



POKFULAM DEVELOPMENT COMPANY LIMITED
博富臨置業有限公司

Stock Code: 225



Interim Report

2013/2014

CONTENTS

CORPORATE INFORMATION	2
CHAIRMAN'S STATEMENT	3
REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	5
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	6
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	7
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	9
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	10
GENERAL INFORMATION	18

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

SHARE REGISTRAR

Tricor Standard Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

WEBSITE

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

STOCK CODE

225

BOARD LOT

2,000 shares

CHAIRMAN'S STATEMENT

INTERIM PROFIT

The unaudited consolidated net profit of the Group after taxation and minority interest for the six months ended 31 March 2014 was HK\$14.5 million, as compared to HK\$2.3 million in the corresponding period of the previous year.

The major non-operating items which were included in the above profit were as follows:

- A revaluation deficit of HK\$39.2 million (2013: HK\$46.3 million) on investment properties;
- An unrealized loss of HK\$0.4 million (2013: HK\$0.1 million) on listed securities investments; and
- Share of loss of a joint venture of HK\$1.1 million (2013: profit of HK\$1.1 million).

If the above items and their net taxation expense of HK\$1.0 million (2013: HK\$0.6 million) were to be excluded, the operating net profit after taxation for the period would have been HK\$56.2 million (2013: HK\$48.2 million), representing an increase of 16.6% from the corresponding period of previous year. The increase is mainly attributable to a higher dividend income from the Group's unlisted investment.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK4 cents per ordinary share in respect of the financial year ending 30 September 2014 (2013: HK4 cents per ordinary share) payable on 7 July 2014 to shareholders whose names appear on the Register of Members on 27 June 2014.

BUSINESS REVIEW

A. Hong Kong

The major portion of the Group's operating profit for the six months ended 31 March 2014 was derived from rental income of the Group's investment properties in Hong Kong. Such rental income was similar to that of the same period last year. On the other hand, the rental revenue generated from the Group's residential properties was slightly less than that of last year, due to the trend of housing allowance reductions for expat employees, many of them were the tenants of the Group's residential properties. However, rental income from the Group's office and industrial properties had shown a moderate increase which was in line with local inflation.

Renovation for one of the Group's residential properties on Headland Road was practically completed. Minor modification on interior design is being carried out to suite market requirement. This property has been released recently in the rental market, and market reception has been favourable.

CHAIRMAN'S STATEMENT

Refurbishment of the exterior wall of the Group's office building on Lockhart Road was close to completion. The adverse effect of the external work on the occupancy rate of the property has been kept to a minimal.

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

B. Property Projects in Mainland China

Silver Gain Plaza in Guangzhou (in which the Group has a one-third interest) – After much delay by the local partner of the joint-venture development company (the "JV Company") for this project, the Business License for this JV Company was renewed for ten years in March 2014. Liaison work with relevant government agencies for the granting of Certificates of Compliance for the commercial podium of Phase III of this project had been renewed after the Business License renewal. Once these Certificates are issued, the commercial podium will be released in the rental market.

Residential units in Vivaldi Court of Manhattan Garden, Chao Yang District, Beijing – Rental revenue had improved after minor renovation work to upgrade the Group's properties in this project.

PROSPECTS

The implementation of strict anti-graft policy by the Chinese Central Government had dampened the consumer consumption market considerably. This, together with the continual tightness in monetary policy, had slowed down China's economic growth, which adverse effect on Hong Kong's economy is reflected in the softness in demand for rental of high-end residential properties. In view of the above, a moderate reduction in rental revenue for the Group's residential properties is anticipated in the second half of the current financial year.

Wong Tat Chang, Abraham

Chairman and Managing Director

Hong Kong, 29 May 2014

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



**TO THE BOARD OF DIRECTORS OF
POKFULAM DEVELOPMENT COMPANY LIMITED**
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Pokfulam Development Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 6 to 17, which comprise the condensed consolidated statement of financial position as of 31 March 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 May 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 MARCH 2014

		Six months ended	
		31.3.2014	31.3.2013
NOTES		<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
Turnover		68,164	67,429
Cost of goods sold		(10,592)	(9,774)
Cost of rental and other operations		(13,647)	(14,079)
		43,925	43,576
Other income		25,394	17,500
Selling and marketing expenses		(1,076)	(1,104)
Administrative expenses		(5,979)	(5,679)
Finance costs	4	(852)	(488)
Profit before changes in fair value of investments held for trading and investment properties		61,412	53,805
Decrease in fair value of investments held for trading		(378)	(143)
Decrease in fair value of investment properties	9	(39,198)	(46,345)
		21,836	7,317
Share of (loss) profit of a joint venture		(1,109)	1,141
Profit before tax	5	20,727	8,458
Income tax expense	6	(5,735)	(5,547)
Profit for the period		14,992	2,911
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		(349)	437
Exchange (loss) gain arising from long term advances to a joint venture		(1,803)	620
Other comprehensive (expense) income for the period		(2,152)	1,057
Total comprehensive income for the period		12,840	3,968
Profit for the period attributable to:			
Owners of the Company		14,500	2,263
Non-controlling interests		492	648
		14,992	2,911
Total comprehensive income for the period attributable to:			
Owners of the Company		12,348	3,320
Non-controlling interests		492	648
		12,840	3,968
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share – basic	8	13.2	2.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2014

		31.3.2014	30.9.2013
	NOTES	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Non-current Assets			
Investment properties	9	3,885,404	3,907,100
Property, plant and equipment	9	5,334	5,826
Interest in a joint venture	15(b)	15,490	18,631
Amount due from a joint venture	15(b)	139,439	131,949
Available-for-sale investment		8,000	8,000
		4,053,667	4,071,506
Current Assets			
Inventories		5,885	6,017
Investments held for trading		48,155	48,533
Trade and other receivables	10	6,162	5,438
Deposits and prepayments		8,120	1,605
Bank balances and cash		126,888	118,924
		195,210	180,517
Current Liabilities			
Trade and other payables	11	17,998	21,363
Rental and management fee deposits		21,054	21,732
Provision for taxation		4,140	9,396
Bank loans, secured	12	85,000	70,000
		128,192	122,491
Net Current Assets		67,018	58,026
Total Assets less Current Liabilities		4,120,685	4,129,532
Capital and Reserves			
Share capital		146,134	110,179
Reserves		3,942,261	3,989,006
Equity attributable to owners of the Company		4,088,395	4,099,185
Non-controlling interests		9,106	8,614
Total Equity		4,097,501	4,107,799
Non-current Liability			
Deferred taxation		23,184	21,733
		4,120,685	4,129,532

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2014

	Attributable to owners of the Company					Non-controlling interests	
	Share capital	Share premium	Translation reserve	Retained profits	Total	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2012 (audited)	110,179	35,955	15,434	3,738,374	3,899,942	7,859	3,907,801
Profit for the period	-	-	-	2,263	2,263	648	2,911
Exchange difference arising on translation of foreign operations	-	-	437	-	437	-	437
Exchange gain arising from long term advances to a joint venture	-	-	620	-	620	-	620
Total comprehensive income for the period	-	-	1,057	2,263	3,320	648	3,968
Dividend paid	-	-	-	(22,036)	(22,036)	-	(22,036)
At 31 March 2013 (unaudited)	110,179	35,955	16,491	3,718,601	3,881,226	8,507	3,889,733
At 1 October 2013 (audited)	110,179	35,955	17,631	3,935,420	4,099,185	8,614	4,107,799
Profit for the period	-	-	-	14,500	14,500	492	14,992
Exchange difference arising on translation of foreign operations	-	-	(349)	-	(349)	-	(349)
Exchange loss arising from long term advances to a joint venture	-	-	(1,803)	-	(1,803)	-	(1,803)
Total comprehensive income for the period	-	-	(2,152)	14,500	12,348	492	12,840
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance (<i>Note</i>)	35,955	(35,955)	-	-	-	-	-
Dividend paid	-	-	-	(23,138)	(23,138)	-	(23,138)
At 31 March 2014 (unaudited)	146,134	-	15,479	3,926,782	4,088,395	9,106	4,097,501

Note: The Company has no authorised share capital and its shares have no par value since the commencement date of the new Hong Kong Companies Ordinance (i.e. 3 March 2014).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 MARCH 2014

	Six months ended	
	31.3.2014	31.3.2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash from operating activities	20,400	26,776
Investing activities		
Advance to a joint venture	(5,398)	(2)
Dividend income from an available-for-sale investee company	23,056	14,022
Addition of investment properties	(20,911)	(17,878)
Other investing cash flows	(73)	(598)
Net cash used in investing activities	(3,326)	(4,456)
Financing activities		
New bank loan raised	15,000	70,000
Repayment of bank loan	–	(42,000)
Dividend paid	(23,138)	(22,036)
Interest paid	(852)	(412)
Net cash (used in) from financing activities	(8,990)	5,552
Increase in cash and cash equivalents	8,084	27,872
Cash and cash equivalents at beginning of the period	118,924	72,606
Effect of foreign exchange rates changes	(120)	88
Cash and cash equivalents at end of the period, represented by bank balances and cash	126,888	100,566

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2014

1. GENERAL

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

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 March 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 September 2013.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2014

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

HKFRS 11 *Joint Arrangements*

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

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

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

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

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 16.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2014

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

Amendments to HKAS 34 Interim Financial Reporting (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the Annual Improvements to HKFRSs 2009-2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (“CODM”).

Since the CODM does not review assets and liabilities of the Group’s reportable segments for performance assessment and resource allocation purposes, the Group has not presented segment assets and liabilities.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group’s operating segments based on information reported to the CODM (managing director) for the purposes of resource allocation and performance assessment are as follows:

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

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

Six months ended 31 March 2014

	Property investment and management	Trading of goods	Securities investment	Segment total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE						
External	50,116	17,444	604	68,164	–	68,164
Inter-segment	765	–	–	765	(765)	–
	50,881	17,444	604	68,929	(765)	68,164
Segment profit	1,749 (Note)	2,041	226	4,016	–	4,016
Other income						24,529
Central administrative costs						(5,857)
Finance costs						(852)
Share of loss of a joint venture						(1,109)
Profit before tax						20,727

Note: Segment profit of property investment and management division included decrease in fair value of investment properties of HK\$39,198,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2014

3. SEGMENT INFORMATION (CONTINUED)

Six months ended 31 March 2013

	Property investment and management	Trading of goods	Securities investment	Segment total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE						
External	49,814	16,993	622	67,429	–	67,429
Inter-segment	765	–	–	765	(765)	–
	50,579	16,993	622	68,194	(765)	67,429
Segment profit (loss)	(6,414) (Note)	2,375	474	(3,565)	–	(3,565)
Other income						16,808
Central administrative costs						(5,438)
Finance costs						(488)
Share of profit of a joint venture						1,141
Profit before tax						8,458

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

Inter-segment revenue is charged at mutually agreed terms.

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

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

4. FINANCE COSTS

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2014

5. PROFIT BEFORE TAX

	Six months ended	
	31.3.2014	31.3.2013
	HK\$'000	HK\$'000
Profit before tax has been arrived at after charging (crediting):		
Depreciation on property, plant and equipment	562	740
Loss on disposal of property, plant and equipment	3	2
Imputed interest on amount due from a joint venture	(2,092)	(2,092)
Dividend income from listed securities	(604)	(622)
Dividend income from an available-for-sale investee company	(23,056)	(14,022)

6. INCOME TAX EXPENSE

	Six months ended	
	31.3.2014	31.3.2013
	HK\$'000	HK\$'000
Company and subsidiaries		
Hong Kong Profits Tax	4,284	4,757
Deferred tax charge	1,451	790
	5,735	5,547

7. DIVIDEND

In January 2014, the final dividend in respect of the financial year ended 30 September 2013 of HK21 cents (2013: HK20 cents in respect of the financial year ended 30.9.2012) per share totalling HK\$23,138,000 (2013: HK\$22,036,000) was paid to shareholders.

Subsequent to the end of the interim reporting period, the directors have determined that an interim dividend in respect of the financial year ending 30 September 2014 of HK4 cents (2013: HK4 cents) per share totalling HK\$4,407,000 (2013: HK\$4,407,000) will be paid to the shareholders of the Company whose names appear in the register of members on 27 June 2014.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to the owners of the Company for the period of approximately HK\$14,500,000 (six months ended 31.3.2013: approximately HK\$2,263,000) and on 110,179,385 (six months ended 31.3.2013: 110,179,385) shares in issue during the period.

Diluted earnings per share is not presented as there were no potential ordinary shares in issue during both periods and as at 31 March 2014 and 31 March 2013.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2014

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

The Group's investment properties at 31 March 2014 were carried at their fair values as estimated by the directors with reference to recent sale transactions of similar properties. The resulting loss on fair value change of HK\$39,198,000 (six months ended 31.3.2013: HK\$46,345,000) has been recognised directly in profit or loss for the period.

During the six months ended 31 March 2014, the Group had additions to investment properties and property, plant and equipment at a total cost of HK\$17,502,000 and HK\$73,000 respectively (six months ended 31.3.2013: HK\$14,875,000 and HK\$598,000 respectively).

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

	Six months ended	
	31.3.2014	31.3.2013
	HK\$'000	HK\$'000
Properties located in Hong Kong:		
Residential	(56,500)	(88,373)
Commercial	20,252	32,840
Industrial	(2,950)	9,188
	(39,198)	(46,345)

10. TRADE AND OTHER RECEIVABLES

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

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

	31.3.2014	30.9.2013
	HK\$'000	HK\$'000
0–30 days	2,247	1,889
31–60 days	133	53
61–90 days	39	170
Over 90 days	81	55
	2,500	2,167
Other receivables	3,662	3,271
	6,162	5,438

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2014

11. TRADE AND OTHER PAYABLES

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

	31.3.2014	30.9.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	2,589	1,235
31–60 days	20	44
61–90 days	175	149
Over 90 days	143	607
	2,927	2,035
Other payables	9,522	11,095
Renovation fee payable	1,921	5,330
Retention payable	2,746	2,344
Deposits received for sale of goods	882	559
	17,998	21,363

12. SECURED BANK LOANS

During the six months ended 31 March 2014, the Group raised a new bank loan of HK\$15,000,000 (six months ended 31.3.2013: HK\$70,000,000). During the six months ended 31 March 2013, the Group repaid the bank loan of HK\$42,000,000.

13. COMMITMENTS

At the end of the reporting period,

- (a) the Group had outstanding commitments in respect of property renovation costs of HK\$7,061,000 (at 30.9.2013: HK\$17,523,000) contracted for but not provided in the condensed consolidated financial statements; and
- (b) the Group had share of the outstanding commitments of its joint venture of HK\$484,000 (at 30.9.2013: HK\$1,340,000) in respect of the cost of development of commercial/residential complex contracted for but not provided in its condensed consolidated financial statements.

14. PLEDGE OF ASSETS

At the end of the reporting period, investment properties, leasehold land and building of the Group with carrying amount of approximately HK\$3,686,054,000 (at 30.9.2013: HK\$3,704,300,000) and HK\$2,935,000 (at 30.9.2013: HK\$2,990,000) respectively were pledged to banks to secure the general banking facilities granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2014

15. RELATED PARTY TRANSACTIONS

- (a) During the six months ended 31 March 2014, HK\$9,589,000 (six months ended 31.3.2013: HK\$6,770,000) was paid or payable to a contractor (the “Contractor”). During the six months ended 31 March 2014, all the three executive directors held interests in the Company and the Contractor. Accordingly, the Contractor is a related company of the Group. The amount was included as additions to investment properties of the Group for the period.
- (b) During the six months ended 31 March 2013, a joint venture declared a special dividend. The dividend of HK\$62,200,000 receivable by the Group has not yet been settled as at 31 March 2014 and was included in the balance of amount due from a joint venture at 31 March 2014. The dividend was also accounted for as a reduction of the interest in a joint venture with carrying amount of HK\$15,490,000 at 31 March 2014.

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

Financial asset	Fair value as at 31.3.2014	Fair value hierarchy	Valuation technique(s) and key input(s)
	<i>HK\$'000</i>		
Listed equity securities classified as investments held for trading	48,155	Level 1	Quoted bid prices in an active market

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

GENERAL INFORMATION

FINANCIAL REVIEW

Liquidity and financial resources

The Group will continue to maintain its conservative approach to financial management, funding and treasury policies. Consolidated equity attributable to owners of the Company as at 31 March 2014 was HK\$4,088.4 million (30.9.2013: HK\$4,099.2 million).

At 31 March 2014, the Group's total bank balances and cash was HK\$126.9 million (30.9.2013: HK\$118.9 million) of which over 10% (30.9.2013: 22%) was denominated in Hong Kong dollars, and 89% (30.9.2013: 69%) was denominated in Renminbi. The Group's foreign exchange exposure was not significant given its large asset and operational cash flow primarily denominated in Hong Kong dollars.

At 31 March 2014, the Group's total borrowing, which was denominated in Hong Kong dollars, was HK\$85.0 million (30.9.2013: HK\$70.0 million).

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

	31.3.2014	30.9.2013
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Repayable:		
within one year	15.0	–
after one year but within two years	70.0	–
after two years but within five years	–	70.0
	85.0	70.0

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

At 31 March 2014, the Group had undrawn banking facilities of HK\$305.0 million which will provide adequate funding for the Group's operational and capital expenditure requirement.

Gearing and charge on assets

At 31 March 2014, the debt to equity ratio, based on the Group's total borrowings of HK\$85.0 million and the consolidated equity attributable to owners of the Company of HK\$4,088.4 million, was 2.1%, as compared with 1.7% on 30 September 2013.

At 31 March 2014, investment properties and properties for own use of the Group with an aggregate carrying value of HK\$3,686.0 million and HK\$2.9 million respectively were pledged to banks to secure the general banking facilities granted to the Group.

GENERAL INFORMATION

Commitments

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

EMPLOYEES AND REMUNERATION POLICIES

At 31 March 2014, the Group had 102 employees. The staff remuneration including directors' emoluments and other employee expenses for the six months ended 31 March 2014 amounted to approximately HK\$9.2 million (2013: HK\$9.3 million). There has been no change in the employment and remuneration policies of the Group and the Group does not have any share option scheme for employees.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate governance

Throughout the six months ended 31 March 2014, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange" and the "Listing Rules", respectively), save for the following:

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Although Mr. Wong Tat Chang, Abraham holds both the positions of Chairman and Managing Director of the Company, the Board considers that vesting the roles of both Chairman and Managing Director in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. The Board also considers that the current Board composition, where half of the Board are represented by Independent Non-executive Directors, and corporate governance structure ensure effective oversight of management.

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

Model code for securities transactions by Directors

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

Purchase, sale or redemption of shares

During the six months ended 31 March 2014, the Company did not redeem any of its shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such shares.

GENERAL INFORMATION

Directors' and chief executives' interests in shares

As at 31 March 2014, the interests or short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, chapter 571 of the laws of Hong Kong (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which are recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code set out in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long position interests in the Company

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

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

Name of director and chief executive	Number of ordinary shares		Total	Approximate percentage of the issued share capital of EHL
	Personal interests	Other interests (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 the discretionary trusts, of which Messrs. Wong Tat Chang, Abraham, Wong Tat Kee, David and Wong Tat Sum, Samuel are beneficiaries and the number of shares in each of the above companies are duplicated for each of these three directors.

GENERAL INFORMATION

Save as disclosed above, at 31 March 2014, none of the directors or chief executives, nor their associates, under Divisions 7 and 8 of Part XV of the SFO, had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial shareholders' interests in shares

At 31 March 2014, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that other than the interests disclosed in the section headed "Directors' and chief executives' interests in shares" above, 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	Approximate percentage of the issued share capital of the Company
Madison Profits Limited	22,827,632 <i>(Note)</i>	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 SFO. 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 and so far as the directors of the Company were aware of, as at 31 March 2014, the Company had not been notified by any person or corporation, not being a director or the chief executive, of interests or short positions in the shares of the Company as required to be recorded in the register pursuant to Section 336 of the SFO.

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

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

- (a) The Board determined the annual remuneration of the chairman and other members of each of the Board Committees for the year ending 30 September 2014 as follows:

Board Committee	Remuneration for Chairman	Remuneration for other members
Audit Committee	HK\$75,000	HK\$15,000
Remuneration Committee	HK\$45,000	HK\$15,000
Nomination Committee	Nil	Nil

GENERAL INFORMATION

With effect from 1 January 2014, the monthly remuneration (excluding the director's fee and the remuneration of the Board Committees) of Mr. Wong Tat Chang, Abraham, the Chairman of the Board and Managing Director, has been increased from HK\$150,615 to HK\$157,293.

- (b) i. Mr. Sit Hoi Wah, Kenneth has been appointed as an independent non-executive director of Zijin Mining Group Co., Ltd. (a company listed on the Stock Exchange) with effect from the date of its Extraordinary General Meeting on 25 October 2013; and
- ii. the Hong Kong-based investment firm chaired by Mr. Li Kwok Sing, Aubrey has been renamed from MCL Partners Limited to IAM Holdings (Hong Kong) Limited with effect from 1 April 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 25 June 2014 to Friday, 27 June 2014, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 24 June 2014.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the results (including the unaudited condensed consolidated financial statements) of the Group for the six months ended 31 March 2014.

In addition, the unaudited condensed consolidated financial statements of the Group for the six months ended 31 March 2014 have been reviewed by our independent auditors, Messrs. Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, whose review report is set out on page 5 of this report.