



POKFULAM DEVELOPMENT COMPANY LIMITED

博富臨置業有限公司

Stock Code: 225



Interim Report **2012/2013**

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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

Mdm. Lam Hsieh Lee Chin, Linda

Li Kwok Sing, Aubrey

Sit Hoi Wah, Kenneth

BOARD COMMITTEE

Audit Committee

Li Kwok Sing, Aubrey *(Chairman)*

Mdm. Lam Hsieh Lee Chin, Linda

Sit Hoi Wah, Kenneth

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

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

DBS Bank (Hong Kong) Limited

Bank of China (Hong Kong) Limited

Wing Hang Bank, Limited

Bank of Communications

SOLICITORS

Mayer Brown JSM

Huen & Partners Solicitors

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

REGISTRARS

Tricor Standard Limited

26/F., Tesbury Centre

28 Queen's Road East

Hong Kong

WEBSITE

<http://www.tricor.com.hk/web/service/00225>

STOCK CODE

225

CHAIRMAN'S STATEMENT

INTERIM PROFIT

The unaudited consolidated net profit of the Group after taxation and minority interests for the six months ended 31 March 2013 was HK\$2.3 million, as compared to HK\$55.9 million (restated in accordance with changes in accounting policies ("As Restated")) for the corresponding period in the previous year. If the revaluation deficit of HK\$46.3 million (2012: surplus of HK\$8.4 million) on investment properties and the revaluation deficit of HK\$0.1 million (2012: surplus of HK\$12.9 million) on the listed securities investments were to be excluded, the operating net profit for the period would have been HK\$48.7 million (2012: HK\$34.6 million (As Restated)), representing an increase of 40.8% from the comparable figure of last year. The increase is mainly attributable to a higher dividend income from the Group's unlisted investment and increase in rental revenue for the period under review.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK4 cents per ordinary share in respect of the financial year ending 30 September 2013 (2012: HK4 cents per ordinary share) payable on 8 July 2013 to shareholders whose names appear on the Register of Members on 28 June 2013.

BUSINESS REVIEW

A. Hong Kong

The major portion of the Group's operating profit for the six months ended 31 March 2013 was derived from rental income of the Group's investment properties in Hong Kong, which had shown a moderate increase over that of the same period last year. The increase was due to higher rental rates for new leases and lease renewals as well as generally higher occupancy for the Group's properties in Hong Kong.

A major renovation program for one of the Group's residential properties on Headland Road has been in progress since April 2012, and tenancies there had necessarily been terminated. The renovation work is scheduled to be completed in September of this year. The newly renovated property will then be offered for lease in the rental market.

Renovation of the exterior wall of the Group's office building on Lockhart Road has commenced since October 2012. Cladding work on the building has been delayed due to change in design which needs to be approved by the Building Department. The cladding work would commence once approval from the Building Department is granted, and is expected to be completed by early 2014. Since the work is on the exterior wall of the building only, the management has been successful in limiting adverse effect on the occupancy rate of the property to a minimal.

Elephant Holdings Limited had recorded a moderate improvement in sales revenue during the six months under review, and this subsidiary continued to contribute profit to the Group.

CHAIRMAN'S STATEMENT

B. Property Projects in Mainland China

Silver Gain Plaza in Guangzhou (in which the Group has a one-third interest) – profit generated from sales of the residential units in Phase III had been recognised in the last financial year. In order to satisfy the future financial obligations for this project, including the tax payment to the relevant government department and construction cost for the proposed office tower on top of the existing commercial podium of Phase II, the investing parties of Silver Gain Plaza have decided to retain the surplus fund in China for the above-mentioned purposes.

As of the date of this report, the process of getting various relevant government departments to issue the necessary Certificates of Compliance for the commercial podium in Phase III and to obtain approval for the building plan of the office tower in Phase II is in progress.

Residential units in Vivaldi Court of Manhattan Garden, Chao Yang District, Beijing – Minor renovation work has been carried out to upgrade the Group's properties in this project, and there had been an improvement in the occupancy rate and rental revenue in the six months period under review.

PROSPECTS

The prolonged economic crisis in Europe and the slow and uneven recovery of the US economy has shown its adverse effect on China's economic growth, which in turn has a bearing on Hong Kong's economy. Since the beginning of 2013, Hong Kong has experienced an economic slow-down, and this is reflected in the downward trend of the rental rates of the Group's high-end residential properties. In view of the above, the Group's overall rental income may see a slight decrease in the second half of the financial year.

Wong Tat Chang, Abraham

Chairman and Managing Director

Hong Kong, 29 May 2013

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF
POKFULAM DEVELOPMENT COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Pokfulam Development Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 6 to 17, which comprise the condensed consolidated statement of financial position as of 31 March 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

29 May 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 MARCH 2013

	NOTES	Six months ended	
		31.3.2013	31.3.2012
		HK\$'000 (unaudited)	HK\$'000 (unaudited) (restated)
Turnover		67,429	64,164
Cost of goods sold		(9,774)	(8,830)
Cost of rental and other operations		(14,079)	(13,652)
		43,576	41,682
Other income		17,500	11,403
(Decrease) increase in fair value of investments held for trading		(143)	12,857
(Decrease) increase in fair value of investment properties		(46,345)	8,375
Selling and marketing expenses		(1,104)	(979)
Administrative expenses		(5,679)	(4,770)
Finance costs	4	(488)	(317)
Share of profit (loss) of a jointly controlled entity		1,141	(3,981)
Profit before tax	5	8,458	64,270
Income tax expense	6	(5,547)	(7,804)
Profit for the period		2,911	56,466
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		437	193
Exchange gain arising from long term advances to a jointly controlled entity		620	341
Other comprehensive income for the period		1,057	534
Total comprehensive income for the period		3,968	57,000
Profit for the period attributable to:			
Owners of the Company		2,263	55,916
Non-controlling interests		648	550
		2,911	56,466
Total comprehensive income for the period attributable to:			
Owners of the Company		3,320	56,450
Non-controlling interests		648	550
		3,968	57,000
		HK cents	HK cents (restated)
Earnings per share – basic	8	2.1	50.7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2013

		31.3.2013	30.9.2012
	NOTES	<i>HK\$'000</i> <i>(unaudited)</i>	<i>HK\$'000</i> <i>(audited and restated)</i>
Non-current Assets			
Investment properties	9	3,697,530	3,729,000
Property, plant and equipment	9	6,308	6,452
Interest in a jointly controlled entity	15(b)	12,620	72,710
Amount due from a jointly controlled entity	15(b)	134,028	69,734
Available-for-sale investments		8,000	8,000
		3,858,486	3,885,896
Current Assets			
Inventories		6,779	6,831
Investments held for trading		45,926	46,069
Trade and other receivables	10	4,782	5,437
Deposits and prepayments		2,070	1,225
Bank balances and cash		100,566	72,606
		160,123	132,168
Current Liabilities			
Trade and other payables	11	13,901	20,016
Rental and management fee deposits		21,913	21,474
Provision for taxation		5,364	9,865
Bank loan, secured	12	70,000	42,000
		111,178	93,355
Net Current Assets		48,945	38,813
Total Assets less Current Liabilities		3,907,431	3,924,709
Capital and Reserves			
Share capital		110,179	110,179
Reserves		3,771,047	3,789,763
Equity attributable to owners of the Company		3,881,226	3,899,942
Non-controlling interests		8,507	7,859
Total equity		3,889,733	3,907,801
Non-current Liability			
Deferred taxation		17,698	16,908
		3,907,431	3,924,709

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2013

	Attributable to owners of the Company					Non-controlling interests	
	Share capital	Share premium	Translation reserve	Retained profits	Total		Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2011 as original stated	110,179	35,955	14,900	2,842,681	3,003,715	6,502	3,010,217
Effect of changes in accounting policies (note 2)	-	-	-	458,265	458,265	-	458,265
At 1 October 2011 as restated	110,179	35,955	14,900	3,300,946	3,461,980	6,502	3,468,482
Profit for the period	-	-	-	55,916	55,916	550	56,466
Exchange difference arising on translation of foreign operations	-	-	193	-	193	-	193
Exchange gain arising from long term advances to a jointly controlled entity	-	-	341	-	341	-	341
Total comprehensive income for the period	-	-	534	55,916	56,450	550	57,000
Dividend paid	-	-	-	(17,629)	(17,629)	-	(17,629)
At 31 March 2012 (unaudited)	110,179	35,955	15,434	3,339,233	3,500,801	7,052	3,507,853
At 1 October 2012 as original stated	110,179	35,955	15,434	3,227,829	3,389,397	7,859	3,397,256
Effect of changes in accounting policies (note 2)	-	-	-	510,545	510,545	-	510,545
At 1 October 2012 as restated	110,179	35,955	15,434	3,738,374	3,899,942	7,859	3,907,801
Profit for the period	-	-	-	2,263	2,263	648	2,911
Exchange difference arising on translation of foreign operations	-	-	437	-	437	-	437
Exchange gain arising from long term advances to a jointly controlled entity	-	-	620	-	620	-	620
Total comprehensive income for the period	-	-	1,057	2,263	3,320	648	3,968
Dividend paid	-	-	-	(22,036)	(22,036)	-	(22,036)
At 31 March 2013 (unaudited)	110,179	35,955	16,491	3,718,601	3,881,226	8,507	3,889,733

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 MARCH 2013

	Six months ended	
	31.3.2013	31.3.2012
	<i>HK\$'000</i> <i>(unaudited)</i>	<i>HK\$'000</i> <i>(unaudited)</i>
Operating activities		
Profit before tax	8,458	64,270
Adjustments for:		
Decrease (increase) in fair value of investment properties	46,345	(8,375)
Decrease (increase) in fair value of investments held for trading	143	(12,857)
Dividend income from an available-for-sale investment	(14,022)	(8,507)
Decrease (increase) in inventories	52	(754)
Increase in trade and other receivables	(190)	(2,769)
(Decrease) increase in trade and other payables	(2,749)	81
Hong Kong Profits Tax paid	(9,258)	(8,715)
Others	(2,003)	2,932
Net cash generated from operating activities	26,776	25,306
Investing activities		
(Advance to) repayment from a jointly controlled entity	(2)	643
Dividend received from an available-for-sale investee company	14,022	8,507
Addition of investment properties	(17,878)	–
Other investing cash flows	(598)	(701)
Net cash (used in) generated from investing activities	(4,456)	8,449
Financing activities		
New bank loan raised	70,000	–
Repayment of bank loan	(42,000)	–
Bank overdrafts raised	–	211
Dividend paid	(22,036)	(17,629)
Interest paid	(412)	(257)
Net cash generated from (used in) financing activities	5,552	(17,675)
Increase in cash and cash equivalents	27,872	16,080
Cash and cash equivalents at beginning of the period	72,606	23,082
Effect of foreign exchange rates changes	88	8
Cash and cash equivalents at end of the period, represented by bank balances and cash	100,566	39,170

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2013

1. GENERAL

The Company is a public limited liability company incorporated in Hong Kong and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated 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 (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 March 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 September 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards issued by the HKICPA:

Amendments to HKAS 1	<i>Presentation of Items of Other Comprehensive Income;</i> and
Amendments to HKAS 12	<i>Deferred Tax: Recovery of Underlying Assets</i>

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to HKAS 1 introduce new terminology of statement of comprehensive income. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2013

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

Under the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets*, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property portfolios and concluded that the Group's investment properties in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is not rebutted.

As a result of the application of the amendments to HKAS 12, the Group does not recognise any deferred taxes on changes in fair value of investment properties in Hong Kong as the Group is not subject to any income taxes on disposal of these investment properties in accordance with the relevant tax regulation. Previously, the Group recognised deferred taxes on changes in fair value of investment properties in Hong Kong on the basis that the entire carrying amounts of the properties were recovered through use.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being decreased by HK\$458,265,000 and HK\$510,545,000 as at 1 October 2011 and 30 September 2012 respectively, with the corresponding adjustment being recognised in retained profits. In addition, the application of the amendments has resulted in the Group's income tax expense for the six months ended 31 March 2013 and 31 March 2012 being increased by HK\$7,647,000 and decreased by HK\$1,374,000 respectively, and hence resulted in the profit for the six months ended 31 March 2013 being decreased by HK\$7,647,000 and the profit for the six months ended 31 March 2012 being increased by HK\$1,374,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2013

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Summary of the effect of the above change in accounting policy

The effect of the change in accounting policy described above on the financial positions of the Group as at the beginning and the end of the immediately preceding financial year, i.e. 1 October 2011 and 30 September 2012 respectively, are as follows:

	As at 1 October 2011			As at 30 September 2012		
	Original stated	Adjustments	Restated	Original stated	Adjustments	Restated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total effects on net assets						
- Deferred tax liabilities	(470,191)	458,265	(11,926)	(527,453)	510,545	(16,908)
Total effects on equity						
- Retained profits	2,842,681	458,265	3,300,946	3,227,829	510,545	3,738,374

Impact on basic earnings per share

	Six months ended	
	31.3.2013	31.3.2012
	<i>HK cents</i>	<i>HK cents</i>
Basic earnings per share before adjustment	9.0	49.5
Adjustment arising from change in accounting policy in relation to application of amendments to HKAS 12 in respect of deferred taxes on investment properties	(6.9)	1.2
Reported basic earnings per share	2.1	50.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2013

3. SEGMENT INFORMATION

The Group's operating segments based on information reported to the chief operating decision maker (managing director) for the purposes 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 reportable and operating segments:

Six months ended 31 March 2013

	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	49,814	16,993	622	67,429	–	67,429
Inter-segment	765	–	–	765	(765)	–
	50,579	16,993	622	68,194	(765)	67,429
Segment profit (loss)	(6,414) (Note)	2,375	474	(3,565)	–	(3,565)
Other income						16,808
Central administrative costs						(5,438)
Finance costs						(488)
Share of profit of a jointly controlled entity						1,141
Profit before tax						8,458

Note: Segment loss of property investment and management division included decrease in fair value of investment properties of HK\$46,345,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2013

3. SEGMENT INFORMATION (CONTINUED)

Six months ended 31 March 2012

	Property investment and management	Trading of goods	Securities investment	Segment total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE						
External	48,196	15,362	606	64,164	-	64,164
Inter-segment	765	-	-	765	(765)	-
	48,961	15,362	606	64,929	(765)	64,164
Segment profit	45,688 (Note)	2,132	13,457	61,277	-	61,277
Other income						10,676
Central administrative costs						(3,385)
Finance costs						(317)
Share of loss of a jointly controlled entity						(3,981)
Profit before tax						64,270

Note: Segment profit of property investment and management division included increase in fair value of investment properties of HK\$8,375,000.

Inter-segment revenue is charged at mutually agreed terms.

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

No segment assets and liabilities are presented as the information is not reported to the chief operating decision maker in the resource allocation and assessment of performance.

4. FINANCE COSTS

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2013

5. PROFIT BEFORE TAX

	Six months ended	
	31.3.2013	31.3.2012
	HK\$'000	HK\$'000
Profit before tax has been arrived at after charging (crediting):		
Depreciation on property, plant and equipment	740	720
Loss (gain) on disposal of property, plant and equipment	2	(15)
Imputed interest on amount due from a jointly controlled entity	(2,092)	(2,071)
Dividend from listed securities	(622)	(606)
Dividend income from an investee company classified as an available-for-sale investment	(14,022)	(8,507)

6. INCOME TAX EXPENSE

	Six months ended	
	31.3.2013	31.3.2012
	HK\$'000	HK\$'000 (restated)
Company and subsidiaries		
Hong Kong Profits Tax	4,757	4,744
Deferred tax charge	790	3,060
	5,547	7,804

7. DIVIDEND

In January 2013, the final dividend in respect of the financial year ended 30 September 2012 of HK20 cents (2012: HK16 cents in respect of the financial year ended 30.9.2011) per share totalling HK\$22,036,000 (2012: HK\$17,629,000) was paid to shareholders.

Subsequent to the end of the interim reporting period, the directors have determined that an interim dividend in respect of the financial year ending 30 September 2013 of HK4 cents (2012: HK4 cents) per share totalling HK\$4,407,000 (2012: HK\$4,407,000) shall be paid to the shareholders of the Company whose names appear in the register of members on 28 June 2013.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2013

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to the owners of the Company for the period of approximately HK\$2,263,000 (six months ended 31.3.2012 (restated): approximately HK\$55,916,000) and on 110,179,385 (six months ended 31.3.2012: 110,179,385) shares in issue during the period.

Diluted earnings per share is not presented as there were no potential ordinary shares in issue for both periods and as at 31 March 2013 and 2012.

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

The Group's investment properties at 31 March 2013 were carried at their fair values as estimated by the directors with reference to recent sale transactions of similar properties. The resulting loss on fair value change of HK\$46,345,000 (six months ended 31.3.2012: gain of HK\$8,375,000) has been recognised directly in profit or loss for the period.

During the six months ended 31 March 2013, the Group has additions to investment properties and property, plant and equipment at a total cost of HK\$14,875,000 and HK\$598,000 respectively (six months ended 31.3.2012: nil and HK\$676,000 respectively).

10. TRADE AND OTHER RECEIVABLES

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

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

	31.3.2013	30.9.2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	2,737	3,355
31–60 days	352	99
61–90 days	3	63
Over 90 days	23	102
	3,115	3,619
Other receivables	1,667	1,818
	4,782	5,437

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2013

11. TRADE AND OTHER PAYABLES

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

	31.3.2013	30.9.2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	1,051	2,167
31–60 days	415	1,013
61–90 days	–	–
Over 90 days	931	93
	2,397	3,273
Other payables	7,003	9,539
Renovation fee payable	1,162	5,673
Retention payable	2,445	937
Deposits received for sale of goods	894	594
	13,901	20,016

12. SECURED BANK LOAN

During the six months ended 31 March 2013, the Group obtained a new bank loan of HK\$70,000,000 and repaid the bank loan of HK\$42,000,000.

13. COMMITMENTS

At the end of the reporting period,

- (a) the Group had outstanding commitments in respect of property renovation costs of HK\$36,301,000 (at 30.9.2012: HK\$51,075,000) contracted but not provided for in the condensed consolidated financial statements; and
- (b) the Group had share of the outstanding commitments of its jointly controlled entity of HK\$332,000 (at 30.9.2012: HK\$2,645,000) in respect of the cost of development of commercial/residential complex contracted but not provided for in its condensed consolidated financial statements.

14. PLEDGE OF ASSETS

At the end of the reporting period, investment properties, leasehold land and building of the Group with carrying amount of approximately HK\$3,520,142,000 (at 30.9.2012: HK\$3,560,800,000) and HK\$3,048,000 (at 30.9.2012: HK\$3,103,000) respectively were pledged to banks to secure the general banking facilities granted to the Group.

15. RELATED PARTY TRANSACTIONS

- (a) During the six months ended 31 March 2013, HK\$6,770,000 (six months ended 31.3.2012: HK\$nil) was paid or payable to a contractor, which is owned by each of the three executive directors of the Company and their parents in equal shares. The amount was included in the additions to the investment properties of the Group for the period.
- (b) During the six months ended 31 March 2013, a jointly controlled entity declared a special dividend. The dividend of HK\$62,200,000 receivable by the Group has not yet been settled as at 31 March 2013 and was included in the balance of amount due from a jointly controlled entity at 31 March 2013. The dividend was also accounted for as a reduction of the interest in a jointly controlled entity with carrying amount of HK\$12,620,000 at 31 March 2013.

GENERAL INFORMATION

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK4 cents per ordinary share in respect of the financial year ending 30 September 2013 (2012: HK4 cents per ordinary share) payable on 8 July 2013 to shareholders whose names appear on the Register of Members on 28 June 2013.

FINANCIAL REVIEW

Liquidity and financial resources

The Group will continue to maintain its conservative approach to financial management, funding and treasury policies. Consolidated equity attributable to owners of the Company as at 31 March 2013 was HK\$3,881.2 million (30.9.2012 (restated): HK\$3,899.9 million).

At 31 March 2013, the Group's total bank balances and cash was HK\$100.6 million (30.9.2012: HK\$72.6 million).

At 31 March 2013, the Group's total borrowing, which was denominated in Hong Kong dollars, was HK\$70.0 million (30.9.2012: HK\$42.0 million).

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

	31.3.2013	30.9.2012
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Repayable:		
Within one year	–	42.0
After one year but within two years	–	–
After two years but within five years	70.0	–
	70.0	42.0

The Group's bank term loan of HK\$70.0 million (that is repayable more than two years after the end of reporting period but contains a repayment on demand clause) is classified under current liabilities and carries interest at HIBOR plus a margin.

At 31 March 2013, the Group had undrawn banking facilities of HK\$320.0 million which will provide adequate funding for the Group's operational and capital expenditure requirement.

Gearing and charge on assets

At 31 March 2013, the debt to equity ratio, based on the Group's total borrowings of HK\$70.0 million and the consolidated equity attributable to owners of the Company of HK\$3,881.2 million, was 1.8%, as compared with 1.1% (restated) on 30 September 2012.

At 31 March 2013, investment properties and properties for own use of the Group with an aggregate carrying value of HK\$3,520.1 million and HK\$3.0 million respectively were pledged to banks to secure the general banking facilities granted to the Group.

GENERAL INFORMATION

Commitments

Particulars of the Group's commitments are set out in note 13 to the condensed interim consolidated financial statements.

INVESTMENT PROPERTIES

The Group's investment properties at 31 March 2013 were stated at fair value as estimated by the directors with reference to market evidence of recent transaction prices for similar properties in similar location.

During the six months ended 31 March 2013, decrease in fair value of investment properties of HK\$46.3 million comprised of decrease in fair value of the Group's residential investment properties in Hong Kong (total approximate gross floor area: 16,733 square meters) in the amount of HK\$88.3 million, and increase in fair values of the Group's one commercial investment property in Hong Kong and the Group's one industrial investment property in Hong Kong of HK\$32.8 million and HK\$9.2 million respectively.

EMPLOYEES AND REMUNERATION POLICIES

At 31 March 2013, the Group had 106 employees. The staff remuneration including directors' emoluments and other employee expenses for the six months ended 31 March 2013 amounted to approximately HK\$9.3 million (2012: HK\$8.7 million). There has been no change in employment and remuneration policies of the Group and the Group does not have any share option scheme for employees.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate governance

Throughout the six months ended 31 March 2013, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the following:

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

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

GENERAL INFORMATION

Disclosure policy

With effect from 1 January 2013, the provisions in relation to the new statutory disclosure regime for inside information under the new Part XIVA of the Securities and Futures Ordinance and consequential amendments to Rules 13.09 and 13.10 of the Listing Rules impose a general obligation of disclosure of price sensitive, or inside information by listed corporation.

The Board adopted a Disclosure Policy (the “Disclosure Policy”) on 21 February 2013 setting out the key new disclosure requirements and related confidentiality policy and information flow, and providing a general guide to the directors, senior management and relevant employees of the Company in the handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations.

Model code for securities transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the directors (the “Model Code”). Having made specific enquiry of all directors of the Company, the Company confirms that all directors of the Company have complied with the required standard set out in the Model Code for the period under review.

Purchase, sale or redemption of shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 31 March 2013.

Directors' interests in shares

At 31 March 2013, the interests of the directors and chief executives and their associates in the shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(a) *Long position interests in the Company*

Name of director	Number of ordinary shares			Total	Percentage of the issued share capital of the Company
	Personal interests	Family interests (note 1)	Other interests (note 2)		
Wong Tat Chang, Abraham	450,800	–	56,806,234	57,257,034	52.0%
Wong Tat Kee, David	–	–	56,806,234	56,806,234	51.6%
Wong Tat Sum, Samuel	556,000	28,800	56,806,234	57,391,034	52.1%
Lam Hsieh Lee Chin, Linda	104,420	–	–	104,420	0.1%

GENERAL INFORMATION

(b) Long position interests in Elephant Holdings Limited ("EHL"), a subsidiary of the Company

Name of director	Number of ordinary shares			Percentage of the issued share capital of EHL
	Personal interests	Other interests (note 2)	Total	
Wong Tat Chang, Abraham	10	4,784	4,794	47.9%
Wong Tat Kee, David	–	4,784	4,784	47.8%
Wong Tat Sum, Samuel	–	4,784	4,784	47.8%

Notes:

- (1) Mr. Wong Tat Sum, Samuel is deemed to be interested in 28,800 ordinary shares of the Company, being the interest held beneficially by his spouse.
- (2) Shares included in other interests are beneficially owned by 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 companies are duplicated for each of these three directors.

Save as disclosed above, at 31 March 2013, none of the directors or chief executives, nor their associates, had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations.

Substantial shareholders

At 31 March 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance showed that, other than the interests disclosed above in respect of directors, the following shareholder had notified the Company of relevant interests in the issued share capital of the Company:

Name	Number of ordinary shares in the Company	Percentage of the issued share capital of the Company
Madison Profits Limited	22,827,632 (Note)	20.7%

Note: These 22,827,632 Shares held by Madison Profits Limited were taken to be the corporate interests of Mdm. Kung, Nina (deceased) pursuant to the Securities and Futures Ordinance. Mr. Lam Hok Chung Rainier, Mr. Jong Yat Kit and Mr. Yu Sai Hung, as joint and several administrators of the estate of Mdm. Kung, Nina (deceased), are deemed to have interest in the said 22,827,632 Shares in the capacity of trustees.

Save as disclosed above, at 31 March 2013, the Company had not been notified by any person, not being a director, of interests or short positions in the shares and underlying shares of the Company as required to be recorded in the register pursuant to Section 336 of the Securities and Futures Ordinance.

GENERAL INFORMATION

Changes of Directors' information under Rule 13.51B(1) of the Listing Rules

Below are the changes of directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

With effect from 1 October 2012, the annual director's fee of Chairman of the Board for the year ending 30 September 2013 is HK\$100,000, which is the same as that of last financial year. The annual director's fee of each of the other directors is HK\$60,000, an increase of HK\$10,000 over that of last financial year. The Board determined the annual remuneration of the Board Committees for the year ending 30 September 2013 as follows:

Board Committee	Remuneration for Chairman	Remuneration for other members
Audit Committee	HK\$60,000	HK\$12,000
Remuneration Committee	HK\$33,000	HK\$12,000
Nomination Committee	Nil	Nil

With effect from 1 January 2013, the monthly remuneration (excluding the director's fee and the remuneration of the Board Committees) of Mr. Wong Tat Chang, Abraham, the Chairman of the Board, has been increased from HK\$143,362 to HK\$150,615.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 25 June 2013 to Friday, 28 June 2013, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's registrars, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 24 June 2013.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the results (including the unaudited condensed consolidated financial statements) of the Group for the six months ended 31 March 2013.

In addition, the unaudited condensed consolidated financial statements of the Group for the six months ended 31 March 2013 have been reviewed by our auditors, Messrs. Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.