POKFULAM DEVELOPMENT COMPANY LIMITED

博 富 臨 置 業 有 限 公 司

Stock Code: 225

Annual Report **2012/2013**

CONTENTS

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 COMMITTEES

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

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
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
35/F., One Pacific Place
88 Queensway
Hong Kong

REGISTRAR

Tricor Standard Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE

http://www.pokfulam.com.hk

SHARE INFORMATION

Stock Code

225

Board Lot

2,000 shares

CHAIRMAN'S STATEMENT

PROFIT FOR THE YEAR

The consolidated net profit of the Group after taxation and minority interests for the year ended 30 September 2013 was HK$223.5 million, as compared to HK$459.5 million (restated in accordance with changes in accounting policies ("As Restated")) in the previous year.

The major non-operating items (net of taxation effect) which were included in the above profit were as follows:

- A revaluation surplus of HK$139.7 million (2012: HK$319.0 million) on investment properties;
- A revaluation surplus of HK$2.1 million (2012: HK$9.0 million) on listed securities investments; and
- Share of profit of a jointly controlled entity of HK$1.9 million (2012: HK$54.7 million).

If the above items were to be excluded, the operating net profit after taxation for the year would have been HK$79.8 million (2012: HK$76.8 million (As Restated)), representing an increase of 3.9% from previous year. The increase is mainly attributable to a higher dividend income from the Group's unlisted investment.

DIVIDEND

The Board has recommended the payment of a final dividend of HK21 cents per share to shareholders whose names appear on Register of Members of the Company on 6 January 2014. This proposed pay-out, together with the interim dividend of HK4 cents per share paid on 8 July 2013, would give a total dividend of HK25 cents per share for the whole financial year. Upon approval at the Annual General Meeting to be held on 19 December 2013, the final dividend would expect to be paid to shareholders on 13 January 2014.

BUSINESS REVIEW

A. Hong Kong

The major portion of the Group's operating profit for the financial year under review was derived from rental income from the Group's investment properties in Hong Kong, the amount of which was similar to that of the preceding year. The rental revenue generated in the second half of the financial year was slightly less than that in the first half, reflecting a slowdown of the Hong Kong economy and softer rental market conditions.

Progress of the renovation work for one of the Group's residential properties on Headland Road had been delayed by the slow process in obtaining planning approvals from the Building Department and inclement weather during the summer months. The renovation program is re-scheduled to be completed in the first quarter of 2014, and the 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 is scheduled to be completed in the first quarter of 2014. Since the work is on the exterior wall of the building only, the management has been successful in limiting the adverse effect on the occupancy of the property to a minimal.

Elephant Holdings Limited – the business of this subsidiary of the Group had experienced a slight decline in revenue compared to the previous financial year, but it 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) – The internal fitting-out work for the commercial podium of Phase III had been completed in June 2013. However, the process of obtaining relevant Certificates of Compliance for this commercial podium had been hampered by the delay of the local partner of the joint-venture development company in renewing the Business License of that company. This also slowed down the process for getting approval of the building plan for the proposed office tower in Phase II. The situation had been rectified recently and the Business License of the joint-venture company is expected to be renewed in this coming December. Liaison work with relevant government agencies for the granting of Certificate of Compliance has been on-going. Once the Certificates are granted, the commercial podium will be released in the rental market.

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

PROSPECTS

The persisting economic recession in Europe and uncertain recovery of the US economy, coupled with Chinese Central Government's implementation of financial tightening policy since the second quarter of 2013, had continued to have a negative impact on Hong Kong's economy. Moreover, with the imposition of the Buyer's Stamp Duty and Special Stamp Duty on property purchasers by the Hong Kong Government since the fourth quarter of 2012 to curb speculation and the spiralling of property prices, local property sale and purchase transactions have declined substantially. These adverse factors have caused a downward movement in the rental rates of the Group's high-end residential properties. In view of the above, there may be a decrease in the Group's overall rental income in the coming financial year.

It is the Group's policy to upgrade its property holdings on a continuous basis to maintain their competitiveness in the rental market. Separately, the Group continues to look for new investment opportunities with a cautious attitude.

I thank my colleagues on the Board and our staff members for their loyal service and contributions, and am also grateful to the shareholders for their continuous support to the Company.

Wong Tat Chang, Abraham
Chairman and Managing Director

Hong Kong, 12 November 2013

FIVE YEAR FINANCIAL SUMMARY

(A) CONSOLIDATED RESULTS

	2009	2010	2011	2012	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Restated)	***HK$'000***
Turnover	123,103	118,350	120,798	133,525	**131,015**
Profit for the year	456,929	406,176	471,822	460,821	**224,252**
Profit for the year attributable to:					
Owners of the Company	456,684	405,455	471,409	459,464	**223,489**
Non-controlling interests	245	721	413	1,357	**763**
	456,929	406,176	471,822	460,821	**224,252**

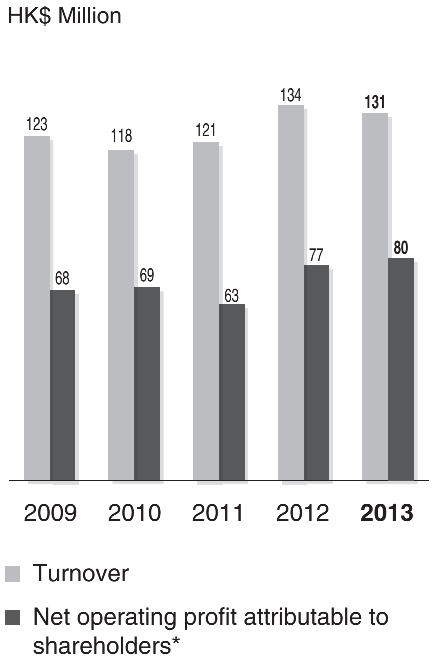
(B) CONSOLIDATED NET ASSETS

	2009	2010	2011	2012	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Restated)	***HK$'000***
Total assets	2,631,637	3,048,508	3,563,047	4,018,064	**4,252,023**
Total liabilities	(460,616)	(491,710)	(552,830)	(110,263)	**(144,224)**
Net assets	2,171,021	2,556,798	3,010,217	3,907,801	**4,107,799**
Equity attributable to owners of the Company	2,165,653	2,550,709	3,003,715	3,899,942	**4,099,185**
Non-controlling interests	5,368	6,089	6,502	7,859	**8,614**
Total	2,171,021	2,556,798	3,010,217	3,907,801	**4,107,799**

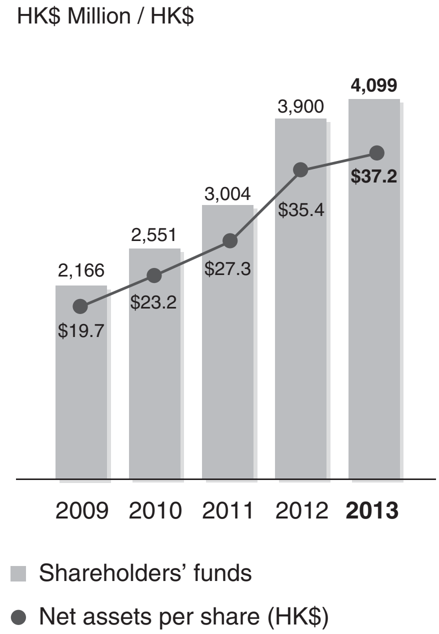
No restatement of consolidated financial statements from 2009 to 2011 was made for the adoption of new Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants that are effective for the Group's financial years ended 30 September 2013 and 2012 as directors of the Company considered it is not practicable to do so.

FINANCIAL HIGHLIGHTS

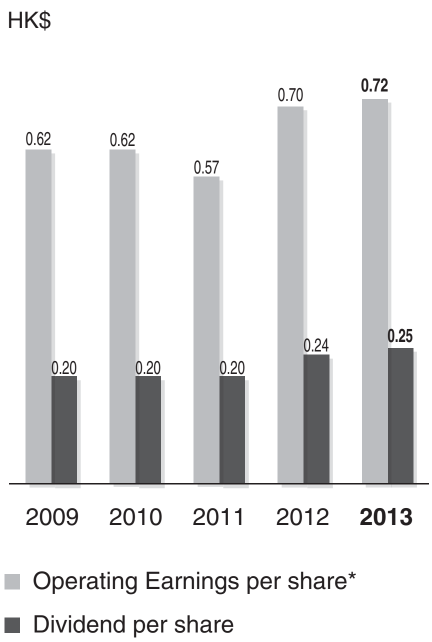
Turnover / Net Operating Profit



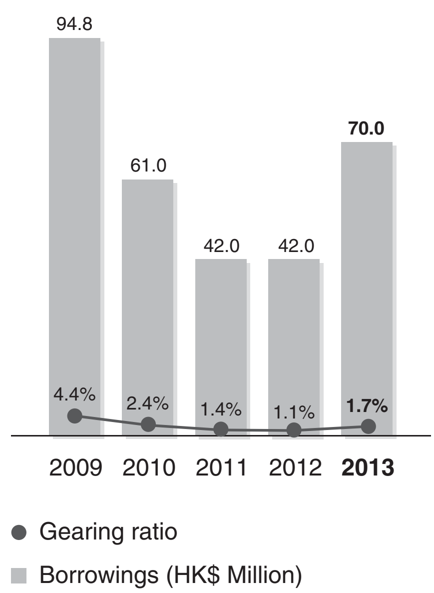
Shareholders' Funds / Net Assets per Share



Operating Earnings / Dividend per Share



Gearing / Borrowings



* Excluding share of result of a jointly controlled entity, investment properties and listed securities revaluation effect (net of taxation)

PARTICULARS OF PROPERTIES HELD FOR INVESTMENT

Particulars of investment properties which are wholly owned by the Group are as follows:

Property	Existing use	Lease term	Number of car parking spaces	Approximate gross floor area
				(square meters)
In Hong Kong				
Beverly House 93-107 Lockhart Road Hong Kong (The Remaining Portion of Inland Lot Nos. 3517-3519, 2785 and 3222)	Commercial	Long lease	43	8,347
Scenic Villas Apartments K and L on Ground to 14th Floor of Block A-4 2-28 Scenic Villa Drive Hong Kong (630/4,490th shares of and in the Remaining Portion of Inland Lot No. 2596)	Residential	Long lease	30	6,410
Scenic Villas Apartments D on Ground to 13th Floor of Block B-2 2-28 Scenic Villa Drive Hong Kong (294/4,490th shares of and in the Remaining Portion of Inland Lot No. 2596)	Residential	Long lease	14	2,510
Scenic Villas The Lower Ground Floor of Block A-3 and part of Car Port Area under Block A-4 2-28 Scenic Villa Drive Hong Kong (Certain shares of the Remaining Portion of Inland Lot No. 2596)	Commercial	Long lease	25	314

PARTICULARS OF PROPERTIES HELD FOR INVESTMENT

Property	Existing use	Lease term	Number of car parking spaces	Approximate gross floor area *(square meters)*
In Hong Kong *(Continued)*				
3-4 Headland Road Hong Kong (Rural Building Lot Nos. 681-682)	Residential	Long lease	18	3,556
Wyler Centre Phase II 13/F and 14/F Nos. 192-200 Tai Lin Pai Road Kwai Chung New Territories (364/11,152nd shares of and in the Remaining Portion of Kwai Chung Town Lot No. 130)	Industrial	Medium lease	5	4,760
1/F, 88A Pok Fu Lam Road Hong Kong (1/8th shares of and in the Remaining Portion of Inland Lot No. 2580)	Residential	Long lease	1	155
Kennedy Court No. 7A Shiu Fai Terrace Nos. 134-136 Kennedy Road Hong Kong (Section B of Inland Lot No. 2071)	Residential	Long lease	30	4,102
In the People's Republic of China				
Units E and F on 1/F to 3/F and 5/F to 9/F, Vivaldi Court Manhattan Garden Chao Yang District Beijing	Residential	Long lease	–	1,987

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

WONG TAT CHANG, ABRAHAM

B.Sc. (Cornell), Ph. D. (Calif. Berkeley)

Executive Director (Chairman and Managing Director) (Age: 62)

Mr. Wong has been with the Group since 1981. He graduated from Cornell University with a Bachelor of Science degree in mechanical engineering and holds a Master and a Doctor of Philosophy degrees in mechanical engineering from the University of California at Berkeley. He is a director of all the subsidiaries of the Company. He is the elder brother of Mr. Wong Tat Kee, David and Mr. Wong Tat Sum, Samuel.

WONG TAT KEE, DAVID

B. Sc., M.Sc. (Stanford), MBA (Western Ontario)

Executive Director (Age: 61)

Mr. Wong has been a director since 1981. He graduated from Stanford University with a Bachelor and a Master degree in mechanical engineering and also holds a Master of Business Administration degree from the University of Western Ontario. He has been involved in the building construction business in Hong Kong for over 30 years and is a director of B L Wong (Holdings) Limited and a number of private companies. He is the younger brother of Mr. Wong Tat Chang, Abraham and the elder brother of Mr. Wong Tat Sum, Samuel.

WONG TAT SUM, SAMUEL

B. Sc., B.A. (Tufts)

Executive Director (Age: 58)

Mr. Wong has been a director since 1981. He holds a Bachelor of Science degree in mechanical engineering and a Bachelor of Arts degree in economics from Tufts University. He has been actively involved in the building construction industry and property investment, development and management. He is a director of B L Wong (Holdings) Limited. He is the younger brother of Mr. Wong Tat Chang, Abraham and Mr. Wong Tat Kee, David.

LAM HSIEH LEE CHIN, LINDA

Independent Non-executive Director (Age: 86)

Mdm. Lam was appointed as a director of the Group in 1973. She studied in Aurora College for Women, Shanghai. She is the elder of Kowloon Tong Church of the Chinese Christian and Missionary Alliance.

LI KWOK SING, AUBREY

BSc, MBA

Independent Non-executive Director (Age: 63)

Mr. Li was appointed as an independent Non-executive Director on 30 September 2004. He holds a Master of Business Administration degree from Columbia University and a Bachelor of Science degree in Civil Engineering from Brown University. He is the chairman of MCL Partners Limited, a Hong Kong-based investment firm. He has over 40 years' experience in merchant banking and commercial banking. He is currently non-executive director of six other Hong Kong listed companies, namely The Bank of East Asia Limited, Cafe de Coral Holdings Limited, China Everbright International Limited, Kunlun Energy Company Limited, Kowloon Development Company Limited and Tai Ping Carpets International Limited.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SIT HOI WAH, KENNETH

LLB (Hons.)

Independent Non-executive Director (Age: 55)

Mr. Sit was appointed as an independent Non-executive Director on 10 October 2005. Holder of a Bachelor of Laws (Hons.) degree from the University of Hong Kong, he is a practising solicitor and notary public in Hong Kong with over 30 years' experience in the legal profession. He is a partner of Messrs. Kenneth Sit, Solicitors.

SENIOR MANAGEMENT

HUI SUI YUEN

CPA

Company Secretary and Group Accounting Manager (Age: 34)

Mr. Hui was appointed as Company Secretary and Group Accounting Manager on 25 July 2012. He holds a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University. He is the member of the Hong Kong Institute of Certified Public Accountants. He has over 10 years' accounting and finance working experience. He is now responsible for the company secretarial, financial and accounting aspects of the Group.

CORPORATE GOVERNANCE REPORT

The board (the "Board") of directors (the "Directors") of the Company is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 30 September 2013.

CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance practices to be essential to the promotion of shareholder value and investor confidence.

The Board has adopted all the code provisions (the "Code Provisions") as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") as the code of the Company.

During the year ended 30 September 2013, the Company has complied with all the Code Provisions as set out in the Code, save and except for Code Provision A.2.1, details of which are explained below. The Company has committed to maintaining high corporate governance standards. The Company devotes considerable efforts to identifying and formalizing the best corporate governance practices suitable to the Company's needs. In addition, the Company reviews regularly its organizational structure to ensure operations are corresponding with good corporate governance practices as set out in the Code.

The key corporate governance principles and practices of the Company are summarized as follows:

THE BOARD

Responsibilities

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Board has also established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

The Board reserves for its decisions all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial reports, appointment of Directors and other significant financial and operational matters.

CORPORATE GOVERNANCE REPORT

THE BOARD (CONTINUED)

Responsibilities (Continued)

All Directors are committed to carry out their duties in good faith and in compliance with the applicable laws and regulations and in the best interests of the Company and its shareholders at all times.

The day-to-day management, administration and operations of the Company are delegated to the Managing Director (who is also the Chief Executive Officer within the meaning of the Code) and the senior management. The delegated functions and responsibilities are formalized and adopted in written terms, and they are periodically reviewed by the Board. The Managing Director and the senior management are required to obtain prior approval from the Board for any significant transactions.

Directors have full and timely access to all the relevant information as well as advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board. Directors of the Company take decisions objectively in the interests of the Company.

Board Composition

The Board currently comprises six members, consisting of three Executive Directors and three Independent Non-executive Directors. The number of Independent Non-executive Directors represents more than one-third of the Board as required by Rule 3.10A of the Listing Rules.

The Board of the Company comprises the following Directors:

Executive Directors

Mr. Wong Tat Chang, Abraham *(Chairman of the Board, Managing Director, Chairman of Nomination Committee and Member of Remuneration Committee)*
Mr. Wong Tat Kee, David
Mr. Wong Tat Sum, Samuel

Independent Non-executive Directors

Mdm. Lam Hsieh Lee Chin, Linda *(Member of Audit Committee)*
Mr. Li Kwok Sing, Aubrey *(Chairman of Audit Committee and Member of Remuneration Committee and Nomination Committee)*
Mr. Sit Hoi Wah, Kenneth *(Chairman of Remuneration Committee and Member of Audit Committee and Nomination Committee)*

CORPORATE GOVERNANCE REPORT

THE BOARD (CONTINUED)

Board Composition (Continued)

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules and is available on the websites of the Company and the Stock Exchange.

The biographical information of the Directors, and the relationships amongst them, if any, are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 9 to 10 of this annual report.

During the year ended 30 September 2013, the Board at all times met the requirements of the Listing Rules relating to the composition and number of Independent Non-executive Directors in the Board by appointing at least three Independent Non-executive Directors with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. The Company has received written annual confirmation from each Independent Non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Board, on the recommendation of the Nomination Committee, considers all Independent Non-executive Directors are independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

On 29 August 2013, the Company adopted a Board diversity policy (the "Board Diversity Policy") in accordance with the requirement set out in Code Provision A.5.6 of the Code. The Company recognizes and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of the broad array of talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. These different qualities will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments of the members of the Board are made on merit, and in the context of the talents, skills and experience of the Board as a whole.

All Directors, including Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent Non-executive Directors have been appointed to serve on the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Appointment, Re-election and Succession Planning of Directors

The procedures for shareholders of the Company (the "Shareholders") to propose a person for election as a Director are available and accessible on the Company's website at http://www.pokfulam.com.hk.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Articles of Association. The Nomination Committee of the Company aims to review the structure, size and composition of the Board by considering the benefits of all aspects of diversity in order to maintain an appropriate range and balance of talents, skills, experience and background on the Board, identify suitable candidates to the Board, and to make recommendations on any matters in relation to the appointment or re-appointment of members of the Board by considering candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. Appointment of new Directors is reserved for the Board's approval.

CORPORATE GOVERNANCE REPORT

THE BOARD (CONTINUED)

Appointment, Re-election and Succession Planning of Directors (Continued)

The Nomination Committee ensures that the Board comprises members with a balance of talents, skills, experience, independence and knowledge and the diversity to oversee the Group's business development, strategies, operations, challenges and opportunities. The Nomination Committee considers candidates on merit, against objective criteria and with due regard for the benefits of diversity to the Board before making any recommendations to the Board in relation to the appointment or re-appointment of members of the Board. Mdm. Lam Hsieh Lee Chin, Linda and Mr. Li Kwok Sing, Aubrey have served the Company as Independent Non-executive Directors of the Company for more than nine years and do not have any management role in the Company. The Board considers that they have made considerable contributions to the Company with their relevant experience and knowledge throughout their years of service and they have maintained an independent view in relation to the Company's affairs.

Where vacancies on the Board exist, the Board will carry out the selection process, with the advice provided by the Nomination Committee, by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

Pursuant to Article 124 of the Company's Articles of Association, any Director appointed by the Board shall hold office only until the next following general meeting of the Company (in case of filling of casual vacancy) or the next following annual general meeting of the Company (in case of appointment of additional Director), and shall then be eligible for re-election.

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

In accordance with Article 119 of the Company's Articles of Association, Mr. Wong Tat Kee, David and Mdm. Lam Hsieh Lee Chin, Linda shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Board recommended the re-appointment of the Directors standing for re-election at the forthcoming annual general meeting of the Company.

The Company's circular dated 18 November 2013 contains detailed information of the Directors standing for re-election.

CORPORATE GOVERNANCE REPORT

THE BOARD (CONTINUED)

Training for Directors

Directors keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

The Company will provide a comprehensive, formal and tailored induction to each newly appointed Director on his/her first appointment in order to enable he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Company Secretary updates all Directors on the latest developments and changes to the Listing Rules and the applicable legal regulatory requirements regarding subjects necessary in the discharge of their duties.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. According to the training records maintained by the Company, on 21 February 2013, all the Directors attended a seminar arranged by the Company which was relevant to the director's duties on inside information. Continuing briefings and professional development for Directors are arranged by the Company where necessary.

Insurance Cover for Directors

During the year ended 30 September 2013, the Company has arranged appropriate insurance cover in respect of legal action against its Directors to comply with the requirement of the Code.

CHAIRMAN AND MANAGING DIRECTOR

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

Although Mr. Wong Tat Chang, Abraham holds both the positions of the Chairman and Managing Director of the Company, the Board considers that vesting the roles of both Chairman and Managing Director in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. The Board also considers that the current Board composition, where half of the Board is 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.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established three committees, namely, the Remuneration Committee, Audit Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website at http://www.pokfulam.com.hk and the Stock Exchange's website at http://www.hkexnews.hk and are available to Shareholders upon request. Board committees report to the Board on their work, findings, recommendations and decisions pursuant to their terms of reference.

Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Remuneration Committee

The Remuneration Committee comprises three members, namely, Mr. Sit Hoi Wah, Kenneth (Chairman), Mr. Wong Tat Chang, Abraham and Mr. Li Kwok Sing, Aubrey. The majority of the members of the Remuneration Committee are Independent Non-executive Directors.

The terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The main duties and responsibilities of the Remuneration Committee are to make recommendations to the Board on the remuneration packages of the Executive Directors and Independent Non-executive Directors and the senior management of the Company for the Board's approval, make recommendations to the Board to improve the transparency of the Company's overall remuneration policy and to review and recommend the compensation arrangements relating to any loss or termination of office of Directors and senior management.

The primary functions of the Remuneration Committee include the following:–

- To make recommendations on the establishment of procedures for developing the remuneration policy and structure for all Directors and the senior management, which policy shall ensure, inter alia, that no Director or any of his/her associates will participate in deciding his/her own remuneration.

- To review and recommend the management's remuneration proposals with reference to the Board's corporate goals and objectives.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (CONTINUED)

Remuneration Committee (Continued)

- To review and recommend the remuneration packages of all Directors and the senior management by reference to salaries paid by comparable companies, time commitment and responsibilities and employment terms and conditions offered by other companies within the Group.

- To review and recommend the compensation arrangements for all Directors and the senior management.

The Remuneration Committee met once during the year ended 30 September 2013 and reviewed the remuneration policy and structure of the Company and the remuneration packages of all Directors and the senior management for the year under review.

Audit Committee

The Audit Committee comprises three members, namely, Mr. Li Kwok Sing, Aubrey (Chairman), Mr. Sit Hoi Wah, Kenneth and Mdm. Lam Hsieh Lee Chin, Linda. All the members of the Audit Committee are Independent Non-executive Directors including at least one member possesses the appropriate professional qualifications or accounting or related financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Company has adopted a whistleblowing policy for promoting high corporate governance standards and deterring wrongdoings. The policy aims at encouraging and enabling employees of the Group at all levels and others to report violations or suspected violations and to raise serious concerns about possible improprieties in matters of financial reporting or other matters of the Group.

The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the management or the external auditors before submission to the Board.

- To review the relationship with the external auditors by reference to the work performed by the auditors, their independence, fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors.

- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

- To review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company and its subsidiaries (the "Arrangements"), and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

The Audit Committee held four meetings during the year ended 30 September 2013 to review the Listing Rules amendments relating to corporate governance, the interim and annual financial results and reports, financial reporting and compliance procedures, financial control system, internal control system (including a disclosure policy as adopted by the Board on 21 February 2013 (the "Disclosure Policy")), risk management system, the adequacy of resources, accounting staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function, the re-appointment of the external auditor and the Arrangements.

The Audit Committee meets the external auditor, at least annually, in the absence of management, to discuss matters relating to any issues arising from the audit and any other matters the external auditor may wish to raise. The Audit Committee met the external auditor twice during the year ended 30 September 2013. Another meeting was held without the presence of the Executive Directors.

The Audit Committee regularly reviews the internal control system and the risk management system of the Company and reports to the Board on any variance or risks identified by the management and makes recommendations to the Board in respect of any actions, as appropriate.

The Company's annual results for the year ended 30 September 2013 have been reviewed by the Audit Committee.

Nomination Committee

The Nomination Committee was established by the Board with written terms of reference in compliance with the Code. Following the adoption of the Board Diversity Policy on 29 August 2013, the terms of reference were revised on 12 November 2013.

The primary functions of the Nomination Committee include the following:

- To review the structure, size and composition (including the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy and the requirement of Board diversity.

- To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.

- To assess the independence of the Independent Non-executive Directors.

- To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman of the Board and the Managing Director.

- To review the policy on Board diversity, as appropriate, and make recommendations to the Board on any proposed change to the policy and to exercise such other powers and authorities, and to perform such other duties, as set out in the policy or delegated by the Board from time to time.

The Nomination Committee comprises one Executive Director, Mr. Wong Tat Chang, Abraham (Chairman), and two Independent Non-executive Directors, namely, Mr. Li Kwok Sing, Aubrey and Mr. Sit Hoi Wah, Kenneth. The majority of the members of the Nomination Committee are Independent Non-executive Directors.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (CONTINUED)

Nomination Committee (Continued)

The Nomination Committee met once during the year ended 30 September 2013 and reviewed the structure, size and composition of the Board and the independence of the Independent Non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the annual general meeting.

Number of Meetings and Directors' Attendance

During the year ended 30 September 2013, the Board held four regular meetings and one non-regular meeting. During these meetings, Directors discussed and approved overall strategies and policies of the Group, reviewed and monitored financial and operational performance, and approved the annual and interim results of the Group. In addition, three written resolutions were duly approved and signed by all the Directors. The matters approved by the written resolutions included renewal of the banking facility, change of Company website and adoption of the Board Diversity Policy.

During the year ended 30 September 2013, the attendance records of the Directors at the meetings of the Board, Remuneration Committee, Audit Committee, Nomination Committee and the annual general meeting for 2012 (the "2012 AGM") are set out below:

	Attendance/Number of Meetings					
	Board Meetings		Remuneration Committee	Audit Committee	Nomination Committee	
Name of Directors	Regular	Non-regular	Meeting	Meetings	Meeting	2012 AGM
Executive Directors						
Mr. Wong Tat Chang, Abraham *(Chairman of the Board, Managing Director, Chairman of Nomination Committee and Member of Remuneration Committee)*	4/4	0/1*	1/1	N/A	1/1	1/1
Mr. Wong Tat Kee, David	3/4	0/1*	N/A	N/A	N/A	1/1
Mr. Wong Tat Sum, Samuel	3/4	0/1*	N/A	N/A	N/A	1/1
Independent Non-executive Directors						
Mdm. Lam Hsieh Lee Chin, Linda *(Member of Audit Committee)*	4/4	1/1	N/A	4/4	N/A	1/1
Mr. Li Kwok Sing, Aubrey *(Chairman of Audit Committee and Member of Remuneration Committee and Nomination Committee)*	4/4	1/1	1/1	4/4	1/1	1/1
Mr. Sit Hoi Wah, Kenneth *(Chairman of Remuneration Committee and Member of Audit Committee and Nomination Committee)*	4/4	1/1	1/1	4/4	1/1	1/1

* Each of the Executive Directors was considered to have conflict of interest on the matters discussed in the non-regular Board meeting and therefore they were absent from the meeting.

Notes:

1. Besides the 2012 AGM held on 31 December 2012, no other general meeting was held during the year ended 30 September 2013.
2. Three written resolutions were duly approved and signed by all Directors during the year under review.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (CONTINUED)

Number of Meetings and Directors' Attendance (Continued)

Apart from the above-mentioned Board meetings, the Chairman of the Board held a meeting with all the Independent Non-executive Directors without the presence of the Executive Directors during the year ended 30 September 2013 for discussing, inter alia, Directors' time commitments and contribution in performing their responsibilities to the Company, and the Group's strategy.

Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers are sent to all Directors to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions in accordance with the Code Provisions as stipulated in the Code. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The management has provided all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

The senior management members are invited to attend Board and committee meetings to give advice on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interests for a substantial Shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Articles of Association also contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 30 September 2013.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 30 September 2013.

The Directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and that relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The Board has received from the management explanation and relevant information which enable the Board to make an informed assessment for approving the financial statements.

AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about its reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 35 to 36.

During the year under review, the remuneration paid to the Company's external auditor, Messrs Deloitte Touche Tohmatsu, is set out below:

Category of Services	**Fee paid/payable**
	HK$'000
Audit services	813
Non-audit services	
– tax and other services	187
	1,000

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL

The Board is responsible for maintaining an adequate internal control system to safeguard Shareholders' investments and the Company's assets, and reviewing the effectiveness of such on an annual basis through the Audit Committee.

During the year under review, the Board, through the Audit Committee, conducted a review of the effectiveness of the internal control system of the Group, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function. The review covered relevant financial, operational and compliance controls as well as risk management functions. The Audit Committee, in turn, reports to the Board on any material issues and makes recommendations to the Board as appropriate. The Board has concluded that the internal control system of the Group is adequate and operating effectively.

The management also conducts periodic reviews on the operations of individual divisions to identify any irregularities and risks, develops action plans and recommendations to address the identified risks and to report to the Audit Committee on any key findings.

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 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.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board, all Executive Directors, Independent Non-executive Directors, and the Chairmen of all Board committees (or their delegates) will make themselves available at the annual general meetings to meet Shareholders and answer their enquiries.

The Shareholders' communication policy of the Company sets out the Company's procedures in providing the Shareholders with prompt and equal access to information about the Company, in order to enable the Shareholders to access the Company's overall performance, exercise their rights in an informed manner and engage actively with the Company.

The 2012 AGM was held on 31 December 2012. The notice of 2012 AGM was sent to Shareholders at least 20 clear business days before the 2012 AGM.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS (CONTINUED)

The Chairman of the Board as well as the Chairmen of the Remuneration Committee, Nomination Committee and Audit Committee or, in their absence, other members of the respective committees, and the Company's auditor have attended the 2012 AGM to answer questions.

To promote effective communication, the Company maintains a website at http://www.pokfulam.com.hk, where up-to-date information and updates on the Company's financial information, corporate governance practices and other information are posted. With effect from 15 July 2013, the website of the Company has been changed from http://www.tricor.com.hk/webservice/00225 to http://www.pokfulam.com.hk.

The Company continues to enhance communication and relationships with its investors. The Company's senior management has undertaken the role of establishing an effective communication system. They are responsible for responding to the enquiries from Shareholders/investing public or the media from time to time.

During the year under review, the Company has not made any changes to its Articles of Association. An updated version of the Company's Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

SHAREHOLDERS' RIGHTS

To safeguard Shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at Shareholder meetings, including the election of individual Directors. Save as provided under the Listing Rules, resolutions put to vote at the general meetings of the Company (other than procedural matters) are taken by poll and poll results will be posted on the websites of the Company and the Stock Exchange after the Shareholders' meetings.

Convening an Extraordinary General Meeting by Shareholders

Extraordinary general meetings may be convened by the Directors on requisition of Shareholder(s) holding not less than one-twentieth of the paid up capital of the Company or by such Shareholder(s) who made the requisition (the "Requisitionist(s)") (as the case may be) pursuant to Section 113 of the Companies Ordinance (Chapter 32 of the laws of Hong Kong) (the "Companies Ordinance"). The objects of the meeting must be stated in the requisition which must be signed by the Requisitionist(s) and deposited at the registered office of the Company. Shareholders should follow the requirements and procedures as set out in Section 113 of the Companies Ordinance for convening an extraordinary general meeting.

Putting Forward Proposals at General Meetings

Pursuant to Section 115A of the Companies Ordinance, Shareholders representing not less than one-fortieth of the total voting rights of all Shareholders; or not less than 50 Shareholders holding shares in the Company on which there has been paid up an average sum, per Shareholder, of not less than HK$2,000, may make requisition in writing for proposing resolution or business to be dealt with at the next general meeting. Shareholders should follow the requirements and procedures as set out in Section 115A of the Companies Ordinance for putting forward a proposal at a general meeting.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS (CONTINUED)

Putting Forward Enquiries to the Board

Shareholders who have enquiries about the procedures for convening an extraordinary general meeting or putting forward proposals at general meetings may write to the Company Secretary.

Shareholders may send written enquiries to the Company Secretary who will direct the enquiries to the Board for handling. The contact details of the Company Secretary are as follows:

Contact Details

The Company Secretary
Pokfulam Development Company Limited
23rd Floor, Beverly House
93-107 Lockhart Road
Wanchai
Hong Kong
Email: pdcl@pokfulam.com.hk
Tel No.: (852) 2520-1010
Fax No.: (852) 2865-0804

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions set out in the Code Provision D.3.1 of the Code including the following:

- To develop, review and update the Company's policies and practices on corporate governance.
- To review and monitor the training and continuous professional development of Directors and senior management.
- To review and monitor the Company's policies and practices in compliance with legal and regulatory requirements.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS (CONTINUED)

- To develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors.

- To review the Company's compliance with the Code and disclosure in the corporate governance report.

- To perform such other corporate governance duties and functions set out in the Code for which the Board is responsible.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employees Written Guidelines, and the Company's compliance with the Code and disclosure in this corporate governance report.

COMPANY SECRETARY

The Company Secretary is responsible for advising the Board through the Chairman of the Board on governance matters and also facilitates induction and professional development of Directors. The Company Secretary reports to the Chairman of the Board. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, all applicable law, rules and regulations are followed.

Mr. Hui Sui Yuen has been appointed as the Company Secretary of the Company since 25 July 2012.

During the year under review, Mr. Hui has undertaken sufficient hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 30 September 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are property investment and investment holding. The principal activities of the Company's subsidiaries and jointly controlled entity are set out in notes 16 and 18 to the financial statements respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 September 2013 are set out in the consolidated statement of profit or loss and other comprehensive income on page 37.

An interim dividend of HK4 cents per share amounting to HK$4,407,000 was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of HK21 cents per share to the shareholders on the register of members on 6 January 2014, amounting to HK$23,138,000.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Liquidity and financial resources

The Group will continue to maintain its conservative approach to financial management, funding and treasury policies. Shareholders' funds as at 30 September 2013 were HK$4,099.2 million (2012 (restated): HK$3,899.9 million).

At 30 September 2013, the Group's total bank balances and cash was HK$118.9 million (2012: HK$72.6 million) of which over 22% was denominated in Hong Kong dollars, and 69% was denominated in Renminbi. The Group's foreign exchange exposure was not significant given its large asset base and operational cash flow primarily denominated in Hong Kong dollars.

At 30 September 2013, the Group's total borrowings, which were all denominated in Hong Kong dollars, were HK$70.0 million (2012: HK$42.0 million).

REPORT OF THE DIRECTORS

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:

	2013	2012
	HK$ Million	*HK$ Million*
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 but within five years after the end of reporting period contains a repayment on demand clause) is classified under current liabilities and carries interest at HIBOR plus a margin.

At 30 September 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 30 September 2013, the debt to equity ratio, based on the Group's total borrowings of HK$70.0 million and the shareholders' funds of HK$4,099.2 million, was 1.7%, as compared with 1.1% (restated) on 30 September 2012.

At 30 September 2013, investment properties and properties for own use of the Group with an aggregate carrying value of HK$3,704.3 million and HK$3.0 million respectively were pledged to banks to secure the general banking facilities granted to the Group.

Commitments

Particulars of the Group's and the Company's commitments are set out in note 30 to the financial statements.

Employees and Remuneration Policies

On 30 September 2013, the Group had 103 employees. The staff remuneration including directors' emoluments and other employee expenses for the year ended 30 September 2013 amounted to approximately HK$17.3 million (2012: HK$17.0 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.

REPORT OF THE DIRECTORS

RESERVES

Movements in the reserves of the Group and the Company during the year are set out on page 40 and in note 26 to the financial statements respectively.

At 30 September 2013, the Company's reserves available for distribution to shareholders represent the retained profits of HK$1,104.3 million.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group and the Company are set out in note 14 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company are set out in note 15 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years, as extracted from the published audited financial statement, is set out on page 5.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 30 September 2013, the five largest customers of the Group accounted for less than 30% of the Group's turnover. The five largest suppliers of the Group accounted for approximately 70% of the Group's total purchases for the year and purchases from the largest supplier included therein accounted for approximately 41%.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers.

REPORT OF THE DIRECTORS

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Wong Tat Chang, Abraham
Mr. Wong Tat Kee, David
Mr. Wong Tat Sum, Samuel

Independent Non-executive Directors

Mdm. Lam Hsieh Lee Chin, Linda
Mr. Li Kwok Sing, Aubrey
Mr. Sit Hoi Wah, Kenneth

In accordance with the Company's Articles of Association, Mr. Wong Tat Kee, David and Mdm. Lam Hsieh Lee Chin, Linda, will retire by rotation from the board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence in accordance with Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Notwithstanding that Mdm. Lam Hsieh Lee Chin, Linda and Mr. Li Kwok Sing, Aubrey have served as Independent Non-executive Directors for more than nine years, they meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are not involved in the daily management of the Company nor are they in any relationships or circumstance which would interfere with the exercise of their independent judgment. The Nomination Committee of the Company has assessed and is satisfied of the independence of Mdm. Lam Hsieh Lee Chin, Linda and Mr. Li Kwok Sing, Aubrey. Hence, the Board is of the opinion that all the Independent Non-executive Directors remain independent within the definition of the Listing Rules by reference to the factors stated in the Listing Rules.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN SHARES

At 30 September 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

	Number of ordinary shares				
Name of director	Personal interests	Family interests	Other interests	Total	Percentage of the issued share capital of the Company
		(note 1)	*(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%

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

	Number of ordinary shares			
Name of director	Personal interests	Other interests	Total	Percentage of the issued share capital of EHL
		(note 2)		
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 30 September 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.

REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTIONS

On 28 July 2011, the Company as landlord and Elephant Holdings Limited ("Elephant"), a non-wholly owned subsidiary of the Company as tenant, entered into a tenancy agreement in respect of the lease of 3/F., Beverly House, 93-107 Lockhart Road, Wanchai, Hong Kong as office for a term of three years commencing from 1 August 2011. The rent payable by Elephant to the Company is HK$97,000 per month, exclusive of management and air-conditioning charges and rates, and the management and air-conditioning charges (subject to review at any time upon one month's notice) payable to Beverly Investment Company Limited, a wholly-owned subsidiary of the Company, is HK$27,907 per month.

Elephant is a connected person of the Company therefore the tenancy agreement constitutes a continuing connected transaction for the Company and is subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Further details of the new tenancy agreement were set out in the Announcement of the Company dated 28 July 2011. The continuing connected transaction during the year had not exceeded the annual cap for the financial year ended 30 September 2013.

The independent non-executive directors of the Company reviewed the continuing connected transaction and confirmed that the transaction was entered into in the ordinary and usual course of business of the Company, on normal commercial terms and in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. In addition, the auditor of the Company also reviewed the continuing connected transaction and reported to the Board of Directors in accordance with Rule 14A.38 of the Listing Rules.

CONNECTED TRANSACTION

On 10 April 2012, the Company entered into a letter of award with B.L. Wong & Co., Ltd (the "Contractor") to engage it to perform certain renovation works for a three-storey residential building owned by the Company situated at No. 3 Headland Road, Hong Kong at a contract sum of HK$28,608,000 (the "Letter of Award"). The Contractor is owned by each of the three executive directors (who are brothers) ("Executive Directors") and their parents in equal shares. Accordingly, the Contractor is an associate of the Executive Directors and a connected person of the Company. The Letter of Award therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Further details regarding the Letter of Award were set out in the Company's Announcement dated 10 April 2012 and the Company's 2012 Annual Report.

Details of the connected transaction incurred during the year are also set out in note 35 "Related party transactions" to the financial statements.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 35 to the financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SERVICE AND MANAGEMENT CONTRACTS

On 1 April 2012, each of Directors of the Company entered into a letter of appointment with the Company for a specific term of three years commencing from 1 April 2012 and is subject to retirement and re-election at annual general meetings of the Company pursuant to the Articles of Association.

Other than disclosed above, no contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries were entered into during the year or subsisted at the end of the year.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At 30 September 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, 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.

REPORT OF THE DIRECTORS

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 30 September 2013.

RETIREMENT BENEFIT SCHEME

The Group operates the mandatory provident fund scheme ("MPF Scheme") for all qualifying employees in accordance with the Mandatory Provident Fund Schemes Ordinance (the "Ordinance"). The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees.

The Group's contributions to the MPF Scheme were calculated at 5% of the employee's monthly relevant income. Any contributions which exceed the contributions required under the Ordinance are paid to the MPF Scheme as voluntary contribution.

Contributions to the MPF Scheme for the year made by the Group amounted to HK$674,000.

Save as aforementioned, no retirement benefits were paid or are payable by the Group in respect of the year.

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 11 to 25.

AUDIT COMMITTEE

The Company's Audit Committee is composed of all the three independent non-executive directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management system and financial reporting matters including the review of the consolidated financial statements for the year ended 30 September 2013 with the executive directors.

EMOLUMENT POLICY

The emoluments of employees of the Group were determined on the basis of their performance, experience and prevailing industry practices.

The Company determined the emoluments of the directors on the basis of the market competitiveness, time commitment, duties and employment conditions elsewhere in the Group, as well as the Board's corporate goals and objectives.

REPORT OF THE DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 30 September 2013.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The Annual General Meeting of the Company is scheduled to be held on 19 December 2013. For determining the entitlement to attend and vote at the Annual General Meeting, the Register of Members will be closed from Tuesday, 17 December 2013 to Thursday, 19 December 2013 (both days inclusive), during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Standard Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 16 December 2013.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 30 September 2013 is subject to the approval by the shareholders at the Annual General Meeting. For determining the entitlement to the proposed final dividend, the Register of Members will be closed from Thursday, 2 January 2014 to Monday, 6 January 2014 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Standard Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 31 December 2013.

AUDITOR

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Wong Tat Chang, Abraham
Chairman and managing director

Hong Kong, 12 November 2013

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF POKFULAM DEVELOPMENT COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Pokfulam Development Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 97, which comprise the consolidated and company statements of financial position as at 30 September 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 12 November 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	NOTES	2013	2012
		HK$'000	*HK$'000* (Restated)
Turnover	6	131,015	133,525
Cost of goods sold		(17,693)	(19,157)
Cost of rental and other operations		(30,927)	(28,288)
		82,395	86,080
Other income		22,600	14,982
Increase in fair value of investments held for trading		2,464	10,772
Increase in fair value of investment properties		143,361	321,126
Selling and marketing expenses		(2,029)	(2,240)
Administrative expenses		(11,609)	(9,928)
Finance costs	7	(1,262)	(631)
Share of profit of a jointly controlled entity		1,942	54,682
Profit before tax	8	237,862	474,843
Income tax expense	9	(13,610)	(14,022)
Profit for the year		224,252	460,821
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		920	193
Exchange gain arising from long term advances to a jointly controlled entity		1,277	341
Other comprehensive income for the year		2,197	534
Total comprehensive income for the year		226,449	461,355
Profit for the year attributable to:			
Owners of the Company		223,489	459,464
Non-controlling interests		763	1,357
		224,252	460,821
Total comprehensive income for the year attributable to:			
Owners of the Company		225,686	459,998
Non-controlling interests		763	1,357
		226,449	461,355
		HK$	*HK$* (Restated)
Earnings per share – basic	11	2.03	4.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2013

	NOTES	30.9.2013	30.9.2012	1.10.2011
		HK$'000	HK$'000 (Restated)	HK$'000 (Restated)
Non-current Assets				
Investment properties	14	3,907,100	3,729,000	3,395,340
Property, plant and equipment	15	5,826	6,452	6,515
Interest in a jointly controlled entity	18	18,631	72,710	13,318
Amount due from a jointly controlled entity	18	131,949	69,734	70,403
Available-for-sale investments	19	8,000	8,000	8,000
		4,071,506	3,885,896	3,493,576
Current Assets				
Inventories	20	6,017	6,831	5,921
Investments held for trading	21	48,533	46,069	35,227
Trade and other receivables	22	5,438	5,437	3,538
Deposits and prepayments		1,605	1,225	1,703
Bank balances and cash	23	118,924	72,606	23,082
		180,517	132,168	69,471
Current Liabilities				
Trade and other payables	24	21,363	20,016	9,971
Rental and management fee deposits		21,732	21,474	21,129
Provision for taxation		9,396	9,865	9,539
Bank loan, secured	27	70,000	42,000	42,000
		122,491	93,355	82,639
Net Current Assets (Liabilities)		58,026	38,813	(13,168)
Total Assets less Current Liabilities		4,129,532	3,924,709	3,480,408
Capital and Reserves				
Share capital	25	110,179	110,179	110,179
Reserves		3,989,006	3,789,763	3,351,801
Equity attributable to owners of the Company		4,099,185	3,899,942	3,461,980
Non-controlling interests		8,614	7,859	6,502
Total Equity		4,107,799	3,907,801	3,468,482
Non-current Liability				
Deferred taxation	28	21,733	16,908	11,926
		4,129,532	3,924,709	3,480,408

The consolidated financial statements on pages 37 to 97 were approved and authorised for issue by the Board of Directors on 12 November 2013 and are signed on its behalf by:

Wong Tat Chang, Abraham
DIRECTOR

Wong Tat Sum, Samuel
DIRECTOR

COMPANY'S STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2013

	NOTES	**30.9.2013**	30.9.2012	1.10.2011
		HK$'000	*HK$'000* (Restated)	*HK$'000* (Restated)
Non-current Assets				
Investment properties	*14*	**3,177,850**	3,039,400	2,781,540
Property, plant and equipment	*15*	**3,364**	3,884	3,994
Investments in subsidiaries	*16*	**37,083**	32,890	28,706
Amounts due from subsidiaries	*17*	**457,944**	412,042	459,223
Available-for-sale investments	*19*	**8,000**	8,000	8,000
		3,684,241	3,496,216	3,281,463
Current Assets				
Trade and other receivables	*22*	**814**	1,072	1,069
Deposits and prepayments		**433**	587	887
Bank balances and cash	*23*	**104,315**	67,133	20,191
		105,562	68,792	22,147
Current Liabilities				
Trade and other payables	*24*	**13,756**	12,433	4,533
Rental and management fee deposits		**15,923**	15,768	15,747
Amounts due to subsidiaries	*29*	**12,794**	22,530	18,305
Provision for taxation		**7,057**	8,070	8,027
		49,530	58,801	46,612
Net Current Assets (Liabilities)		**56,032**	9,991	(24,465)
Total Assets less Current Liabilities		**3,740,273**	3,506,207	3,256,998
Capital and Reserves				
Share capital	*25*	**110,179**	110,179	110,179
Reserves	*26*	**3,621,213**	3,387,368	3,139,208
		3,731,392	3,497,547	3,249,387
Non-current Liability				
Deferred taxation	*28*	**8,881**	8,660	7,611
		3,740,273	3,506,207	3,256,998

Wong Tat Chang, Abraham
DIRECTOR

Wong Tat Sum, Samuel
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Attributable to the owners of the Company						
	Share capital	Share premium	Translation reserve	Retained profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP							
At 1 October 2011 as originally 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 year	–	–	–	459,464	459,464	1,357	460,821
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 year	–	–	534	459,464	459,998	1,357	461,355
Final dividend for 2011 paid	–	–	–	(17,629)	(17,629)	–	(17,629)
Interim dividend for 2012 paid	–	–	–	(4,407)	(4,407)	–	(4,407)
At 30 September 2012 as restated	110,179	35,955	15,434	3,738,374	3,899,942	7,859	3,907,801
Profit for the year	**–**	**–**	**–**	**223,489**	**223,489**	**763**	**224,252**
Exchange difference arising on translation of foreign operations	**–**	**–**	**920**	**–**	**920**	**–**	**920**
Exchange gain arising from long term advances to a jointly controlled entity	**–**	**–**	**1,277**	**–**	**1,277**	**–**	**1,277**
Total comprehensive income for the year	**–**	**–**	**2,197**	**223,489**	**225,686**	**763**	**226,449**
Acquisition of additional interest in a subsidiary	**–**	**–**	**–**	**–**	**–**	**(8)**	**(8)**
Final dividend for 2012 paid	**–**	**–**	**–**	**(22,036)**	**(22,036)**	**–**	**(22,036)**
Interim dividend for 2013 paid	**–**	**–**	**–**	**(4,407)**	**(4,407)**	**–**	**(4,407)**
At 30 September 2013	**110,179**	**35,955**	**17,631**	**3,935,420**	**4,099,185**	**8,614**	**4,107,799**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	2013	2012
	HK$'000	*HK$'000*
Operating activities		
Profit before tax	**237,862**	474,843
Adjustments for:		
Increase in fair value of investment properties	**(143,361)**	(321,126)
Increase in fair value of investments held for trading	**(2,464)**	(10,772)
(Gain) loss on disposal of property, plant and equipment	**(164)**	12
Depreciation on property, plant and equipment	**1,517**	1,540
Dividend income from an investee company classified as an available-for-sale investment	**(14,022)**	(8,507)
Imputed interest income on amount due from a jointly controlled entity	**(4,184)**	(4,143)
Interest income	**(1,237)**	(377)
Dividend income	**(3,002)**	(2,837)
Finance costs	**1,262**	631
Share of profit of a jointly controlled entity	**(1,942)**	(54,682)
Operating cash flows before movements in working capital	**70,265**	74,582
Decrease (increase) in inventories	**814**	(910)
Increase in investments held for trading	**–**	(70)
Increase in trade and other receivables, deposits and prepayments	**(364)**	(1,421)
Increase in trade and other payables, rental and management fee deposits	**490**	3,780
Cash generated from operations	**71,205**	75,961
Interest received	**1,220**	377
Dividend received	**3,002**	2,837
Hong Kong Profits Tax paid, net	**(9,254)**	(8,714)
Net cash generated from operating activities	**66,173**	70,461

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	2013	2012
	HK$'000	*HK$'000*
Investing activities		
Purchase of property, plant and equipment	**(908)**	(1,543)
Proceeds on disposal of property, plant and equipment	**181**	54
Addition of investment properties	**(33,675)**	(5,924)
Dividend received from an investee company classified as an available-for-sale investment	**14,022**	8,507
(Advance to) repayment from a jointly controlled entity	**(16)**	628
Net cash (used in) generated from investing activities	**(20,396)**	1,722
Financing activities		
New bank loans raised	**70,000**	–
Repayment of bank loans	**(42,000)**	–
Acquisition of additional interest in a subsidiary	**(8)**	–
Dividends paid	**(26,443)**	(22,036)
Interest paid	**(1,211)**	(631)
Net cash generated from (used in) financing activities	**338**	(22,667)
Net increase in cash and cash equivalents	**46,115**	49,516
Cash and cash equivalents at the beginning of the financial year	**72,606**	23,082
Effect of foreign exchange rate changes	**203**	8
Cash and cash equivalents at the end of the financial year	**118,924**	72,606
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**118,924**	72,606

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

1. GENERAL

The Company is a public limited liability company incorporated in Hong Kong and its shares are listed on 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.

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.

The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is the same as the functional currency of the Company.

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

In the current year, the Group has applied for the first time, the following amendments to standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 1	*Presentation of Items of Other Comprehensive Income; and*
Amendments to HKAS 12	*Deferred Tax: Recovery of Underlying Assets*

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

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

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

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

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* (Continued)

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.

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 and the Company measure 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 and the Company's investment property portfolios and concluded that the Group's and the Company's investment properties in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodies in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is not rebutted.

The Group's investment properties in the People of Republic China ("PRC") are held under a business model whose objective is to consume substantially all of the economic benefits embodies in the investment properties over time, and that the presumption set out in the amendments to HKAS12 is rebutted.

As a result of the application of the amendments to HKAS 12, the Group and the Company do not recognise any deferred taxes on changes in fair value of investment properties in Hong Kong as the Group and the Company are not subject to any income taxes on disposal of these investment properties in accordance with the relevant tax regulation. Previously, the Group and the Company 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

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

Amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* (Continued)

The Group

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 years ended 30 September 2013 and 30 September 2012 being decreased by HK$20,305,000 and HK$52,280,000 respectively, and hence resulted in the profit for the years ended 30 September 2013 and 30 September 2012 being increased by HK$20,305,000 and HK$52,280,000 respectively.

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
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
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

	Year ended 30.09.2013	Year ended 30.09.2012
	HK$	*HK$*
Basic earnings per share before adjustment	**1.85**	3.70
Adjustment arising from change in accounting policy in relation to application of amendments to HKAS 12 in respect of deferred taxes on investment properties	**0.18**	0.47
Reported basic earnings per share	**2.03**	4.17

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

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

Amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* (Continued)

The Company

The amendments to HKAS 12 have been applied retrospectively, resulting in the Company's deferred tax liabilities being decreased by HK$430,023,000 and HK$472,161,000 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 Company's income tax expense for the years ended 30 September 2013 and 30 September 2012 being decreased by HK$17,112,000 and HK$42,138,000 respectively, and hence resulted in the profit for the years ended 30 September 2013 and 30 September 2012 being increased by HK$17,112,000 and HK$42,138,000 respectively.

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 Company 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
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total effects on net assets						
– Deferred tax liabilities	(437,634)	430,023	(7,611)	(480,821)	472,161	(8,660)
Total effects on equity						
– Retained profits	2,673,230	430,023	3,103,253	2,879,252	472,161	3,351,413

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

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

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 - 2011 Cycle[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[2]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[2]
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]
HK(IFRIC) - Int 21	Levies[2]

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

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

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

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

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

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

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

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

Key requirements of these five standards are described below.

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

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) - Int 13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

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

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 October 2013. The application of these five standards will not have significant impact on amounts reported in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

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

HKFRS 13 Fair Value Measurement

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the equity therein.

Allocation of the total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investments in subsidiaries

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any identified impairment loss.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Jointly controlled entities

Joint venture arrangements that involve the establishment of separate entity in which the venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

The financial statements of jointly controlled entities used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Jointly controlled entities (Continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of items of property, plant and equipment less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rate of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value, are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which case, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profits or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in jointly controlled entity, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

Financial assets at FVTPL of the Group are financial assets held for trading. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or

- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, bank balances and cash, amounts due from subsidiaries and a jointly controlled entity) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. Subsequent to initial recognition, available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment of financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contracts, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and amounts due from subsidiaries, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or amount due from a subsidiary is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

The Group's financial liabilities include trade and other payables, amounts due to subsidiaries and bank loan are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition (Continued)

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business.

Rental income in respect of properties under operating leases is recognised over the lease term of the respective tenancy on a straight-line basis.

Building management fees income are recognised when services are provided.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend income is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Retirement benefit scheme

Payments to defined contribution retirement benefit plans (i.e. the Mandatory Provident Fund Scheme) are recognised as an expense when employees have rendered service entitling them to the contributions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. CAPITAL RISK MANAGEMENT

The Group and the Company manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from prior year.

The capital structure of the Group and the Company consists of debt, which includes the bank loan disclosed in note 27, and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The management of the Group and the Company reviews the capital structure on a regular basis. As a part of this review, the management of the Group and the Company considers the cost of capital and the risks associated with each class of capital and will adjust its overall capital structure through dividend payments and issuing new shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

5. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Loans and receivables (including cash and cash equivalents)	**256,311**	147,777	**563,073**	480,247
Available-for-sale investments	**8,000**	8,000	**8,000**	8,000
Investments held for trading	**48,533**	46,069	**–**	–
Financial liabilities				
At amortised cost	**90,804**	61,422	**26,550**	34,963

b. Financial risk management objective and policies

The Group's and the Company's financial instruments include available-for-sale investments, amount due from subsidiaries and a jointly controlled entity, investments held for trading, trade and other receivables, bank balances and cash, trade and other payables, amounts due to subsidiaries and bank loan. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

5. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objective and policies (Continued)

Market risk

(i) Currency risk

Certain bank balances are denominated in foreign currencies of the relevant group entities. They expose the Group and the Company to foreign currency risk. The Group and the Company currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

At the end of reporting periods, the carrying amounts of the Group's and the Company's monetary assets denominated in currencies other than respective functional currencies of the relevant group entities are as follows:

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Renminbi ("RMB")	**77,334**	8,593	**77,334**	8,593
British Pound ("GBP")	**6,369**	–	**6,369**	–
United States dollars ("USD")	**2,803**	22	**–**	–

The USD denominated monetary assets arose from group entities with HKD as functional currency. As HKD is currently pegged to USD, the directors of the Company consider that the foreign currency exposure is limited. In addition, the amounts of monetary assets denominated in GBP are insignificant.

Sensitivity analysis

The Group and the Company are mainly exposed to a foreign currency risk arising from monetary assets that are denominated in RMB.

The following table details the Group's and the Company's sensitivity to a 5% increase and decrease in HKD against RMB. 5% (2012: 5%) is the sensitivity rate used in management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding RMB denominated monetary items at the end of the reporting periods for a 5% (2012: 5%) change in RMB. A negative number below indicates a decrease in post-tax profit where HKD strengthen 5% (2012: 5%) against RMB. For a 5% (2012: 5%) weakening of the HKD against RMB, there would be an equal and opposite impact on the profits.

	2013	2012
	HK$'000	*HK$'000*
RMB	**(3,229)**	(359)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

5. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objective and policies (Continued)

Market risk (Continued)

(ii) Cash flow interest rate risk

The Group's and the Company's cash flow interest rate risk relates primarily to floating-rate bank borrowing, bank balances and amounts due from (to) subsidiaries. The Group and the Company currently do not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's borrowing.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments (variable rate bank borrowing) at the end of the reporting period. In the opinion of directors of the Company, no sensitivity analysis for bank balances and amount due from (to) subsidiaries is prepared as the effect of fluctuation of interest rate is not significant.

The analysis is prepared assuming the amounts of the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. 50 (2012: 50) basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible changes in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 30 September 2013 would decrease/increase by approximately HK$292,000 (2012: HK$175,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowing.

(iii) Other price risk

The Group are exposed to equity price risk primarily through the investments held for trading. The management manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date for investments held for trading.

If the prices of the respective equity instruments had been 20% (2012: 20%) higher/lower, the Group's profit for the year ended 30 September 2013 would increase/decrease by approximately HK$8,105,000 (2012: increase/decrease by approximately HK$7,694,000) as a result of the changes in fair value of held-for-trading investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

5. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objective and policies (Continued)

Credit risk

As at 30 September 2013, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Company is arising from:

- the carrying amount of the respective recognised financial assets as stated in the Group's and the Company's statement of financial position; and

- the amount of contingent liabilities of the Company disclosed in note 31.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group and the Company review the recoverable amount of each individual trade debt and amounts due from subsidiaries at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Transactions with banks are limited to high credit rating financial institutions. The Group monitors its credit risk in respect of amount due from a jointly controlled entity through jointly controlling its financial and operating policy decisions and reviewing its financial condition. In this regard, the directors of the Company consider that the Group's and the Company's credit risk are significantly reduced.

The Company has concentration of credit risk as 96% (2012: 98%) of the amounts due from subsidiaries were owed from five subsidiaries within the property investment and management segment. In addition, the Group and the Company have concentration of credit risk of the amount due from a jointly controlled entity which is engaged in the property development in the PRC.

Other than concentration of credit risk on amounts due from a jointly controlled entity and subsidiaries, the Group and the Company have no significant concentration of credit risk in respect of trade and other receivables, with exposure spread over a number of counterparties and customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

5. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objective and policies (Continued)

Liquidity risk

The Group's and the Company's objective are to maintain a balance between continuity of funding and the flexibility through the use of bank and other borrowings. The Group and the Company also monitor the current and expected liquidity requirements and its compliance with lending covenants regularly to ensure sufficient working capital are maintained and adequate committed lines of funding from reputable financial institutions to meet its liquidity requirement.

Liquidity tables

THE GROUP

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	Within 1 year or on demand	Total undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*
2013			
Non-derivative financial liabilities			
Trade and other payables	20,804	20,804	20,804
Rental and management fee deposits	21,732	21,732	21,732
Bank borrowing at variable rate	70,000	70,000	70,000
	112,536	112,536	112,536

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

5. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objective and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

THE GROUP (Continued)

	Within 1 year or on demand	Total undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*
2012			
Non-derivative financial liabilities			
Trade and other payables	19,422	19,422	19,422
Rental and management fee deposits	21,474	21,474	21,474
Bank borrowing at variable rate	42,000	42,000	42,000
	82,896	82,896	82,896

Bank loan with a repayment on demand clause with carrying amount of HK$70,000,000 (2012: HK$42,000,000) is included in the "within 1 year or on demand" time band in the above analysis but repayments are expected to be in accordance with the loan repayment schedules which are repayable after two years but not exceeding five years (2012: within one year) after the end of the reporting period sets out in the loan agreement. At that time, the aggregate principal and interest cash outflows will amount to HK$73,544,000 (2012: HK$42,132,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

5. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objective and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

THE COMPANY

	Within 1 year or on demand	**Total undiscounted cash flows**	**Carrying amount**
	HK$'000	*HK$'000*	*HK$'000*
2013			
Non-derivative financial liabilities			
Trade and other payables	**13,756**	**13,756**	**13,756**
Rental and management fee deposits	**15,923**	**15,923**	**15,923**
Amounts due to subsidiaries	**12,794**	**12,794**	**12,794**
Financial guarantee contracts	**73,000**	**73,000**	**–**
	115,473	**115,473**	**42,473**

	Within 1 year or on demand	Total undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*
2012			
Non-derivative financial liabilities			
Trade and other payables	12,433	12,433	12,433
Rental and management fee deposits	15,768	15,768	15,768
Amounts due to subsidiaries	22,530	22,530	22,530
Financial guarantee contracts	153,000	153,000	–
	203,731	203,731	50,731

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

5. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objective and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

c. Fair value

The fair value of financial assets and liabilities are determined as follows:

- The fair value of financial assets with standard terms and conditions and are traded on active liquid markets are determined with reference to quoted market bid prices.

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

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

6. TURNOVER AND SEGMENT INFORMATION

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

	2013	2012
	HK$'000	*HK$'000*
Property rentals and building management fees	**98,061**	97,482
Sale of goods	**29,952**	33,206
Dividend income from securities investments held for trading	**3,002**	2,837
	131,015	133,525

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

Property investment and management	–	letting and management of commercial and residential properties
Trading of goods	–	trading of visual and sound equipment
Securities investment	–	dealings in listed securities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

6. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

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

Year ended 30 September 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	98,061	29,952	3,002	131,015	–	131,015
Inter-segment	1,531	–	–	1,531	(1,531)	–
	99,592	29,952	3,002	132,546	(1,531)	131,015
Segment profit	219,248 *(note)*	3,416	5,438	228,102	–	228,102
Other income						20,092
Central administrative costs						(11,012)
Finance costs						(1,262)
Share of profit of a jointly controlled entity						1,942
Profit before tax						237,862

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

6. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Year ended 30 September 2012

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

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

Inter-segment revenue is charged at mutually agreed terms.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

6. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Other segment information

Amounts included in the measure of segment profit:

Year ended 30 September 2013

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

Year ended 30 September 2012

	Property investment and management	Trading of goods	Securities investment
	HK$'000	*HK$'000*	*HK$'000*
Depreciation	882	90	–
Loss on disposal of property, plant and equipment	12	–	–
Increase in fair value of investments held for trading	–	–	(10,772)

Geographical information

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

Information about major customers

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

7. FINANCE COSTS

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

8. PROFIT BEFORE TAX

	2013	2012
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging (crediting):		
Auditor's remuneration	857	872
(Gain) loss on disposal of property, plant and equipment	(164)	12
Depreciation on property, plant and equipment	1,517	1,540
Staff costs (including directors' emoluments)	17,276	17,023
Imputed interest income on amount due from a jointly controlled entity	(4,184)	(4,143)
Bank interest income	(1,237)	(377)
Foreign exchange gain, net	(1,011)	(32)
Dividend income from an investee company classified as an available-for-sale investment	(14,022)	(8,507)
Gross rental income	(93,338)	(92,812)
Less: Direct operating expenses arising from investment properties that generated rental income during the year	11,613	11,599
	(81,725)	(81,213)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

9. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000* (Restated)
The income tax expense comprises:		
Company and subsidiaries		
Hong Kong Profits Tax:		
– Current tax	**8,580**	9,113
– Under (over) provision in prior year	**205**	(73)
	8,785	9,040
Deferred tax charge *(note 28)*	**4,825**	4,982
	13,610	14,022

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

The income tax expense can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013	2012
	HK$'000	*HK$'000* (Restated)
Profit before tax	**237,862**	474,843
Tax at Hong Kong Profits Tax rate of 16.5%	**39,247**	78,349
Tax effect of non-deductible expenses	**22**	4
Tax effect of non-taxable income	**(25,648)**	(55,107)
Under (over) provision in prior year	**205**	(73)
Effect of share of profit of jointly controlled entity	**(320)**	(9,023)
Tax effect of tax losses not recognised	**97**	7
Others	**7**	(135)
Income tax expense	**13,610**	14,022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

10. DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Dividend recognised as distributions during the year:		
Interim dividend HK4 cents (2012: HK4 cents) per ordinary share	**4,407**	4,407
Final dividend in respect of financial year ended 30 September 2012 of HK20 cents per ordinary share	**22,036**	–
Final dividend in respect of financial year ended 30 September 2011 of HK16 cents per ordinary share	**–**	17,629
	26,443	22,036
Dividend proposed:		
Final dividend HK21 cents (2012: HK20 cents) per ordinary share	**23,138**	22,036

The final dividend of HK21 cents (2012: HK20 cents) per share has been proposed by the Board of Directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to the owners of the Company of HK$223,489,000 (2012 (restated): HK$459,464,000) and on 110,179,385 (2012: 110,179,385) ordinary shares in issue during the year.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to the six (2012: six) directors of the Company are as follows:

	Fees	Basic salaries, allowances and benefits-in-kind	Contributions to retirement benefit scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 September 2013				
Executive Directors:				
Wong Tat Chang, Abraham	**100**	**1,750**	**49**	**1,899**
Wong Tat Kee, David	**60**	**–**	**–**	**60**
Wong Tat Sum, Samuel	**60**	**–**	**–**	**60**
Independent non-executive Directors:				
Lam Hsieh Lee Chin, Linda	**60**	**12**	**–**	**72**
Li Kwok Sing, Aubrey	**60**	**72**	**–**	**132**
Sit Hoi Wah, Kenneth	**60**	**45**	**–**	**105**
	400	**1,879**	**49**	**2,328**
Year ended 30 September 2012				
Executive Directors:				
Wong Tat Chang, Abraham	100	1,662	47	1,809
Wong Tat Kee, David	50	–	–	50
Wong Tat Sum, Samuel	50	–	–	50
Independent non-executive Directors:				
Lam Hsieh Lee Chin, Linda	50	11	–	61
Li Kwok Sing, Aubrey	50	66	–	116
Sit Hoi Wah, Kenneth	50	41	–	91
	350	1,780	47	2,177

Mr. Wong Tat Chang, Abraham is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2012: one) was a director of the Company whose emoluments have been included in note 12 above. The emoluments of the remaining four (2012: four) individuals were as follows:

	2013	2012
	HK$'000	*HK$'000*
Basic salaries, allowances and benefits-in-kind	2,741	2,732
Performance related bonus	478	428
Contributions to retirement benefit scheme	82	95
	3,301	3,255

Their emoluments were within the following bands:

	2013	2012
	No. of employees	No. of employees
Nil to HK$1,000,000	3	2
HK$1,000,001 to HK$1,500,000	1	2

14. INVESTMENT PROPERTIES

	THE GROUP	THE COMPANY
	HK$'000	*HK$'000*
FAIR VALUE		
At 1 October 2011	3,395,340	2,781,540
Addition during the year	12,534	12,534
Increase in fair value recognised in the profit or loss	321,126	245,326
At 30 September 2012	3,729,000	3,039,400
Addition during the year	34,739	34,739
Increase in fair value recognised in the profit or loss	143,361	103,711
At 30 September 2013	3,907,100	3,177,850

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

14. INVESTMENT PROPERTIES (CONTINUED)

(a) An analysis of the investment properties is set out below:

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Investment properties				
In Hong Kong				
On long leases	**3,740,050**	3,594,300	**3,177,850**	3,039,400
On medium-term leases	**102,650**	90,600	**–**	–
In the PRC				
On long leases	**64,400**	44,100	**–**	–
	3,907,100	3,729,000	**3,177,850**	3,039,400

(b) All of the Group's property interests in land held under operating leases to earn rentals are classified and accounted for as investment properties and measured using the fair value model. The Group's investment properties at 30 September 2013 and 2012 are stated at fair value which has been arrived at on the basis of a valuation carried out as at those dates by DTZ Debenham Tie Leung Limited, which is a firm of independent qualified professional valuers not connected with the Group, a member of the Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of recent transaction prices for similar properties in the similar location.

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

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Properties located in Hong Kong:				
Residential	**50,844**	268,000	**40,194**	197,034
Commercial	**60,217**	36,626	**63,517**	48,292
Industrial	**12,000**	14,000	**–**	–
Property located in the PRC:				
Residential	**20,300**	2,500	**–**	–
	143,361	321,126	**103,711**	245,326

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land in Hong Kong under long lease	Building	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP					
COST					
At 1 October 2011	1,172	5,269	27,720	2,592	36,753
Additions	–	–	1,148	395	1,543
Disposals	–	–	(3,134)	(55)	(3,189)
At 30 September 2012	1,172	5,269	25,734	2,932	35,107
Additions	–	–	431	477	908
Disposals	–	–	(320)	(410)	(730)
At 30 September 2013	**1,172**	**5,269**	**25,845**	**2,999**	**35,285**
DEPRECIATION					
At 1 October 2011	266	2,959	25,521	1,492	30,238
Provided for the year	8	105	1,051	376	1,540
Eliminated on disposals	–	–	(3,095)	(28)	(3,123)
At 30 September 2012	274	3,064	23,477	1,840	28,655
Provided for the year	8	105	875	529	1,517
Eliminated on disposals	–	–	(306)	(407)	(713)
At 30 September 2013	**282**	**3,169**	**24,046**	**1,962**	**29,459**
CARRYING VALUES					
At 30 September 2013	**890**	**2,100**	**1,799**	**1,037**	**5,826**
At 30 September 2012	898	2,205	2,257	1,092	6,452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land in Hong Kong under long lease	Building	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE COMPANY					
COST					
At 1 October 2011	452	1,995	15,882	2,372	20,701
Additions	–	–	786	394	1,180
Disposals	–	–	(2,947)	(55)	(3,002)
At 30 September 2012	452	1,995	13,721	2,711	18,879
Additions	–	–	196	477	673
Disposals	–	–	(101)	(410)	(511)
At 30 September 2013	**452**	**1,995**	**13,816**	**2,778**	**19,041**
DEPRECIATION					
At 1 October 2011	102	1,105	14,061	1,439	16,707
Provided for the year	3	40	844	343	1,230
Eliminated on disposals	–	–	(2,914)	(28)	(2,942)
At 30 September 2012	105	1,145	11,991	1,754	14,995
Provided for the year	3	40	643	497	1,183
Eliminated on disposals	–	–	(94)	(407)	(501)
At 30 September 2013	**108**	**1,185**	**12,540**	**1,844**	**15,677**
CARRYING VALUES					
At 30 September 2013	**344**	**810**	**1,276**	**934**	**3,364**
At 30 September 2012	347	850	1,730	957	3,884

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land	Over the term of the lease
Building	Over the shorter of the term of the lease of the land, or 50 years
Furniture, fixtures and equipment	12% - 20%
Motor vehicles	15% - 25%

16. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2013	2012
	HK$'000	*HK$'000*
Unlisted shares, at cost	**7,232**	7,224
Fair value adjustment on non-current interest-free amounts due from subsidiaries deemed as contribution to subsidiaries	**146,094**	141,909
Less: accumulated impairment loss	**(116,243)**	(116,243)
	37,083	32,890

None of the subsidiaries had any debt securities in issue at the end of the reporting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of the subsidiaries at 30 September 2013, which are incorporated and operating principally in Hong Kong unless otherwise stated, are as follows:

Name of subsidiaries	Issued share/ registered capital	Proportion of nominal value of paid-up issued share capital/ registered capital held by the Company				Principal activities
		Directly		Indirectly		
		2013	2012	2013	2012	
		%	%	%	%	
Avery Limited	10,000 ordinary shares of HK$1 each	**100**	100	**–**	–	Property investment
Avery Property Limited	10,000 ordinary shares of HK$1 each	**100**	100	**–**	–	Investment holding
Beverly Investment Company Limited	360,000 ordinary shares of HK$10 each	**100**	100	**–**	–	Property management
Double Mark Enterprises Limited (ii)	2 ordinary shares of HK$1 each	**–**	–	**100**	100	Property investment
Dynabest Development Inc. (i)	10 ordinary shares of US$1 each	**–**	–	**100**	100	Investment holding
Elephant Holdings Limited	10,000 ordinary shares of HK$100 each	**51.96**	51.91	**–**	–	Trading of visual and sound equipment and investment holding
Elephant Radio (China) Company Limited	2 ordinary shares of HK$1 each	**–**	–	**51.96**	51.91	Inactive
First Madison Holdings Limited (i)	10 ordinary shares of US$1 each	**100**	100	**–**	–	Investment holding
Marsbury Base Limited	10 ordinary shares of HK$1 each	**100**	100	**–**	–	Provision of trustee and nominee services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Issued share/ registered capital	Proportion of nominal value of paid-up issued share capital/ registered capital held by the Company				Principal activities
		Directly		Indirectly		
		2013	2012	2013	2012	
		%	%	%	%	
Metropoint Holdings Limited	10,000 ordinary shares of HK$1 each	100	100	–	–	Investment holding
Monte Bella International Holdings Limited (i)	10 ordinary shares of US$1 each	100	100	–	–	Investment holding
Pacific Limited	100,000 ordinary shares of HK$1 each	100	100	–	–	Property investment
Patricus Limited	10,000 ordinary shares of HK$1 each	100	100	–	–	Property investment and securities dealing
Pokfulam Property Management Limited	10,000 ordinary shares of HK$1 each	100	100	–	–	Property management
Premium Wealth Company Limited	2 ordinary shares of HK$1 each	100	100	–	–	Inactive
Supreme Universal Limited	2 ordinary shares of HK$1 each	–	–	100	100	Investment holding
Well Vantage Company Limited (ii)	2 ordinary shares of HK$1 each	–	–	100	100	Property investment
Wellmake Holdings Limited	10,000 ordinary shares of HK$1 each	100	100	–	–	Property investment
Welshston Limited	10,000 ordinary shares of HK$1 each	100	100	–	–	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Issued share/ registered capital	Proportion of nominal value of paid-up issued share capital/ registered capital held by the Company				Principal activities
		Directly		Indirectly		
		2013	2012	2013	2012	
		%	%	%	%	
Worldwide Music Limited	200,000 ordinary shares of HK$1 each	–	–	51.96	51.91	Trading of visual and sound equipment
廣州市寶臨置業有限公司(iii)	Registered capital of US$1,000,000	–	–	100	100	Property investment and management

Notes:

(i) Incorporated in the British Virgin Islands
(ii) Operating principally in the PRC
(iii) Registered in the PRC as wholly foreign owned enterprise

17. AMOUNTS DUE FROM SUBSIDIARIES

	THE COMPANY	
	2013	2012
	HK$'000	*HK$'000*
Amounts due from subsidiaries	468,856	422,954
Less: allowances	(10,912)	(10,912)
	457,944	412,042

Movement in the allowance

	THE COMPANY	
	2013	2012
	HK$'000	*HK$'000*
At beginning of the year and at the end of the year	10,912	10,912

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

17. AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

Movement in the allowance (Continued)

During the year, the directors reviewed the carrying value of the amounts due from subsidiaries, which are principally engaged in property investment. The recoverability of the amounts due depends on the performance of property market and rental yield. The Company does not hold any collateral over these balances.

The amounts due from subsidiaries are unsecured and are not expected to be repaid within twelve months from the end of the reporting period. Amounts due from subsidiaries with principal amounts of HK$483,392,000 (2012: HK$450,609,000) and carrying amounts of HK$444,304,000 (2012: HK$395,306,000) are non-interest bearing and their carrying amounts have been determined based on an effective interest rate of 5.00% (2012: 5.00%) per annum on initial recognition. The remaining balances of principal and carrying amounts of HK$13,640,000 (2012: HK$16,736,000) are interest bearing at variable market rates of prime rates minus 2% or HIBOR.

18. INTEREST IN A JOINTLY CONTROLLED ENTITY/AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY

	THE GROUP	
	2013	2012
	HK$'000	*HK$'000*
Cost of unlisted investments	**3**	3
Fair value adjustments on non-current interest-free amount due from the jointly controlled entity	**29,851**	25,666
Dividend declared	**(62,200)**	–
Share of post-acquisition profits	**33,576**	31,634
Cumulative exchange gain arising from long term advances	**11,225**	9,948
Exchange realignment	**6,176**	5,459
	18,631	72,710
Amount due from a jointly controlled entity	**131,949**	69,734

The investment in the jointly controlled entity represents a $33^{1}/_{3}$% interest in the issued capital of Silver Gain Development Limited ("Silver Gain"), a company incorporated in Hong Kong. Silver Gain is principally engaged in the development of a commercial/residential complex in Guangzhou ("Silver Gain Plaza"), the PRC, through a subsidiary established in the PRC named Guangzhou Garden Plaza Development Company Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

18. INTEREST IN A JOINTLY CONTROLLED ENTITY/AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY (CONTINUED)

The amount due from the jointly controlled entity is unsecured, interest free, and is not expected to be repaid within twelve months from the end of the reporting period. The fair value adjustment on the amount due from a jointly controlled entity recognised during the year amounting to HK$4,185,000 (2012: HK$4,184,000) recognised upon revision of estimated repayment date which affected the estimates of timing of cash flows of repayment. The effective interest rate as at 30 September 2013 was 6.00% (2012: 6.00%) per annum.

During the year ended 30 September 2013, the 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 30 September 2013 and was included in the balance of amount due from a jointly controlled entity at 30 September 2013. The dividend was also accounted for as a reduction of the interest in a jointly controlled entity with carrying amount of HK$18,631,000 at 30 September 2013.

The remaining balance of amount due from a jointly controlled entity relate to long term advances made by the Group to the jointly controlled entity which are denominated in HK$, which is not the functional currency of the jointly controlled entity. Exchange differences arising on the advances have been recognised in other comprehensive income as the advances form part of the Group's net investment in the jointly controlled entity.

Consolidated financial information regarding Silver Gain and its subsidiary attributable to the Group's interest is set out below:

	2013	2012
	HK$'000	*HK$'000*
Turnover	**16,311**	269,918
Expenses	**(14,369)**	(215,236)
Profit for the year	**1,942**	54,682

	2013	2012
	HK$'000	*HK$'000*
Financial position		
Non-current assets	**198**	208
Current assets	**211,006**	219,484
Current liabilities	**(60,603)**	(77,175)
Non-current liabilities	**(131,970)**	(69,807)
Net assets	**18,631**	72,710

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

19. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments as at 30 September 2013 and 2012 comprises:

	THE GROUP AND THE COMPANY	
	2013	2012
	HK$'000	*HK$'000*
Unlisted equity investments, at cost	**8,000**	8,000

The above unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in Hong Kong. They are measured at cost less impairment at the end of each reporting periods because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

20. INVENTORIES

	THE GROUP	
	2013	2012
	HK$'000	*HK$'000*
Trading inventories	**6,017**	6,831

The cost of inventories recognised as an expense during the year was HK$17,693,000 (2012: HK$19,157,000).

21. INVESTMENTS HELD FOR TRADING

The amount represents investments in equity securities listed in Hong Kong, which are carried at fair value based on quoted market bid prices at the end of the reporting periods.

Investments held for trading, that are measured subsequent to initial recognition at fair value, are grouped into level 1 fair value measurements which are those derived from quoted prices (unadjusted) in active market for identical assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

22. 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.

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**2,167**	3,619	**733**	1,029
Other receivables	**3,271**	1,818	**81**	43
Total trade and other receivables	**5,438**	5,437	**814**	1,072

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

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0 – 30 days	**1,889**	3,355	**649**	1,000
31 – 60 days	**53**	99	**–**	–
61 – 90 days	**170**	63	**80**	27
Over 90 days	**55**	102	**4**	2
	2,167	3,619	**733**	1,029

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

Included in the Group's and the Company's trade receivable balances are debtors with aggregate carrying amount of HK$1,438,000 (2012: HK$2,626,000) and HK$733,000 (2012: HK$1,029,000) respectively which are past due at the end of the reporting period for which the Group has not provided for impairment loss as these debtors have good repayment history. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired:

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Overdue:				
1 – 30 days	**1,160**	2,446	**649**	1,000
31 – 60 days	**53**	99	**–**	–
61 – 90 days	**170**	63	**80**	27
Over 90 days	**55**	18	**4**	2
	1,438	2,626	**733**	1,029

23. BANK BALANCES AND CASH

Bank balances carry interest rates at prevailing rates which range from 0.01% to 2.70% (2012: 0.01% to 2.86%) per annum.

The currency in which cash and cash equivalents are denominated is analysed as follows:

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HKD	**27,351**	62,870	**20,612**	58,540
RMB	**82,401**	9,714	**77,334**	8,593
GBP	**6,369**	–	**6,369**	–
USD	**2,803**	22	**–**	–
	118,924	72,606	**104,315**	67,133

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

24. 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:

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0 – 30 days	**1,235**	2,167	**640**	573
31 – 60 days	**44**	1,013	**3**	–
61 – 90 days	**149**	–	**3**	–
Over 90 days	**607**	93	**21**	–
	2,035	3,273	**667**	573
Other payables	**11,095**	9,539	**5,415**	5,250
Renovation fee payable	**5,330**	5,673	**5,330**	5,673
Retention payable	**2,344**	937	**2,344**	937
Deposit received for sale of goods	**559**	594	**–**	–
	21,363	20,016	**13,756**	12,433

25. SHARE CAPITAL

	THE COMPANY At 1 October 2011 and 30 September 2012 and 2013	
	Number of shares	Nominal value *HK$'000*
Ordinary shares of HK$1 each		
Authorised	200,000,000	200,000
Issued and fully paid	110,179,385	110,179

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

26. RESERVES

	Share premium	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*
THE COMPANY			
At 1 October 2011 (as originally stated)	35,955	2,673,230	2,709,185
Effect of changes in accounting policies *(note 2)*	–	430,023	430,023
At 1 October 2011 (as restated)	35,955	3,103,253	3,139,208
Profit for the year	–	270,196	270,196
Final dividend for 2011 paid	–	(17,629)	(17,629)
Interim dividend for 2012 paid	–	(4,407)	(4,407)
At 30 September 2012	**35,955**	**3,351,413**	**3,387,368**
Profit for the year	**–**	**260,288**	**260,288**
Final dividend for 2012 paid	**–**	**(22,036)**	**(22,036)**
Interim dividend for 2013 paid	**–**	**(4,407)**	**(4,407)**
At 30 September 2013	**35,955**	**3,585,258**	**3,621,213**

The Company's reserves available for distribution to shareholders as at 30 September 2013 represent the retained profits of HK$1,104,256,000 (2012 (restated): HK$973,900,000).

27. BANK LOAN

	THE GROUP	
	2013	2012
	HK$'000	*HK$'000*
Secured bank loan repayable based on scheduled repayment date set out in the loan agreement		
– Within one year	**–**	42,000
– After one year but not exceeding two years	**–**	–
– After two years but not exceeding five years	**70,000**	–
	70,000	42,000

The bank loan contains a repayment on demand clause and therefore is shown under current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

27. BANK LOAN (CONTINUED)

The bank loan carries interest at HIBOR plus certain basis points and is denominated in Hong Kong dollars, which is the functional currency of the relevant group entity.

The effective interest rate of the borrowing is 1.51% to 2.28% (2012: from 1.45% to 1.58%) per annum.

At 30 September 2013, the Group had unutilised bank loan facilities of HK$320,000,000 (2012: HK$320,000,000).

28. DEFERRED TAXATION

The deferred tax liabilities (assets) recognised during the year and at the end of the reporting periods in respect of temporary differences are attributable to the following:

	Investment properties	Property, plant and equipment	Trading securities	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP					
At 1 October 2011 (as originally stated)	477,331	173	5,386	(12,699)	470,191
Effect of changes in accounting policies *(note 2)*	(458,265)	–	–	–	(458,265)
At 1 October 2011 (as restated)	19,066	173	5,386	(12,699)	11,926
Charge to profit or loss	2,078	94	1,757	1,053	4,982
At 30 September 2012	**21,144**	**267**	**7,143**	**(11,646)**	**16,908**
Charge (credit) to profit or loss	**3,626**	**(41)**	**406**	**834**	**4,825**
At 30 September 2013	**24,770**	**226**	**7,549**	**(10,812)**	**21,733**

	Investment properties	Property, plant and equipment	Total
	HK$'000	*HK$'000*	*HK$'000*
THE COMPANY			
At 1 October 2011 (as originally stated)	437,437	197	437,634
Effect of changes in accounting policies *(note 2)*	(430,023)	–	(430,023)
At 1 October 2011 (as restated)	7,414	197	7,611
Charge to profit or loss	984	65	1,049
At 30 September 2012	**8,398**	**262**	**8,660**
Charge (credit) to profit or loss	**229**	**(8)**	**221**
At 30 September 2013	**8,627**	**254**	**8,881**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

28. DEFERRED TAXATION (CONTINUED)

At the end of the reporting period, the Group had unused tax losses of HK$66,929,000 (2012: HK$71,390,000) available for offset against future profits. A deferred tax asset has been recognised in respect of such tax losses of HK$65,527,000 (2012: HK$70,576,000). No deferred tax asset has been recognised on the tax losses of HK$1,402,000 (2012: HK$814,000) due to the unpredictability of future profit streams. The tax losses available may be carried forward indefinitely.

29. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured and repayable on demand. Included in the amounts is HK$9,109,000 (2012: HK$9,109,000) which carries interest at HIBOR plus 1.0% (2012: HIBOR plus 1.0%) and the remaining balances are interest free.

30. COMMITMENTS

At the end of the reporting period,

(a) the Group and the Company had outstanding commitments in respect of property renovation cost of HK$17,523,000 (2012: HK$51,075,000) contracted for but not provided in the Group's and the Company's statements of financial position.

(b) the Group had share of the outstanding commitments of the jointly controlled entity of HK$1,340,000 (2012: HK$2,645,000) in respect of the cost of development of the commercial/residential complex contracted for but not provided in its consolidated financial statements.

31. CONTINGENT LIABILITIES

At the end of the reporting period, the Company had contingent liabilities in respect of guarantees to the extent of HK$73,000,000 (2012: HK$153,000,000) issued to banks for banking facilities granted to certain subsidiaries. The extent of banking facilities utilised by the subsidiaries amounted to HK$70,000,000 (2012: HK$42,000,000).

As the fair value of the pledged assets is significantly greater than the guarantee provided, the directors of the Company consider that the fair value of the financial guarantee is immaterial on initial recognition and at the end of each reporting period and therefore the Company has not recognised the financial guarantee contracts in the Company's statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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32. PLEDGED ASSETS

At the end of the reporting period:

(a) investment properties, leasehold land and building of the Group with carrying amount of approximately HK$3,704,300,000 (2012: HK$3,560,800,000) and HK$2,990,000 (2012: HK$3,103,000) respectively were pledged to banks to secure the general banking facilities granted to the Group.

(b) investment properties, leasehold land and building of the Company with carrying amount of HK$3,156,600,000 (2012: HK$3,019,800,000) and HK$1,154,000 (2012: HK$1,197,000) respectively were pledged to banks to secure the general banking facilities granted to the Company.

(c) the amount due from a subsidiary to the Company of approximately HK$282,728,000 (2012: HK$303,712,000) was subordinated to the bank loan granted to this subsidiary.

33. LEASE ARRANGEMENTS

At the end of the reporting period, the Group's and the Company's investment properties with an aggregate carrying amount of HK$3,334,701,000 (2012: HK$3,152,680,000) and HK$2,630,917,000 (2012: HK$2,394,794,000) respectively were leased out under operating leases for periods ranging from one to three years, a substantial portion of which does not have renewal options granted to the lessees. At the end of the reporting period, the Group and the Company had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases:

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**66,875**	54,351	**53,119**	42,162
In more than one year but not more than two years	**9,299**	18,237	**8,656**	13,586
In more than two years but not more than three years	**90**	952	**90**	952
	76,264	73,540	**61,865**	56,700

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

34. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plan are held separately from those of the Group in funds under the control of trustees.

The total expense recognised in the consolidated statement of profit or loss and other comprehensive income of HK$674,000 (2012: HK$659,000) represents contributions paid and payable to the plan by the Group at rates specified in the rules of the plan.

35. RELATED PARTY TRANSACTIONS

Renovation work

On 10 April 2012, the Company entered into a letter of award with a contractor (the "Contractor") to engage it to perform certain renovation works for a three-storey residential building owned by the Company situated at No.3. Headland Road, Hong Kong at a contract sum of HK$28,608,000.

The Contractor is owned by each of the three executive directors of the Company and their parents in equal shares. Accordingly, the Contractor is a related company of the Company and the Group. During the years ended 30 September 2013 and 2012, all the three executive directors held interests in the Company.

During the year ended 30 September 2013, HK$12,760,000 (2012: HK$7,460,000) was paid or payable to the Contractor and the amounts were included in the addition to the investment properties of the Group and the Company.

As at 30 September 2013, HK$1,100,000 (2012: HK$3,951,000) renovation fee payable and HK$1,430,000 (2012: HK$746,000) retention payable to the Contractor are included in the Group's and the Company's trade and other payables.

Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the year was as follows:

	2013	2012
	HK$'000	*HK$'000*
Short-term benefits	**5,498**	5,290
Post-employment benefits	**131**	142
	5,629	5,432

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

36. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxes

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are using the fair value model, the directors have determined that the Group's investment properties situated 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 rather than through sale whereas those situated in the PRC are held under such a business model. Therefore, the presumption that the carrying amounts of investment properties are recovered entirely through sale is rebutted for properties situated in the PRC but is not rebutted for properties situated in Hong Kong. As a result, the Group has not recognised any deferred taxes on changes in fair value of these investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of these investment properties. The presumption that the carrying amount of the Group's investment properties in the PRC is to recover through sale rather than through use has been rebutted and deferred tax on the changes in fair value is recognised according to the relevant tax rules.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value of investment properties

Investment properties of the Group with carrying amount of HK$3,907,100,000 (2012: HK$3,729,000,000) are stated at fair value based on the valuation performed by independent professional valuers, which involves certain assumption of market conditions. The valuation was arrived at by reference to market evidence of recent transaction prices for similar properties in the similar location. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation reflect market conditions.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of Pokfulam Development Company Limited ("the Company") will be held at Director's Room, World Trade Centre Club Hong Kong, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Thursday, 19 December 2013 at 3:45 p.m. for the following purposes:–

1. To receive and adopt the Audited Financial Statements and the Reports of the Directors and Auditor for the year ended 30 September 2013.

2. To declare a Final Dividend for the year ended 30 September 2013.

3. To re-elect Mr. Wong Tat Kee, David as Director.

4. To re-elect Mdm. Lam Hsieh Lee Chin, Linda as Director.

5. To fix remuneration of Directors for the year ending 30 September 2014.

6. To re-appoint Auditor and authorise the Board of Directors to fix their remuneration for the year ending 30 September 2014.

And as special business, to consider and, if thought fit, to pass with or without modification the following resolutions shown as items 7, 8, and 9 as ordinary resolutions:-

7. "**THAT**:–

   (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period of all the powers of the Company to repurchase issued shares be and is hereby generally and unconditionally approved;

   (b) the aggregate nominal amount of the shares which may be purchased on The Stock Exchange of Hong Kong Limited or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchases pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the existing issued share capital of the Company at the date of passing this Resolution, and the said approval shall be limited accordingly;

   (c) for the purpose of this Resolution:–

   "Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:–

   (i) the conclusion of the next Annual General Meeting of the Company;

   (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; and

   (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting."

NOTICE OF ANNUAL GENERAL MEETING

8. "**THAT**:–

(a) subject to paragraph (c) of this Resolution, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements, options and warrants which might require the exercise of such power be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and warrants which might require the exercise of such power after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to:–

(i) a Rights Issue;

(ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or

(iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company;

shall not exceed the aggregate of:–

(aa) 20 per cent of the existing issued share capital of the Company at the date of passing this Resolution; and

(bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10 per cent of the existing issued share capital of the Company at the date of passing this Resolution), and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution:–

"Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:–

(i) the conclusion of the next Annual General Meeting of the Company;

(ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; and

NOTICE OF ANNUAL GENERAL MEETING

(iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting; and

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong)."

9. "**THAT** the Directors of the Company be and are hereby authorised to exercise the powers of the Company referred to in paragraph (a) of the resolution set out as Resolution No. 8 of the notice convening this Meeting in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution."

By Order of the Board

Hui Sui Yuen
Secretary

Hong Kong, 18 November 2013

Notes:

(1) For determining the entitlement to attend and vote at the Annual General Meeting, the Register of Members will be closed from Tuesday, 17 December 2013 to Thursday, 19 December 2013 (both days inclusive), during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Standard Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 16 December 2013.

(2) For determining the entitlement to the proposed final dividend, the Register of Members will be closed from Thursday, 2 January 2014 to Monday, 6 January 2014 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Standard Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 31 December 2013.

(3) Any member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. All proxies must be deposited with the registered office of the Company, 23rd Floor, Beverly House, 93-107 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for the Meeting.

(4) With reference to Resolutions Nos. 3 and 4 above, Mr. Wong Tat Kee, David and Mdm. Lam Hsieh Lee Chin, Linda, will retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election. Details of the above Directors are set out in Appendix II to the circular dated 18 November 2013.

(5) With reference to Resolutions Nos. 7, 8 and 9 above, the Directors wish to state that they have no immediate plans to repurchase any existing shares or to issue any new shares pursuant to the relevant mandate.

(6) All the resolutions set out in this notice will be decided by poll.