure ensure effective oversight of management.

GENERAL AND CORPORATE GOVERNANCE INFORMATION

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.

The INEDs are not appointed for a specific term, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company.

Model code for securities transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code") as the code for dealing in the securities of the Company by the Directors. Following specific enquiries made with all Directors by the Company, all of them confirmed that they had complied with the required standards set out in the Model Code throughout the Period.

Purchase, sale or redemption of the Company's listed securities

During the Period, the Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of such securities.

Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations

As at 31 March 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")), which were required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, recorded in the register referred to therein; or (c) pursuant to the Model Code, notified to the Company and the Stock Exchange, were as follows:

(a) Long position interests in the Shares

Name of Directors/chief executive	Number of Shares/underlying Shares interested			Total	Approximate percentage of the issued Shares
	Personal interests	Family interests	Other interests		
Wong Tat Chang, Abraham	450,800	–	80,633,866	81,084,666	73.6%
Wong Tat Kee, David	–	–	80,633,866	80,633,866	73.2%
Wong Tat Sum, Samuel	556,000	28,800	80,633,866	81,218,666	73.7%

GENERAL AND CORPORATE GOVERNANCE INFORMATION

(b) Long position in the shares of interests in EHL, a subsidiary of the Company

Name of Directors/chief executive	Number of ordinary shares held		Approximate percentage of interest in the issued shares of EHL
	Personal interests	Total	
Wong Tat Chang, Abraham	10	10	0.1%

Notes:

- (1) Mr. Wong Tat Sum, Samuel, an Executive Director, is deemed to be interested in 28,800 Shares, being the interest held beneficially by his wife.
- (2) Shares included in other interests are beneficially owned by the discretionary trusts, of which Messrs. Wong Tat Chang, Abraham, Wong Tat Kee, David and Wong Tat Sum, Samuel are beneficiaries and the number of Shares in each of the above trust companies are duplicated for each of these three Executive Directors.
- (3) The percentage represents the total number of Shares interested divided by the number of issued Shares of 110,179,385 as at 31 March 2024.

Save as disclosed above, as at 31 March 2024, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, recorded in the register referred to therein; or (c) pursuant to the Model Code, notified to the Company and the Stock Exchange.

Substantial Shareholders' interests and short positions in the Shares and underlying Shares

As at 31 March 2024, other than the interests which would be required to be disclosed under the provision of Divisions 2 and 3 of Part XV of the SFO in respect of the Directors or the chief executive, the Company had not been notified by any entity or person, not being a Director or the chief executive of the Company, of having 5% or more of the interests or short positions in the Shares and underlying Shares as required to be recorded in the register pursuant to section 336 of the SFO.

Changes of Directors' or chief executive's information under Rule 13.51B(1) of the Listing Rules

There was no change of Directors' or chief executive's information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

GENERAL AND CORPORATE GOVERNANCE INFORMATION

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

- (a) Pursuant to a facility agreement dated 15 November 2022 entered into amongst Patricus Limited, a wholly-owned subsidiary of the Company, as borrower, the Company as guarantor and The Hong Kong and Shanghai Banking Corporation Limited as lender (the “HSBC Facility Agreement”), a revolving loan facility of HK\$200 million (the “HSBC Facility”) was made available by the lender to Patricus Limited on the terms contained therein.

Under the terms of the HSBC Facility Agreement, if Mr. Wong Tat Chang, Abraham, Mr. Wong Tat Kee, David and Mr. Wong Tat Sum, Samuel, in aggregate, cease to beneficially own (directly or indirectly) at least 51% of the issued share capital of the Company and/or cease to be entitled to exercise management control on the Company, the commitments under the HSBC Facility may be cancelled and the amounts outstanding, together with accrued interest and other amounts (if any) payable, under the HSBC Facility may become immediately due and repayable.

- (b) Pursuant to a facility agreement dated 17 March 2023 entered into amongst the Company and/or Patricus Limited, as borrowers, the Company as guarantor and Industrial and Commercial Bank of China (Asia) Limited as lender (the “ICBC Facility Agreement”). Pursuant to the ICBC Facility Agreement, loan facilities with an aggregate amount of HK\$232 million (the “ICBC Facility”) was made available by the lender to the Company and/or Patricus Limited on the terms contained therein.

Under the terms of the ICBC Facility Agreement, if Mr. Wong Tat Chang, Abraham, Mr. Wong Tat Kee, David and Mr. Wong Tat Sum, Samuel, in aggregate, maintain beneficial ownership (directly or indirectly) of less than 50% of the issued share capital of the Company, the commitments under the ICBC Facility may be cancelled and the amounts outstanding, together with accrued interest and other amounts (if any) payable, under the ICBC Facility may become immediately due and repayable.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders’ entitlement to the Interim Dividend, the Register of Members will be closed from Wednesday, 19 June 2024 to Friday, 21 June 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the Interim Dividend, non-registered Shareholders must lodge all properly completed and stamped transfer documents accompanied by the relevant share certificates with the Company’s share registrar, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 18 June 2024.

REVIEW OF INTERIM RESULTS AND INTERIM REPORT

The audit committee of the Board (the “Audit Committee”) comprises all INEDs. The Audit Committee has reviewed the results of the Group for the Period (including the Condensed Consolidated Interim Financial Statements) and this interim report.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 31 MARCH 2024

	NOTES	Six months ended	
		31.3.2024	31.3.2023
		HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	3	83,355	78,071
Other income and gains	4	10,440	11,997
Costs:			
Property and related costs			
– property investment		(9,578)	(7,219)
– property management		(5,342)	(3,452)
Trading of goods costs		(16,674)	(11,880)
Staff costs		(16,362)	(16,654)
Other expenses		(10,905)	(10,853)
		(58,861)	(50,058)
Profit before changes in fair value of financial assets at fair value through profit or loss and investment properties		34,934	40,010
Decrease in fair value of financial assets at fair value through profit or loss		(1,000)	(5,924)
Decrease in fair value of investment properties	10	(232,988)	(2,285)
		(199,054)	31,801
Finance costs on bank borrowings	5	(11,544)	(7,880)
Share of loss of joint venture		(3,529)	(2,976)
(Loss)/profit before income tax	6	(214,127)	20,945
Income tax expense	7	(4,323)	(4,126)
(Loss)/profit for the period		(218,450)	16,819

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 31 MARCH 2024

		Six months ended	
		31.3.2024	31.3.2023
NOTE		HK\$'000 (unaudited)	HK\$'000 (unaudited)
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
	Change in fair value on equity instrument designated at fair value through other comprehensive income, net of tax	154	254
<i>Items that may be reclassified subsequently to profit or loss:</i>			
	Change in fair value on debt instruments at fair value through other comprehensive income, net of tax	–	35
	Exchange gain arising on translation of foreign operations	760	4,359
	Exchange gain arising from long term advances to a joint venture	92	1,038
	Other comprehensive income for the period, net of tax	1,006	5,686
	Total comprehensive income for the period	(217,444)	22,505
(Loss)/profit for the period attributable to:			
	Owners of the Company	(218,444)	17,296
	Non-controlling interests	(6)	(477)
		(218,450)	16,819
Total comprehensive income for the period attributable to:			
	Owners of the Company	(217,438)	22,982
	Non-controlling interests	(6)	(477)
		(217,444)	22,505
		HK\$	HK\$
	(Loss)/earnings per share - basic	9 (1.98)	0.16

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2024

		31.3.2024	30.9.2023
	NOTES	HK\$'000 (unaudited)	HK\$'000 (audited)
Non-current Assets			
Investment properties	10	5,075,202	5,304,494
Property, plant and equipment	10	13,884	13,001
Interests in joint venture		23,065	25,860
Amount due from a joint venture		120,863	122,665
Deposits and prepayments		–	418
Financial assets at fair value through profit or loss	12	94,937	94,805
Equity instrument designated at fair value through other comprehensive income	11	9,229	9,075
		5,337,180	5,570,318
Current Assets			
Inventories		20,905	18,912
Financial assets at fair value through profit or loss	12	50,865	39,580
Trade and other receivables	13	10,150	13,369
Deposits and prepayments		6,075	6,425
Time deposits with maturity over three months		40,614	39,386
Bank balances and cash		44,653	61,110
		173,262	178,782
Current Liabilities			
Trade and other payables	14	21,661	23,061
Contract liabilities		8,412	8,475
Rental and management fee deposits		26,054	24,518
Provision for taxation		3,445	678
Bank borrowings and bank overdraft, secured	15	396,290	384,438
		455,862	441,170
Net Current Liabilities		(282,600)	(262,388)
Total Assets less Current Liabilities		5,054,580	5,307,930

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2024

	31.3.2024	30.9.2023
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Capital and Reserves		
Share capital	146,134	146,134
Reserves	4,849,221	5,104,120
Equity attributable to owners of the Company	4,995,355	5,250,254
Non-controlling interests	20	26
Total Equity	4,995,375	5,250,280
Non-current Liability		
Deferred taxation	59,205	57,650
	5,054,580	5,307,930

The Condensed Consolidated Interim Financial Statements on pages 13 to 36 were approved and authorised for issue by the Board on 27 May 2024 and are signed on its behalf by:

Wong Tat Chang, Abraham
CHAIRMAN, MANAGING DIRECTOR
AND EXECUTIVE DIRECTOR

Wong Tat Sum, Samuel
EXECUTIVE DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2024

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Translation reserve*	Investment revaluation reserve	Investment revaluation reserve	Retained profits*	Sub-total			
			(recycling)*	(non-recycling)*					
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At at 1 October 2022 (audited)	146,134	3,738	(126)	3,984	5,328,149	5,481,879	(2,393)	5,479,486	
Profit/(loss) for the period	-	-	-	-	17,296	17,296	(477)	16,819	
Other comprehensive income for the period:									
Changes in fair value on:									
- Debt instruments at fair value through other comprehensive income ("FVOCI")	-	-	35	-	-	35	-	35	
- Equity instrument designated at FVOCI	-	-	-	254	-	254	-	254	
Exchange gain arising on translation of financial statements of foreign operations	-	4,359	-	-	-	4,359	-	4,359	
Exchange gain arising from long term advances to a joint venture	-	1,038	-	-	-	1,038	-	1,038	
Total comprehensive income for the period	-	5,397	35	254	17,296	22,982	(477)	22,505	
Change in equity interest without loss of control	-	-	-	-	(2,885)	(2,885)	2,885	-	
Dividend paid	-	-	-	-	(37,461)	(37,461)	-	(37,461)	
As at 31 March 2023 (unaudited)	146,134	9,135	(91)	4,238	5,305,099	5,464,515	15	5,464,530	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2024

	Attributable to owners of the Company							Total
	Share capital	Translation reserve*	Investment revaluation reserve (recycling)*	Investment revaluation reserve (non-recycling)*	Retained profits*	Sub-total	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At at 1 October 2023 (audited)	146,134	919	-	1,075	5,102,126	5,250,254	26	5,250,280
Loss for the period	-	-	-	-	(218,444)	(218,444)	(6)	(218,450)
Other comprehensive income for the period:								
Changes in fair value on equity instrument designated at FVOCI	-	-	-	154	-	154	-	154
Exchange gain arising on translation of financial statements of foreign operations	-	760	-	-	-	760	-	760
Exchange gain arising from long term advances to a joint venture	-	92	-	-	-	92	-	92
Total comprehensive income for the period	-	852	-	154	(218,444)	(217,438)	(6)	(217,444)
Dividend paid	-	-	-	-	(37,461)	(37,461)	-	(37,461)
As at 31 March 2024 (unaudited)	146,134	1,771	-	1,229	4,846,221	4,995,355	20	4,995,375

* These reserve accounts comprise the consolidated reserves of approximately HK\$4,849,221,000 in the condensed consolidated statement of financial position as at 31 March 2024 (30 September 2023: HK\$5,104,120,000).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 MARCH 2024

	Six months ended	
	31.3.2024	31.3.2023
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Net cash generated from operating activities	36,798	45,253
Investing activities		
Placement of time deposits with maturity over three months	(40,679)	(31,520)
Release of time deposits with maturity over three months	39,479	–
Dividend received from equity instrument designated at FVOCI	2,091	2,099
Proceeds on disposal of financial assets at fair value through profit or loss (“FVTPL”)	2,859	–
Investment in financial asset at FVTPL	(15,328)	(725)
Addition of investment properties	(3,046)	(1,649)
Other investing cash flows	(1,543)	(5,094)
Net cash used in investing activities	(16,167)	(36,889)
Financing activities		
New bank borrowings	15,000	62,000
Repayment of bank borrowings	(12,684)	(14,585)
New bank overdraft, net	9,536	–
Dividend paid	(37,461)	(37,461)
Interest paid	(11,544)	(7,880)
Net cash (used in)/generated from financing activities	(37,153)	2,074
Net (decrease)/increase in cash and cash equivalents	(16,522)	10,438
Cash and cash equivalents at the beginning of the period	61,110	28,008
Effect of foreign exchange rate changes	65	92
Cash and cash equivalents at the end of the period, represented by bank balances and cash	44,653	38,538
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	36,448	38,538
Time deposits with original maturity less than three months	8,205	–
	44,653	38,538

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2024

1. GENERAL

Pokfulam Development Company Limited (the “Company”) is a public limited liability company incorporated in Hong Kong and its issued shares (the “Shares”) are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company and its subsidiaries are together referred to as the Group.

The principal activities of the Company are property investment and investment holding. The principal activities of the Group are property investment and management, trading of visual and sound equipment and home appliances, and securities investment.

The address of the registered office and the principal place of business of the Company is 23rd Floor, Beverly House, 93-107 Lockhart Road, Wanchai, Hong Kong.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements of the Group for the six months ended 31 March 2024 (the “Period”) (the “Condensed Consolidated Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

The Condensed Consolidated Interim Financial Statements are presented in Hong Kong Dollars (“HK\$”), unless otherwise stated. The Condensed Consolidated Interim Financial Statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the Group’s audited annual consolidated financial statements for the year ended 30 September 2023 (the “Year 2023” and the “2023 Audited Financial Statements”, respectively). The Condensed Consolidated Interim Financial Statements do not include all the information and disclosures required for a complete set of financial statements prepared in accordance to Hong Kong Financial Reporting Standards (“HKFRSs”), and should be read in conjunction with the Group’s audited annual financial statements for Year 2023.

The financial information relating to Year 2023 that is included in the Condensed Consolidated Interim Financial Statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance, Chapter 622 of the laws of Hong Kong (the “Companies Ordinance”) is as follows:

The Company has delivered the 2023 Audited Financial Statements to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s independent auditor (the “Independent Auditor”) has reported on the 2023 Audited Financial Statements. The Independent Auditor’s report was unqualified, did not include a reference to any matters to which the Independent Auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2024

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

The Condensed Consolidated Interim Financial Statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate. Historical cost is generally based on the fair value of consideration for goods and services.

The Condensed Consolidated Interim Financial Statements have been prepared with the same accounting policies adopted in the 2023 Audited Financial Statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 October 2023.

The Group had net current liabilities of approximately HK\$282,600,000 as at 31 March 2024. Included in the Group's current liabilities as at 31 March 2024 were the Group's bank borrowings and bank overdraft of HK\$396,290,000 subject to demand clauses as set out in note 15 to the Condensed Consolidated Interim Financial Statements.

The Condensed Consolidated Interim Financial Statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future taking into account of the unutilised banking facilities of approximately HK\$1,286,034,000 (note 15) as at 31 March 2024. As at 31 March 2024, the directors of the Company (the "Directors") believed that the Group had adequate resources to continue operation for the foreseeable future of not less than twelve months from the end of the reporting period, and they did not believe that the loans would be called in their entirety within 12 months, and they considered that the loans would be repaid in accordance with the maturity dates as set out in the banking facility letters. This evaluation was made considering: the financial position of the Group at the date of approval of the Condensed Consolidated Interim Financial Statements, the Group's compliance with the loan covenants the lack of events of default and the fact that the Group had made all previously scheduled repayments on time. Therefore, they are of the opinion that it is appropriate to adopt the going concern basis in preparing the Condensed Consolidated Interim Financial Statements.

During the Period, the Group has adopted all the new and amended HKFRSs which are first effective for the reporting period and relevant to the Group. The other new or amended HKFRSs that are effective from 1 October 2023 did not have a material effect on the Group's accounting policies.

No new/revised HKFRSs that have been issued but are not yet effective have been early adopted by the Group.

The preparation of the Condensed Consolidated Interim Financial Statements in conformity with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2023 Audited Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2024

3. SEGMENT INFORMATION

The Group's operating segments based on the information reported to the chief operating decision maker (the "CODM") (i.e. the managing director of the Company) for the purposes of resource allocation and performance assessment are as follows:

Property investment and management	–	letting and management of commercial, industrial and residential properties
Trading of goods	–	trading of visual and sound equipment and home appliances
Securities investment	–	investment in securities

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

For the six months ended 31 March 2024

	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	58,875	20,278	4,202	83,355	–	83,355
Inter-segment	984	10	–	994	(994)	–
	59,859	20,288	4,202	84,349	(994)	83,355
Segment (loss)/profit (Notes (i) and (ii))	(193,078)	(1,327)	1,089	(193,316)	–	(193,316)
Unallocated other income and gains						10,440
Corporate expenses						(16,178)
Finance costs on bank borrowings						(11,544)
Share of loss of joint venture						(3,529)
Loss before income tax						(214,127)

- Notes:
- Segment loss of property investment and management business included a decrease in fair value of investment properties of approximately HK\$232,988,000.
 - Segment profit of securities investment business included a decrease in fair value of financial assets at FVTPL of approximately HK\$1,000,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2024

3. SEGMENT INFORMATION (CONTINUED)

For the six months ended 31 March 2023

	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	59,479	15,124	3,468	78,071	–	78,071
Inter-segment	984	57	–	1,041	(1,041)	–
	60,463	15,181	3,468	79,112	(1,041)	78,071
Segment profit/(loss) (Notes (i) and (ii))	40,306	(636)	(2,571)	37,099	–	37,099
Unallocated other income and gains						11,997
Corporate expenses						(17,295)
Finance costs on bank borrowings						(7,880)
Share of loss of joint venture						(2,976)
Profit before income tax						20,945

Notes: i. Segment profit of property investment and management business included a decrease in fair value of investment properties of approximately HK\$2,285,000.

ii. Segment loss of securities investment business included a decrease in fair value of financial assets at FVTPL of approximately HK\$5,924,000.

Inter-segment revenue is charged at mutually agreed terms.

Segment profit/(loss) represents the profit made/(loss incurred) by each segment without allocation of certain other income and gains (mainly including interest income, dividend income from equity instrument designated at FVOCI and exchange gain), corporate expenses, finance costs and share of loss of joint venture. This is the measure reported to the CODM for the purposes 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2024

3. SEGMENT INFORMATION (CONTINUED)

An analysis of revenue is as follows:

	Six months ended	
	31.3.2024	31.3.2023
	HK\$'000	HK\$'000
Revenue from contracts with customers:		
– Sales of goods	20,278	15,124
– Building management services	5,177	5,697
	25,455	20,821
Revenue from other sources:		
– Rental income	53,698	53,782
– Dividend income	4,202	3,468
	57,900	57,250
Total revenue	83,355	78,071

The following table provides information about timing of revenue recognition:

	Property investment and management		Trading of goods		Securities investment		Total	
	Six months ended		Six months ended		Six months ended		Six months ended	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At a point in time	–	–	20,278	15,124	–	–	20,278	15,124
Over time	5,177	5,697	–	–	–	–	5,177	5,697
	5,177	5,697	20,278	15,124	–	–	25,455	20,821
Revenue from other sources	53,698	53,782	–	–	4,202	3,468	57,900	57,250
	58,875	59,479	20,278	15,124	4,202	3,468	83,355	78,071

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2024

4. OTHER INCOME AND GAINS

	Six months ended	
	31.3.2024	31.3.2023
	HK\$'000	HK\$'000
Dividend income from equity instrument designated at FVOCI	2,091	2,099
Imputed interest income on amount due from a joint venture	4,785	4,388
Interest income		
– Bank deposits	1,722	168
– Debt instruments at FVOCI	–	5
Sundry income (<i>Note</i>)	422	1,336
Exchange gain	1,420	4,001
	10,440	11,997

Note: For the period ended 31 March 2023, sundry income included the unconditional and one-off government subsidies from the Anti-epidemic Fund launched by Hong Kong Special Administrative Region Government. There were no unfulfilled conditions as at 31 March 2023.

5. FINANCE COSTS ON BANK BORROWINGS

The amounts represent interests on bank loans.

6. (LOSS)/PROFIT BEFORE INCOME TAX

	Six months ended	
	31.3.2024	31.3.2023
	HK\$'000	HK\$'000
(Loss)/profit before income tax has been arrived at after charging/(crediting):		
Depreciation:		
– owned property, plant and equipment	669	606
– right-of-use-assets, including within property, plant and equipment	4	4
Amortisation of intangible assets	–	65
Loss/(gain) on disposal of property, plant and equipment	6	(46)
Reversal of impairment on trade and other receivables	(564)	(1,293)
Provision for impairment on amounts due from joint venture	7,415	7,384

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2024

7. INCOME TAX EXPENSE

	Six months ended	
	31.3.2024	31.3.2023
	HK\$'000	HK\$'000
Current tax		
– Hong Kong Profits Tax	2,696	1,955
– The People's Republic of China (the "PRC") Enterprise Income Tax (the "EIT")	72	144
Deferred tax	1,555	2,027
	4,323	4,126

Hong Kong profits tax is calculated at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong, except that the first HK\$2,000,000 of qualified group entity's assessable profit is calculated at 8.25%, which is in accordance with the two-tiered profits tax rates regime.

The Company's subsidiaries in the PRC are subject to the PRC EIT. The applicable PRC EIT rate for the PRC subsidiaries is 25% (2023: 25%) for the six months ended 31 March 2024.

8. DIVIDEND

In March 2024, the final dividend in respect of Year 2023 of HK34 cents (2023: HK34 cents in respect of the financial year ended 30 September 2022) per ordinary share, totalling HK\$37,461,000 (2023: HK\$37,461,000), was paid to the shareholders of the Company (the "Shareholders").

Subsequent to the end of the Period, the board of Directors has determined that an interim dividend in respect of the financial year ending 30 September 2024 of HK4 cents (2023: HK4 cents) per ordinary share, totalling HK\$4,407,000 (2023: HK\$4,407,000) will be paid to the Shareholders whose names appear on the Company's register of members on 21 June 2024.

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the loss for the period attributable to owners of the Company of approximately HK\$218,444,000 (six months ended 31 March 2023: profit for the period attributable to the owner of the Company of approximately HK\$17,296,000) and on 110,179,385 (six months ended 31 March 2023: 110,179,385) Shares in issue during the Period.

There were no potential ordinary shares in issue during both six months periods and at the end of both reporting periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2024

10. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's investment properties as at 31 March 2024 were carried at fair value as estimated using direct comparison method or income capitalisation method, where appropriate. The decrease in fair value of approximately HK\$232,988,000 (six months ended 31 March 2023: HK\$2,285,000) has been recognised directly in profit or loss for the Period.

During the Period, the Group had incurred additional costs on investment properties as well as property, plant and equipment at a total cost of approximately HK\$3,046,000 and approximately HK\$1,562,000, respectively (six months ended 31 March 2023: approximately HK\$1,649,000 and approximately HK\$5,095,000, respectively).

The ownership interests in leasehold land held for own use carried at depreciated cost in Hong Kong, regarded as right-of-use assets, have been included in property, plant and equipment.

The Group's leasehold land that was held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 and would be carried at fair value.

An analysis of the increase/(decrease) in fair value of investment properties is set out below:

	Six months ended	
	31.3.2024	31.3.2023
	HK\$'000	HK\$'000
Properties located in Hong Kong:		
Residential	(150,600)	–
Commercial	(54,189)	(5,500)
Industrial	(27,657)	(1,148)
Properties located in the PRC:		
Residential	(542)	4,363
	(232,988)	(2,285)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2024

11. FINANCIAL ASSETS AT FVOCI

	31.3.2024	30.9.2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity instrument designated at FVOCI		
– Unlisted equity investment, at fair value and classified as non-current asset	9,229	9,075

The equity investment was irrevocably designated at FVOCI and classified as non-current as the Group considers the investment to be long-term strategic capital investment in nature.

Changes in fair value of the above equity instrument are recognised in other comprehensive income and accumulated within the financial assets at FVOCI reserves within equity. The Group transfers amounts from investment revaluation reserve (non-recycling) to retained profits when the relevant instrument is derecognised.

12. FINANCIAL ASSETS AT FVTPL

	31.3.2024	30.9.2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current portion (<i>Note</i>)		
Unlisted equity instruments at fair value		
– in Hong Kong	41,138	44,512
– outside Hong Kong	53,799	50,293
	94,937	94,805
Current portion		
Listed equity securities in Hong Kong at fair value	46,425	39,580
Listed debt securities outside Hong Kong at fair value	4,440	–
	50,865	39,580

Note:

The Group intends to hold the unlisted equity instruments for long-term strategic capital investment purpose.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2024

13. 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.

	31.3.2024	30.9.2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	4,938	7,693
Less: Provision for impairment	(200)	(533)
Trade receivables, net	4,738	7,160
Other receivables	6,389	7,417
Less: Provision for impairment	(977)	(1,208)
Other receivables, net	5,412	6,209
Total trade and other receivables	10,150	13,369

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

	31.3.2024	30.9.2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	3,401	6,486
31 – 60 days	730	552
61 – 90 days	374	65
Over 90 days	233	57
	4,738	7,160

Before accepting any new customer, the Group will assess the potential customer's credit quality. Limits attributed to customers are reviewed once a year. The Group's trade receivables that are neither past due nor impaired have the best credit quality by reference to respective settlement history.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2024

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements on the provision for impairment on trade and other receivables are as follows:

	<i>HK\$'000</i>
At 1 October 2022	2,763
Reversal of provision for impairment	(1,022)
At 30 September 2023 and 1 October 2023	<u>1,741</u>
Reversal of provision for impairment	(564)
At 31 March 2024	<u>1,177</u>

14. 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, and the respective total balances of trade and other payables comprise:

	31.3.2024	30.9.2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	1,766	2,409
31 – 60 days	383	284
61 – 90 days	–	14
Over 90 days	221	77
	<u>2,370</u>	<u>2,784</u>
Other payables	14,119	16,148
Renovation fee and retention payable	1,129	1,405
Receipt in advance	4,043	2,724
	<u>21,661</u>	<u>23,061</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2024

15. BANK BORROWINGS AND BANK OVERDRAFT, SECURED

	31.3.2024	30.9.2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured bank borrowings and bank overdraft repayable based on scheduled repayment date set out in the loan agreements		
– Within one year	207,433	192,834
– After one year but not exceeding two years	5,494	5,431
– After two years but not exceeding five years	170,987	173,062
– After five years	12,376	13,111
	396,290	384,438

During the six months ended 31 March 2024, the Group obtained monthly revolving loans of HK\$15,000,000. During the six months ended 31 March 2024, the Group repaid an installment loan of approximately HK\$2,684,000 and the monthly revolving loans of HK\$10,000,000. In accordance with relevant terms and clauses as stipulated in the banking facilities letters, the Group's bank borrowings and bank overdraft of HK\$396,290,000 (30 September 2023: bank borrowings of HK\$384,438,000) contain repayment on demand clauses at the discretion of the relevant banks and the Group, as a borrower, has no right to defer the settlement of the relevant bank borrowings and bank overdraft as at 31 March 2024. Accordingly, the bank borrowings and bank overdraft are shown under current liabilities at the end of the reporting period.

The bank borrowings and bank overdraft carry interests at Hong Kong Interbank offered Rate (HIBOR) plus certain basis points and are denominated in HK\$, which are the functional currency of the relevant group entities.

The bank borrowings and bank overdraft were secured by the Group's certain investment properties amounting to approximately HK\$4,224,500,000 (30 September 2023: HK\$3,318,600,000) and ownership interests in leasehold land held for own use and building of the Group with a total carrying amount of approximately HK\$1,807,000 (30 September 2023: HK\$ Nil) as at 31 March 2024.

As at 31 March 2024, the Group has unutilised banking facilities of HK\$1,286,034,000 (30 September 2023: HK\$1,382,539,000).

16. COMMITMENTS

At the end of the reporting periods, the Group had the following commitments:

	31.3.2024	30.9.2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted, but not provided for:		
Property renovation costs	2,749	4,421
Investment in unlisted equity instruments	11,324	12,639
	14,073	17,060

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17. PLEDGE OF ASSETS

As at 31 March 2024, (i) investment properties of the Group with a total carrying amount of approximately HK\$4,769,500,000 (30 September 2023: approximately HK\$4,972,600,000); and (ii) ownership interests in leasehold land held for own use and building of the Group with a total carrying amount of approximately HK\$1,807,000 (30 September 2023: approximately HK\$1,863,000) were pledged to banks to secure the general banking facilities granted to the Group.

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and the inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Financial assets	Fair value	Fair value measurements as at		
	as at 31 March 2024	31 March 2024 categorised into		
	HK\$'000	Level 1 HK\$'000 (Note)	Level 2 HK\$'000	Level 3 HK\$'000
Financial assets measured at FVTPL:				
– Listed equity securities	46,425	46,425	–	–
– Listed debt securities	4,440	4,440	–	–
– Unlisted equity instruments	94,937	–	–	94,937
Equity instrument designated at FVOCI:				
– Unlisted equity investment	9,229	–	–	9,229

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18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets	Fair value as at 30 September 2023	Fair value measurements as at 30 September 2023 categorised into		
	HK\$'000	Level 1 HK\$'000 (Note)	Level 2 HK\$'000	Level 3 HK\$'000
Financial assets measured at FVTPL:				
– Listed equity securities	39,580	39,580	–	–
– Unlisted equity instruments	94,805	–	–	94,805
Equity instrument designated at FVOCI:				
– Unlisted equity investment	9,075	–	–	9,075

Note:

Fair values of these investments have been determined by reference to their quoted bid prices as at the end of the reporting periods.

Reconciliation of Level 3 fair value measurement of financial assets:

	Unlisted equity investment classified as equity instrument designated at FVOCI HK\$'000	Unlisted equity instruments classified as financial assets at FVTPL HK\$'000
At 1 October 2022	11,984	101,861
Addition during the year	–	705
Change in fair value, recognised in other comprehensive income	(2,909)	–
Change in fair value, recognised in profit or loss	–	(7,761)
At 30 September 2023 and at 1 October 2023	9,075	94,805
Addition during the period	–	941
Change in fair value, recognised in other comprehensive income	154	–
Change in fair value, recognised in profit or loss	–	(809)
At 31 March 2024	9,229	94,937

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18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is the table setting out quantitative information about fair value measurements using significant unobservable inputs (Level 3).

Description	Fair value as at		Valuation technique(s)	Unobservable input		Range (weighted average)		Relationship of unobservable inputs to fair value
	31.3.2024	30.9.2023		31.3.2024	30.9.2023	31.3.2024	30.9.2023	
	HK\$'000	HK\$'000						
Financial assets measured at FVTPL								
Unlisted equity instrument	41,138	44,512	Adjusted asset-based approach	Discount rate for lack of control	Discount rate for lack of control	28.64%	28.64%	A slight increase in the discount rate would result in an insignificant decrease in the fair value, and vice versa
Unlisted equity instruments	53,799	50,293	Market approach	Discount rate for lack of marketability	Discount rate for lack of marketability	11.40% to 15.70%	11.40% to 15.70%	A slight increase in the discount rate would result in an insignificant decrease in the fair value, and vice versa
Equity instrument designated at FVOCI								
Unlisted equity investment	9,229	9,075	Market approach	Discount rate for lack of marketability	Discount rate for lack of marketability	13.20%	13.20%	A slight increase in the discount rate would result in an insignificant decrease in the fair value, and vice versa

There were no transfers between levels during the six months ended 31 March 2024 and 31 March 2023.

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities at amortised cost in the Condensed Consolidated Interim Financial Statements approximate to their fair values.

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19. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the Condensed Consolidated Interim Financial Statements, the following transactions were carried out by the Group with the related parties during the Period. The terms of the below transactions (a), (b) and (c) were mutually agreed by the Group and the related companies.

(a) Significant related party transactions with B.L. Wong & Company Limited ("B.L. Wong")

	Six months ended	
	31.3.2024	31.3.2023
	HK\$'000	HK\$'000
Renovation fee paid to B.L. Wong	2,083	564
Rental income received from B.L. Wong	540	540
Property management fee received from B.L. Wong	117	117

Note: Mr. Wong Tat Chang, Abraham, Mr. Wong Tat Kee, David and Mr. Wong Tat Sum, Samuel ("Mr. Samuel Wong"), who are the executive directors of the Company, held interests in the Company and B.L. Wong.

(b) Significant related party transactions with Bowen Capital Limited ("Bowen")

	Six months ended	
	31.3.2024	31.3.2023
	HK\$'000	HK\$'000
Rental income received from Bowen	480	480
Property management fee received from Bowen	101	101

Note: Mr. Samuel Wong is the common director of the Company and Bowen. Bowen is beneficially owned by a close family member of Mr. Samuel Wong.

(c) Significant related party transaction with Bowen Capital (HK) Limited ("Bowen HK")

	31.3.2024	31.3.2023
	HK\$'000	HK\$'000
Investment management fee paid to Bowen HK	233	–

Note: Bowen HK is beneficially owned by a close family member of Mr. Samuel Wong.

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19. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Compensation of key management personnel

Total remuneration of the Directors and other members of key management personnel of the Group during the Period was as follows:

	Six months ended	
	31.3.2024	31.3.2023
	HK\$'000	HK\$'000
Short term employee benefits	4,011	4,032
Retirement scheme contributions	40	40
	4,051	4,072