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## **POKFULAM DEVELOPMENT COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 225)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2021**

The board of directors of Pokfulam Development Company Limited (the “**Company**”, the “**Directors**” and the “**Board**”, respectively) is pleased to announce the unaudited interim financial results of the Company and its subsidiaries for the six months ended 31 March 2021. This announcement, containing the full text of the 2020/2021 interim report (“**2020/2021 Interim Report**”) of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on the Stock Exchange in relation to the information to accompany the preliminary announcement of interim results. The printed version of the 2020/2021 Interim Report will be delivered to the shareholders of the Company, and available for viewing on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and of the Company at [www.pokfulam.com.hk](http://www.pokfulam.com.hk) on or before 15 June 2021.

By Order of the Board

**Pokfulam Development Company Limited**

**Wong Tat Chang, Abraham**

*Chairman, Managing Director and Executive Director*

Hong Kong, 31 May 2021

*As at the date of this announcement, the Board comprises Mr. Wong Tat Chang, Abraham (Chairman and Managing Director), Mr. Wong Tat Kee, David and Mr. Wong Tat Sum, Samuel as Executive Directors, and Mr. Li Kwok Sing, Aubrey, Mr. Sit Hoi Wah, Kenneth and Mr. Seto Gin Chung, John as Independent Non-Executive Directors.*



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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

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

### Independent Non-executive Directors

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

## BOARD COMMITTEES

### Audit Committee

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

### Remuneration Committee

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

### Nomination Committee

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

## AUTHORISED REPRESENTATIVES

Wong Tat Chang, Abraham  
Hui Sui Yuen

## COMPANY SECRETARY

Hui Sui Yuen

## REGISTERED OFFICE

23<sup>rd</sup> Floor, Beverly House  
93-107 Lockhart Road  
Wanchai  
Hong Kong

## PRINCIPAL BANKERS

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

## SOLICITORS

Zhong Lun Law Firm  
Chungs Lawyers  
Howse Williams  
Tony Kan & Co., Solicitors & Notaries  
Huen & Partners Solicitors

## INDEPENDENT AUDITOR

BDO Limited  
*Certified Public Accountants*

## SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## WEBSITE

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

## SHARE INFORMATION

### Place of Listing

Main Board of  
The Stock Exchange of Hong Kong Limited

### Stock Code

225

### Board Lot

2,000 shares

# CHAIRMAN'S STATEMENT

## INTERIM RESULTS

The unaudited consolidated net profit of Pokfulam Development Company Limited (the "Company") and its subsidiaries (collectively, the "Group") after taxation and non-controlling interests for the six months ended 31 March 2021 (the "Period") was approximately HK\$6.5 million (2020: loss of HK\$45.7 million). Such results took into account the following major non-operating items:

- A revaluation deficit of approximately HK\$7.0 million (2020: HK\$75.1 million) on investment properties;
- Net revaluation gain of approximately HK\$8.0 million (2020: loss of HK\$5.1 million) on securities investments and equity instruments;
- Share of losses of joint ventures of approximately HK\$18.6 million (2020: profit of HK\$0.1 million);
- Exchange gain on amount due from a joint venture of approximately HK\$1.7 million (2020: loss of HK\$0.1 million); and
- Net provision for impairment losses in respect of expected credit losses on financial assets of approximately HK\$9.0 million (2020: HK\$1.4 million).

If the above items and their net taxation expense of approximately HK\$3.7 million (2020: HK\$2.6 million) were excluded, the unaudited consolidated operating net profit after taxation and non-controlling interests of the Group for the Period would have been approximately HK\$35.1 million (2020: HK\$38.5 million).

## INTERIM DIVIDEND

The board of directors of the Company (the "Directors" and the "Board", respectively) has resolved to declare an interim dividend of HK4 cents per ordinary share of the Company (the "Share") in respect of the first six months of the financial year ending 30 September 2021 (the "Interim Dividend") (2020: HK4 cents per Share) payable on Friday, 9 July 2021 to the Company's shareholders (the "Shareholders") whose names will appear on the register of members of the Company (the "Register of Members") on Wednesday, 30 June 2021.

# CHAIRMAN'S STATEMENT

## BUSINESS REVIEW

### A. Hong Kong

#### *Rental business –*

Rental income from investment properties in Hong Kong, from which the majority of the Group's operating profit was derived, was 7.2% below that of the same period last year. Rental income from the Group's residential properties slightly increased by 0.5%, due mainly to improvement in rental revenue from the Group's properties at No. 3 Headland Road. On the other hand, rental income from the Group's office and industrial properties decreased by 19.8%, due mainly to (a) the vacancy of the retail spaces of the Company's Office Building during the renovation program to improve the infrastructural facilities of the building, and (b) the slowdown of the overall economy caused by the Covid-19 pandemic.

Looking ahead, with the completion of the renovation work at No. 4 Headland Road, the rental income will be enhanced in the second half of the financial year.

#### *Elephant Holdings Limited ("EHL") –*

EHL offers solutions to Government and private end-users on digital displays and signage, public address systems, CCTV security systems, audiovisual systems and also high-end high fidelity audio systems.

EHL is one of our major subsidiaries, contributing to approximately 34.6% of the Group's revenue for the period under review, and brought a positive impact on the Group's segment results.

#### *Property-related Fund Investment –*

To diversify and expand its range of investments in the real estate sector, the Group has subscribed for participation in a third party property investment fund 'TKO Fund' with a capital commitment of HK\$39.0 million in October 2018. The objective of the TKO Fund is to co-invest with an institutional investor in three properties in Tseung Kwan O with a total gross floor area of retail spaces of approximately 300,000 sq. ft. and car parking spaces. Subject to the prevailing market conditions, the fund's holding period of the investment in the properties will be approximately five years from its acquisition at the end of March 2019. As of 31 March 2021, the Group has already contributed HK\$34.8 million capital to the TKO Fund. On the same date, our investment in the TKO Fund was valued at HK\$36.0 million.

## CHAIRMAN'S STATEMENT

### *Other securities Investment –*

The Group maintains a portfolio of stocks and other investment products that generate a high yield. The Group adopts the following criteria when determining whether to take up an investment and trading opportunity: 1. Potential for return on investment in terms of capital appreciation and dividend payment for the target holding period; 2. Risks exposure in comparison with the Group's risk tolerance level at the prevailing time; and 3. Diversification of the existing investment portfolio.

### *Other Fund Investments –*

#### Adams Street Private Income Fund LP

The Group has subscribed to invest in a private equity fund, namely Adams Street Private Income Fund LP (the "Adams Fund"). The investment objective of the Adams Fund is to generate current income and attractive risk-adjusted returns with strong downside protection. The Adams Fund invests primarily in directly originated, 1st lien senior secured debt instruments of private equity-backed middle-market companies. As of 31 March 2021, the Group has contributed USD5.0 million to the Adams Fund and committed to contribute a further USD2.5 million to the Adams Fund. Our investment in the Adams Fund as at 31 March 2021 was valued at USD4.7 million. As of today, the Group has fully contributed its commitment to the Adams Fund.

#### Hundreds SH Fund LP

Hundreds SH Fund LP (referred to as "Hundreds Fund") is a limited partnership incorporated in the Cayman Islands. It is principally engaged in fund management. The investment objective of Hundreds Fund is to achieve long-term capital gains through investments in private or public companies which focus on either technology or online business in the People's Republic of China (referred to as "PRC"). The main investment strategy of Hundreds Fund is to gain an exposure to the companies by primarily investment in Tencent Plus Partners II Fund (referred to as "TPP II"). TPP II invests principally in the late stage growth companies principally engaged in consumer internet verticals related to Tencent's business, technology, media and telecoms and business-to-business e-commerce sector. The Group has subscribed to invest in Hundreds Fund with the amount of USD2.0 million. As of 31 March 2021 and today, the Group has contributed USD0.4 million to the Hundreds Fund, and our investment in the Hundreds Fund as at 31 March 2021 was valued at USD0.4 million.

## CHAIRMAN'S STATEMENT

### B. Property Projects in Mainland China

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

The three shareholders of Silver Gain Development Limited (銀利發展有限公司) ("the Joint Venture Company") have agreed to realise the accumulated profit generated from this Project by disposing of their shares of equity interests in the Joint Venture Company ("the Disposal"), and the sale of the equity interests will go through an open tendering process through the United Assets and Equity Exchange in Shanghai. Since the outbreak of Covid-19 pandemic, the general economy in the Mainland China has been adversely affected and preparation for the tendering for the Disposal had been delayed. With the gradual recovery from the Covid-19 pandemic, the tender process will take place in the second half of 2021.

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

With the effective control on the spread of the Covid-19 pandemic in Beijing, the economy seems to be on the recovery there. Occupancy rate and rental income from these units have increased compared with that of the corresponding period of last year.

### PROSPECT

We expect the ongoing Covid-19 pandemic will continue to pose a challenge to Hong Kong's economy and property rental market in the foreseeable future, with the office and retail sectors particular under strain. Over the past year, we have witnessed the economic downturn causing severe hardships on local small and medium enterprises, as a number of our tenants have either downsized or moved to cheaper locations to reduce costs. As the prospects of global economic recovery remain uncertain, we shall proactively work with our tenants and adopt a flexible pricing strategy to sustain higher occupancy rates at our office properties. Meanwhile, the two retail units on the ground floor of Beverly House will likely remain vacant until the end of 2021, when renovation of the podium façade is scheduled to complete.

Thankfully, Hong Kong remains a comparatively attractive destination for expat workers in spite of the restrictions placed on international travel, due to the city's alert and hands-on approach in preventing major outbreaks. Through active marketing and prudent tenant relationship management, we have been able to maintain healthy occupancy rates at our residential properties over the past year. We have also been able to rent out all units of No. 4 Headland Road soon after completion of renovation. With that said, we expect rental income from our residential properties to stay steady in the second half of the financial year.

**Wong Tat Chang, Abraham**

*Chairman, Managing Director and Executive Director*

Hong Kong, 31 May 2021

# GENERAL INFORMATION

## FINANCIAL REVIEW

### Liquidity and financial resources

Shareholders' funds as at 31 March 2021 were HK\$5,399.7 million (30 September 2020: HK\$5,425.1 million).

As at 31 March 2021, the Group's total bank balances and cash amounted to HK\$74.1 million (30 September 2020: total bank balances and cash, and pledged bank deposits amounted to HK\$158.2 million), of which over 70% (30 September 2020: 56%) was denominated in Hong Kong dollar ("HK\$"), 6% (30 September 2020: 24%) was denominated in United States dollar ("US\$") and 23% (30 September 2020: 20%) was denominated in Renminbi. As at 31 March 2021, the Group's securities investments of HK\$75.5 million (30 September 2020: HK\$55.6 million) was denominated in US\$. The foreign exchange exposure of the Group was not significant given that its large asset base and operational cash flow were denominated primarily in HK\$ and the HK\$ is pegged to US\$.

As at 31 March 2021, the Group's total borrowings, which were denominated in HK\$, were HK\$65.0 million (30 September 2020: HK\$55.0 million).

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

	31.3.2021	30.9.2020
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Repayable:		
Within one year	65.0	55.0
After one year but within two years	–	–
After two years but within five years	–	–
After five years	–	–
	<hr/>	<hr/>
	65.0	55.0
	<hr/>	<hr/>

The Group's bank loans of HK\$25.0 million are 1-month revolving loans and classified under current liabilities.

The Group's bank term loan of HK\$40.0 million (that is repayable within one year after the end of the reporting period and contains a repayment on demand clause) is classified under current liabilities.

The bank borrowings carry interest at the Hong Kong Interbank Offer Rate (HIBOR)/the bank's cost of fund plus a margin.

As at 31 March 2021, the Group had unutilised banking facilities of approximately HK\$770.0 million, which will provide adequate funding for the Group's operational and capital expenditure requirements.

As at 31 March 2021, the collateral documents of unutilised banking facilities of HK\$250.0 million have not been executed.

## GENERAL INFORMATION

### Gearing and charge on assets

As at 31 March 2021, the debt to equity ratio, based on the Group's total borrowings of HK\$65.0 million and the consolidated equity attributable to owners of the Company of approximately HK\$5,399.7 million, was 1.2%, as compared with 1.0% on 30 September 2020.

As at 31 March 2021, (i) investment properties of the Group with a total carrying amount of approximately HK\$4,809.0 million (as at 30 September 2020: approximately HK\$4,810.0 million); and (ii) ownership interests in leasehold land held for own use and building of the Group with a total carrying amount of approximately HK\$2.1 million (as at 30 September 2020: approximately HK\$2.2 million) were pledged to banks to secure the general banking facilities granted to the Group. As at 30 September 2020, the Group's time deposit of HK\$34.9 million were pledged for banking facilities as well.

### Commitments

Particulars of the Group's commitments are set out in note 17 to the condensed consolidated interim financial statements of the Company for the Period (the "Condensed Consolidated Interim Financial Statements").

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group had 121 employees (as at 30 September 2020: 115). The staff remuneration including Directors' emoluments and other employee expenses for the Period amounted to approximately HK\$14.9 million (2020: HK\$13.7 million). There has been no change in the employment and remuneration policies of the Group and the Group does not have any share option scheme for the employees.

The Group recognises the importance of maintaining a stable staff force for its continued success. Under the Group's existing policies, the employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to the employees based on their merit and in accordance with the industry practice. Other benefits including free hospitalisation insurance plan, subsidised medical care and training programmes are offered to the eligible employees.

## TREASURY POLICIES

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

## CONNECTED TRANSACTION

There were no discloseable non-exempted one-off connected transaction or non-exempted continuing connected transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange" and the "Listing Rules", respectively) during the Period and up to the date of this report. None of the "Related Party Transactions" as disclosed in note 20 to the Condensed Consolidated Interim Financial Statements constituted discloseable non-exempted one-off connected transaction or non-exempted continuing connected transaction under the Listing Rules and the Company had complied with the relevant requirements of Chapters 14 and 14A of the Listing Rules during the Period.

# GENERAL INFORMATION

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Corporate governance

Throughout the Period, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, save for the following:

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

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

The INEDs are not appointed for a specific term as stipulated in Code Provision A.4.1 of the Code, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company.

### Model code for securities transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as the code for dealing in the securities of the Company by the Directors. Following specific enquiries made with all Directors by the Company, all of them confirmed that they had complied with the required standards set out in the Model Code throughout the Period.

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

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

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

As at 31 March 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")), which were required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, recorded in the register referred to therein; or (c) pursuant to the Model Code, notified to the Company and the Stock Exchange, were as follows:

## GENERAL INFORMATION

### (a) Long position interests in the Shares

Name of Directors/chief executive	Number of Shares/underlying Shares interested			Total	Approximate percentage of the issued Shares
	Personal interests	Family interests	Other interests		
		<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>
Wong Tat Chang, Abraham	450,800	–	80,633,866	81,084,666	73.6%
Wong Tat Kee, David	–	–	80,633,866	80,633,866	73.2%
Wong Tat Sum, Samuel	556,000	28,800	80,633,866	81,218,666	73.7%

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

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

Notes:

- (1) Mr. Wong Tat Sum, Samuel, an Executive Director, is deemed to be interested in 28,800 Shares, being the interest held beneficially by his wife.
- (2) Shares included in other interests are beneficially owned by the discretionary trusts, of which Messrs. Wong Tat Chang, Abraham, Wong Tat Kee, David and Wong Tat Sum, Samuel are beneficiaries and the number of Shares in each of the above trust companies are duplicated for each of these three Executive Directors.
- (3) The percentage represents the total number of Shares interested divided by the number of issued Shares of 110,179,385 as at 31 March 2021.

Save as disclosed above, as at 31 March 2021, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, recorded in the register referred to therein; or (c) pursuant to the Model Code, notified to the Company and the Stock Exchange.

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

As at 31 March 2021, other than the interests which would be required to be disclosed under provision of Divisions 2 and 3 of Part XV of the SFO in respect of the Directors or the chief executive, the Company had not been notified by any entity or person, not being a Director or the chief executive of the Company, of having 5% or more of the interests or short positions in the Shares and underlying Shares as required to be recorded in the register pursuant to section 336 of the SFO.

## GENERAL INFORMATION

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

Mdm. Lam Hsieh Lee Chin, Linda resigned as an INED with effect from 1 December 2020. Other than that, there was no change of Directors' or chief executive's information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to the Interim Dividend, the Register of Members will be closed from Monday, 28 June 2021 to Wednesday, 30 June 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, non-registered Shareholders must lodge all properly completed and stamped transfer documents accompanied by the relevant share certificates with the Company's share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 25 June 2021.

### REVIEW OF INTERIM RESULTS AND INTERIM REPORT

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**  
FOR THE SIX MONTHS ENDED 31 MARCH 2021

		Six months ended	
		31.3.2021	31.3.2020
NOTES		HK\$'000 (unaudited)	HK\$'000 (unaudited and re-presented)
Revenue	4	76,613	72,299
Other income and gains	5	12,367	16,456
Costs:			
Property and related costs			
– property investment		(6,188)	(6,796)
– property management		(2,193)	(2,415)
Trading of goods costs		(18,694)	(12,819)
Staff costs		(14,918)	(13,737)
Other expenses		(14,267)	(11,107)
		(56,260)	(46,874)
<hr/>			
Profit before changes in fair value of financial assets at fair value through profit or loss and investment properties		32,720	41,881
Increase/(decrease) in fair value of financial assets at fair value through profit or loss		7,980	(5,138)
Decrease in fair value of investment properties	11	(7,037)	(75,098)
<hr/>			
Finance costs on bank borrowings	6	33,663	(38,355)
Share of (loss)/profit of joint ventures		(532)	(1,136)
		(18,576)	79
<hr/>			
Profit/(loss) before income tax	7	14,555	(39,412)
Income tax expense	8	(8,017)	(6,335)
<hr/>			
Profit/(loss) for the period		6,538	(45,747)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**  
FOR THE SIX MONTHS ENDED 31 MARCH 2021

		Six months ended	
		31.3.2021	31.3.2020
NOTE		<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
<b>Other comprehensive income</b>			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
	Change in fair value on equity instrument designated at fair value through other comprehensive income, net of tax	(1,000)	1,800
<i>Items that may be reclassified subsequently to profit or loss:</i>			
	Change in fair value on debt instruments at fair value through other comprehensive income, net of tax	(230)	270
	Release on disposal of debt instruments at fair value through other comprehensive income	(12)	–
	Exchange gain arising on translation of foreign operations	3,172	114
	Exchange gain/(loss) arising from long term advances to a joint venture	3,615	(482)
	Other comprehensive income for the period, net of tax	5,545	1,702
	Total comprehensive income for the period	12,083	(44,045)
<b>Profit/(loss) for the period attributable to:</b>			
	Owners of the Company	6,548	(45,683)
	Non-controlling interests	(10)	(64)
		6,538	(45,747)
<b>Total comprehensive income for the period attributable to:</b>			
	Owners of the Company	12,093	(43,981)
	Non-controlling interests	(10)	(64)
		12,083	(44,045)
		<i>HK\$</i>	<i>HK\$</i>
Earnings/(loss) per share - basic	10	0.06	(0.41)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2021

		31.3.2021	30.9.2020
	NOTES	HK\$'000 (unaudited)	HK\$'000 (audited)
<b>Non-current Assets</b>			
Investment properties	11	5,122,313	5,118,941
Property, plant and equipment	11	8,850	5,335
Interests in joint ventures		19,591	31,984
Amount due from a joint venture		152,901	115,831
Deposits and prepayments		2,718	3,176
Debt instruments at fair value through other comprehensive income	12	8,123	36,076
Financial assets at fair value through profit or loss	13	75,575	53,712
Equity instrument designated at fair value through other comprehensive income	12	17,000	18,000
		<b>5,407,071</b>	<b>5,383,055</b>
<b>Current Assets</b>			
Inventories		16,265	16,582
Financial assets at fair value through profit or loss	13	29,730	20,690
Debt instruments at fair value through other comprehensive income	12	27,835	1,579
Amount due from a joint venture		1,327	1,022
Trade and other receivables	14	12,985	10,785
Deposits and prepayments		10,075	7,176
Tax recoverable		26	26
Pledged bank deposits		–	34,882
Bank balances and cash		74,125	123,289
		<b>172,368</b>	<b>216,031</b>
<b>Current Liabilities</b>			
Trade and other payables	15	34,145	39,954
Rental and management fee deposits		24,665	24,474
Provision for taxation		3,783	7,272
Bank borrowings, secured	16	65,000	55,000
		<b>127,593</b>	<b>126,700</b>
<b>Net Current Assets</b>		<b>44,775</b>	<b>89,331</b>
<b>Total Assets less Current Liabilities</b>		<b>5,451,846</b>	<b>5,472,386</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2021

	31.3.2021	30.9.2020
	HK\$'000 (unaudited)	HK\$'000 (audited)
<b>Capital and Reserves</b>		
Share capital	146,134	146,134
Reserves	5,253,571	5,278,939
<b>Equity attributable to owners of the Company</b>	<b>5,399,705</b>	<b>5,425,073</b>
Non-controlling interests	18	28
<b>Total Equity</b>	<b>5,399,723</b>	<b>5,425,101</b>
<b>Non-current Liability</b>		
Deferred taxation	52,123	47,285
	<b>5,451,846</b>	<b>5,472,386</b>

The Condensed Consolidated Interim Financial Statements on pages 12 to 36 were approved and authorised for issue by the Board on 31 May 2021 and are signed on its behalf by:

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

**Wong Tat Sum, Samuel**  
EXECUTIVE DIRECTOR

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2021

	Attributable to owners of the Company							Total
	Share capital	Translation reserve*	Investment revaluation reserve	Investment revaluation reserve	Retained profits*	Sub-total	Non-controlling interests	
			(recycling)*	(non-recycling)*				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At at 1 October 2019 (audited)	146,134	1,477	1,060	18,200	5,369,364	5,536,235	6,091	5,542,326
Loss for the period	-	-	-	-	(45,683)	(45,683)	(64)	(45,747)
Other comprehensive income for the period:								
Changes in fair value on:								
- Debt instruments at fair value through other comprehensive income ("FVOCI")	-	-	270	-	-	270	-	270
- Equity instrument designated at FVOCI	-	-	-	1,800	-	1,800	-	1,800
Exchange gain arising on translation of financial statements of foreign operations	-	114	-	-	-	114	-	114
Exchange loss arising from long term advances to a joint venture	-	(482)	-	-	-	(482)	-	(482)
Total comprehensive income for the period	-	(368)	270	1,800	(45,683)	(43,981)	(64)	(44,045)
Dividend paid	-	-	-	-	(37,461)	(37,461)	-	(37,461)
Transaction with non-controlling interests (Note 20 (d))	-	-	-	-	(7,992)	(7,992)	(5,999)	(13,991)
As at 31 March 2020 (unaudited)	146,134	1,109	1,330	20,000	5,278,228	5,446,801	28	5,446,829

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2021

	Attributable to owners of the Company							
	Share capital	Translation reserve*	Investment revaluation reserve (recycling)*	Investment revaluation reserve (non-recycling)*	Retained profits*	Sub-total	Non-controlling interests	Total
At at 1 October 2020 (audited)	146,134	7,695	1,275	10,000	5,259,969	5,425,073	28	5,425,101
Profit/(loss) for the period	-	-	-	-	6,548	6,548	(10)	6,538
Other comprehensive income for the period:								
Changes in fair value on:								
- Debt instruments at FVOCI	-	-	(230)	-	-	(230)	-	(230)
- Equity instrument designated at FVOCI	-	-	-	(1,000)	-	(1,000)	-	(1,000)
Release on disposal of debt instrument at FVOCI	-	-	(12)	-	-	(12)	-	(12)
Exchange gain arising on translation of financial statements of foreign operations	-	3,172	-	-	-	3,172	-	3,172
Exchange gain arising from long term advances to a joint venture	-	3,615	-	-	-	3,615	-	3,615
Total comprehensive income for the period	-	6,787	(242)	(1,000)	6,548	12,093	(10)	12,083
Dividend paid	-	-	-	-	(37,461)	(37,461)	-	(37,461)
As at 31 March 2021 (unaudited)	146,134	14,482	1,033	9,000	5,229,056	5,399,705	18	5,399,723

\* These reserve accounts comprise the consolidated reserves of approximately HK\$5,253,571,000 in the condensed consolidated statement of financial position as at 31 March 2021 (30 September 2020: HK\$5,278,939,000).

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

	Six months ended	
	31.3.2021	31.3.2020
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
<b>Net cash generated from operating activities</b>	<b>9,245</b>	<b>23,655</b>
<b>Investing activities</b>		
Repayment of loan to a joint venture	–	6,944
Advance to a joint venture	(34,159)	(285)
Dividend received from equity instrument designated at FVOCI	4,151	10,455
Proceed on disposal of debt instrument at FVOCI	1,574	–
Investment in financial asset at fair value through profit or loss (“FVTPL”)	(22,923)	(36)
Addition of investment properties	(10,409)	(11,872)
Decrease/(increase) in pledged bank deposits	34,882	(34,599)
Other investing cash flows	(4,029)	(404)
<b>Net cash used in investing activities</b>	<b>(30,913)</b>	<b>(29,797)</b>
<b>Financing activities</b>		
New bank borrowings	45,000	21,004
Repayment of bank borrowings	(35,000)	(17,613)
Dividend paid	(37,461)	(37,461)
Interest paid	(532)	(1,136)
Transaction with non-controlling interests	–	(15,791)
<b>Net cash used in financing activities</b>	<b>(27,993)</b>	<b>(50,997)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(49,661)</b>	<b>(57,139)</b>
Cash and cash equivalents at the beginning of the period	123,289	185,992
Effect of foreign exchange rate changes	497	528
<b>Cash and cash equivalents at the end of the period, represented by bank balances and cash</b>	<b>74,125</b>	<b>129,381</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 1. GENERAL

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

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

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

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements of the Group for the six months ended 31 March 2021 (the “Period”) (the “Condensed Consolidated Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

The Condensed Consolidated Interim Financial Statements are presented in Hong Kong Dollars (“HK\$”), unless otherwise stated. The Condensed Consolidated Interim Financial Statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the Group’s audited annual consolidated financial statements for the year ended 30 September 2020 (the “Year 2020” and the “2020 Audited Financial Statements”, respectively). The Condensed Consolidated Interim Financial Statements do not include all the information and disclosures required for a complete set of financial statements prepared in accordance to Hong Kong Financial Reporting Standards (“HKFRSs”), and should be read in conjunction with the Group’s audited annual financial statements for the Year 2020.

The financial information relating to the Year 2020 that is included in the Condensed Consolidated Interim Financial Statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance, Chapter 622 of the laws of Hong Kong (the “Companies Ordinance”) is as follows:

The Company has delivered the 2020 Audited Financial Statements to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

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

The Company's independent auditor (the "Independent Auditor") has reported on the 2020 Audited Financial Statements. The Independent Auditor's report was unqualified, did not include a reference to any matters to which the Independent Auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

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

The Condensed Consolidated Interim Financial Statements have been prepared with the same accounting policies adopted in the 2020 Audited Financial Statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 October 2020.

During the Period, the Group has adopted all the new and amended HKFRSs which are first effective for the reporting period and relevant to the Group. The impact of Amendments to HKFRS 16 "Covid-19-Related Rent Concessions" has been summarised in note 3. The other new or amended HKFRSs that are effective from 1 October 2020 did not have material effect on the Group's accounting policies.

The preparation of the Condensed Consolidated Interim Financial Statements in conformity with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2020 Audited Financial Statements.

The Group is in the process of making assessment of the potential impact of adopting new/revised HKFRSs that have been issued but are not yet effective and have not been early adopted by the Group. The Directors have so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

Certain comparative amounts have been re-presented to conform with the current period's presentation to better reflect the nature of the financial performance of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of amendments to HKFRS 16 “Covid-19-Related Rent Concessions” on these Condensed Consolidated Interim Financial Statements and discloses the new accounting policies that have been applied from 1 October 2020, where they are different to those applied in prior periods.

### **Amendments to HKFRS 16 “Covid-19-Related Rent Concessions”**

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the Covid-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 pandemic and only if all of the following criteria are satisfied:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means that the lessee does not need to assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The adoption of the amendments to HKFRS 16 does not have a material impact to the Group’s results and financial position.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 4. SEGMENT INFORMATION

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

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

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

For the six months ended 31 March 2021

	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	49,478	26,545	590	76,613	–	76,613
Inter-segment	1,428	1,660	–	3,088	(3,088)	–
	50,906	28,205	590	79,701	(3,088)	76,613
Segment profit (Notes (i) and (ii))	26,933	3,105	8,107	38,145	–	38,145
Unallocated other income and gains						12,367
Corporate expenses						(16,849)
Finance costs on bank borrowings						(532)
Share of loss of joint ventures						(18,576)
Profit before income tax						14,555

Notes: i. Segment profit of property investment and management business included a decrease in fair value of investment properties of approximately HK\$7,037,000.

ii. Segment profit of securities investment business included an increase in fair value of financial assets at FVTPL of approximately HK\$7,980,000.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 4. SEGMENT INFORMATION (CONTINUED)

For the six months ended 31 March 2020

	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	53,085	18,692	522	72,299	–	72,299
Inter-segment	967	581	–	1,548	(1,548)	–
	54,052	19,273	522	73,847	(1,548)	72,299
Segment (loss)/profit (Notes(i) and (ii))	(40,535)	1,233	(4,798)	(44,100)	–	(44,100)
Unallocated other income and gains						16,311
Corporate expenses						(10,566)
Finance costs on bank borrowings						(1,136)
Share of profit of joint ventures						79
Loss before income tax						(39,412)

- Notes:
- i. Segment loss of property investment and management business included a decrease in fair value of investment properties of approximately HK\$75,098,000.
  - ii. Segment loss of securities investment business included a decrease in fair value of financial assets at FVTPL of approximately HK\$5,138,000.

Inter-segment revenue is charged at mutually agreed terms.

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

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 4. SEGMENT INFORMATION (CONTINUED)

An analysis of revenue is as follows:

	Six months ended	
	31.3.2021	31.3.2020
	HK\$'000	HK\$'000
Revenue from contracts with customers:		
– Sales of goods	26,545	18,692
– Building management services	4,269	4,566
	30,814	23,258
Revenue from other sources:		
– Rental income	45,209	48,519
– Dividend income	590	522
	45,799	49,041
Total revenue	76,613	72,299

The following table provides information about timing of revenue recognition:

	Property investment and management		Trading of goods		Securities investment		Total	
	Six months ended		Six months ended		Six months ended		Six months ended	
	31.3.2021	31.3.2020	31.3.2021	31.3.2020	31.3.2021	31.3.2020	31.3.2021	31.3.2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At a point in time	–	–	26,545	18,692	–	–	26,545	18,692
Over time	4,269	4,566	–	–	–	–	4,269	4,566
	4,269	4,566	26,545	18,692	–	–	30,814	23,258
Revenue from other sources	45,209	48,519	–	–	590	522	45,799	49,041
	49,478	53,085	26,545	18,692	590	522	76,613	72,299

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 5. OTHER INCOME AND GAINS

	Six months ended	
	31.3.2021	31.3.2020
	HK\$'000	HK\$'000
Dividend income from equity instrument designated at FVOCI	4,151	10,455
Imputed interest income on amount due from a joint venture	3,216	3,346
Interest income		
– Bank deposits	217	918
– Debt instruments at FVOCI	794	1,255
Sundry income (Note)	1,515	482
Exchange gain	2,462	–
Gain on release of investment revaluation reserve upon disposal of debt instrument at FVOCI	12	–
	<b>12,367</b>	<b>16,456</b>

Note: Sundry income mainly represented the government subsidies from the Anti-epidemic Fund launched by The Hong Kong Special Administrative Region Government. There are no unfulfilled conditions as at 31 March 2021.

## 6. FINANCE COSTS ON BANK BORROWINGS

The amounts represent interests on bank loans for the six months ended 31 March 2021 (2020: interests on bank loans and bank overdrafts).

## 7. PROFIT/(LOSS) BEFORE INCOME TAX

	Six months ended	
	31.3.2021	31.3.2020
	HK\$'000	HK\$'000
Profit/(loss) before income tax has been arrived at after charging/(crediting):		
Depreciation:		
– owned property, plant and equipment	459	367
– right-of-use-assets including within property, plant and equipment	4	4
Loss on disposal of property, plant and equipment	51	4
Net foreign exchange (gain)/loss	(2,462)	1,343
Provision for repair and maintenance	–	4,415
Provision for impairment on trade and other receivables	790	926
Provision for impairment on deposits	31	22
Provision for impairment on amounts due from joint ventures	8,127	1,281
Reversal of impairment on loan to a joint venture	–	(840)
Reversal of inventories written down	(216)	(947)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 8. INCOME TAX EXPENSE

	Six months ended	
	31.3.2021	31.3.2020
	HK\$'000	HK\$'000
Current tax		
– Hong Kong Profits Tax	3,177	3,165
– The People's Republic of China (the "PRC") Enterprise Income Tax (the "EIT")	1	2
Deferred tax	4,839	3,168
	<b>8,017</b>	<b>6,335</b>

Hong Kong profits tax is calculated at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong, except that the first HK\$2,000,000 of qualified group entity's assessable profit is calculated at 8.25%, which is in accordance with the two-tiered profits tax rates regime.

The Company's subsidiaries in the PRC are subject to the PRC EIT. The applicable PRC EIT rate for the PRC subsidiaries is 25% (2020: 25%) for the six months ended 31 March 2021.

## 9. DIVIDEND

In February 2021, the final dividend in respect of the Year 2020 of HK34 cents (2020: HK34 cents in respect of the financial year ended 30 September 2019) per ordinary share, totalling HK\$37,461,000 (2020: HK\$37,461,000), was paid to the shareholders of the Company ("Shareholders").

Subsequent to the end of the Period, the board of directors of the Company (the "Directors") has determined that an interim dividend in respect of the financial year ending 30 September 2021 of HK4 cents (2020: HK4 cents) per ordinary share, totalling HK\$4,407,000 (2020: HK\$4,407,000) will be paid to the Shareholders whose names appear on the Register of Members on 30 June 2021.

## 10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the profit attributable to owners of the Company for the Period of approximately HK\$6,548,000 (six months ended 31 March 2020: loss attributable to owners of the Company of approximately HK\$45,683,000) and on 110,179,385 (six months ended 31 March 2020: 110,179,385) shares in issue during the Period.

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 11. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's investment properties as at 31 March 2021 were carried at fair value as estimated using direct comparison method or income capitalisation method, where appropriate. The decrease in fair value of approximately HK\$7,037,000 (six months ended 31 March 2020: HK\$75,098,000) has been recognised directly in profit or loss for the Period.

During the Period, the Group had incurred additional costs on investment properties as well as property, plant and equipment at a total cost of approximately HK\$10,409,000 and approximately HK\$4,029,000, respectively (six months ended 31 March 2020: approximately HK\$11,872,000 and approximately HK\$404,000, respectively).

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

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

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

	Six months ended	
	31.3.2021	31.3.2020
	HK\$'000	HK\$'000
Properties located in Hong Kong:		
Residential	(3,549)	(40,019)
Commercial	(7,460)	(34,853)
Industrial	500	–
Properties located in the PRC:		
Residential	3,472	(226)
	<b>(7,037)</b>	<b>(75,098)</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 12. FINANCIAL ASSETS AT FVOCI

	31.3.2021	30.9.2020
	HK\$'000	HK\$'000
Debt instruments at FVOCI		
– Listed debt securities investment, at fair value and classified as non-current asset	8,123	36,076
– Listed debt securities investment, at fair value and classified as current asset	27,385	1,579
Equity instrument designated at FVOCI		
– Unlisted equity investment, at fair value and classified as non-current asset	17,000	18,000

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

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

The debt securities investment is listed in Hong Kong and denominated in United States Dollar.

## 13. FINANCIAL ASSETS AT FVTPL

	31.3.2021	30.9.2020
	HK\$'000	HK\$'000
Non-current portion ( <i>Note</i> )		
Unlisted equity instruments at fair value		
– in Hong Kong	38,892	35,768
– in the United States	36,683	17,944
	75,575	53,712
Current portion		
Listed equity securities at fair value	29,730	20,690

*Note:*

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

There is a contractual obligation for the unlisted investee companies to distribute proceeds from the sales of its investments or residual assets upon termination of the investee companies to its shareholders. The changes in fair values of the unlisted equity instruments during the Period are recognised in profit or loss and such investments were recorded as financial assets at FVTPL as at 31 March 2021 and 30 September 2020 according to the relevant exemption in HKAS 32 and HKFRS 9.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 14. TRADE AND OTHER RECEIVABLES

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

	31.3.2021	30.9.2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	11,072	8,597
Less: Provision for impairment	(3,577)	(2,674)
Trade receivables, net	7,495	5,923
Other receivables	9,031	8,516
Less: Provision for impairment	(3,541)	(3,654)
Other receivables, net	5,490	4,862
Total trade and other receivables	12,985	10,785

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

	31.3.2021	30.9.2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	6,570	5,065
31 – 60 days	390	747
61 – 90 days	535	111
	7,495	5,923

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 14. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	<i>HK\$'000</i>
At 1 October 2019	1,788
Provision for impairment	4,540
At 30 September 2020 and 1 October 2020	<b>6,328</b>
Provision for impairment	790
At 31 March 2021	<b>7,118</b>

## 15. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting periods, and the total balances of trade and other payables comprise:

	31.3.2021	30.9.2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	1,542	1,600
31 – 60 days	635	450
61 – 90 days	1,057	165
Over 90 days	1,460	352
	<b>4,694</b>	2,567
Other payables	18,443	18,632
Renovation fee and retention payable	3,157	3,102
Receipt in advance	2,206	1,982
Contract liabilities	5,645	8,437
Provision for repair and maintenance	–	5,234
	<b>34,145</b>	39,954

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 16. BANK BORROWINGS, SECURED

The Group's bank borrowings comprise bank loans of HK\$65,000,000 (30 September 2020: HK\$55,000,000). The bank loans contain repayment on demand clauses and are therefore shown under current liabilities as at 31 March 2021.

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

The bank loans were secured by the Group's investment properties amounting to approximately HK\$1,108,000,000 (30 September 2020: HK\$1,111,000,000) as at 31 March 2021.

As at 31 March 2021, included in the Group's unutilised banking facilities of HK\$770,000,000 (30 September 2020: HK\$466,000,000), the collateral documents of unutilised banking facilities of HK\$250,000,000 (30 September 2020: Nil) have not been executed.

## 17. COMMITMENTS

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

	31.3.2021	30.9.2020
	HK\$'000	HK\$'000
Contracted, but not provided for:		
Property renovation costs	13,712	1,186
Investment in unlisted equity instruments	35,123	23,122
	<b>48,835</b>	<b>24,308</b>
Authorised, but not contracted for:		
Property renovation costs	–	2,242

## 18. PLEDGE OF ASSETS

As at 31 March 2021, (i) investment properties of the Group with a total carrying amount of approximately HK\$4,809,000,000 (30 September 2020: approximately HK\$4,810,000,000); and (ii) ownership interests in leasehold land held for own use and building of the Group with a total carrying amount of approximately HK\$2,142,000 (30 September 2020: approximately HK\$2,199,000) were pledged to banks to secure the general banking facilities granted to the Group. As at 30 September 2020, the Group's time deposit of HK\$34,882,000 were pledged for banking facilities as well.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and 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 assets	Fair value	Fair value measurements as at			
	as at 31 March 2021	31 March 2021	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000
Financial assets measured at FVTPL:					
– Listed equity securities	29,730	29,730	–	–	–
– Unlisted equity instruments	75,575	–	–	–	75,575
Equity instrument designated at FVOCI:					
– Unlisted equity investment	17,000	–	–	–	17,000
Debt instruments at FVOCI:					
– Listed debt securities investment	35,958	35,958	–	–	–

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets	Fair value as at 30 September 2020	Fair value measurements as at 30 September 2020 categorised into		
	HK\$'000	Level 1 HK\$'000 (Note)	Level 2 HK\$'000	Level 3 HK\$'000
Financial assets measured at FVTPL:				
– Listed equity securities	20,690	20,690	–	–
– Unlisted equity instruments	53,712	–	–	53,712
Equity instrument designated at FVOCI:				
– Unlisted equity investment	18,000	–	–	18,000
Debt instruments at FVOCI:				
– Listed debt securities investment	37,655	37,655	–	–

Note:

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

Reconciliation of Level 3 fair value measurement of financial assets

	Unlisted equity investment classified as equity instrument designated at FVOCI HK\$'000	Unlisted equity instruments classified as financial assets at FVTPL HK\$'000
At 1 October 2019	26,200	38,344
Addition during the year	–	19,255
Change in fair value, recognised in other comprehensive income	(8,200)	–
Change in fair value, recognised in profit or loss	–	(3,887)
At 30 September 2020 and at 1 October 2020	18,000	53,712
Addition during the period	–	22,923
Change in fair value, recognised in other comprehensive income	(1,000)	–
Change in fair value, recognised in profit or loss	–	(1,060)
At 31 March 2021	17,000	75,575

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Description	Fair value as at		Valuation technique(s)	Unobservable input		Range (weighted average)		Relationship of unobservable inputs to fair value
	31.3.2021	30.9.2020		31.3.2021	30.9.2020	31.3.2021	30.9.2020	
	HK\$'000	HK\$'000						
Financial assets measured at FVTPL								
Unlisted equity instrument	36,004	35,768	Adjusted asset-based approach	Discount rate for lack of marketability	Discount rate for lack of marketability	30%	30%	A slight increase in the discount rate would result in an insignificant decrease in the fair value, and vice versa
Unlisted equity instruments	39,571	17,944	Market approach	Discount rate for lack of marketability	Discount rate for lack of marketability	9.6%	9.6%	A slight increase in the discount rate would result in an insignificant decrease in the fair value, and vice versa
Equity instrument designated at FVOCI								
Unlisted equity investment	17,000	18,000	Market approach	Discount rate for lack of marketability	Discount rate for lack of marketability	20.6%	20.6%	A slight increase in the discount rate would result in an insignificant decrease in the fair value, and vice versa

There were no transfers between levels during the Period.

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 20. RELATED PARTY TRANSACTIONS

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

### (a) Significant related party transactions with Elevant-Garde Limited ("EVG")

	Six months ended	
	31.3.2021	31.3.2020
	HK\$'000	HK\$'000
Accounting service income received from EVG	12	12
Licence income received from EVG	144	143
Repair and maintenance expense paid/payable to EVG	312	306
Addition of investment properties paid/payable to EVG	63	1,185

	Six months ended	
	31.3.2021	31.3.2020
	HK\$'000	HK\$'000
Deposits paid to EVG included in deposits and prepayments	198	180

Note: The Group holds a 50% equity interest in EVG, a joint venture of the Group.

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

	Six months ended	
	31.3.2021	31.3.2020
	HK\$'000	HK\$'000
Rental income received from B.L. Wong	540	510
Property management fee received from B.L. Wong	117	117

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 20. RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Compensation of key management personnel

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

	Six months ended	
	31.3.2021	31.3.2020
	HK\$'000	HK\$'000
Short term employee benefits	3,852	3,828
Retirement scheme contributions	40	40
	<b>3,892</b>	<b>3,868</b>

### (d) Transaction with non-controlling interests

*For the six months ended 31 March 2020*

On 24 January 2020, the Company acquired 47.84% equity interests in Elephant Holdings Limited ("EHL") with cash consideration of HK\$15,424,000 from one of the shareholders of EHL, B.L. Wong (Holdings) Company Limited ("B.L. Holdings") (collectively, the "Acquisition"). B.L. Holdings is beneficially equally owned by each of three Executive Directors of the Company in equal shares. Upon the completion of the Acquisition, the Company's interest in EHL increased from 51.96% as at 30 September 2019 to 99.80% of EHL. The related costs of the Acquisition amounted to approximately HK\$367,000. On the completion date of the Acquisition, a non-cash transaction, a loan amounted to HK\$1,800,000 due by EHL to B.L. Holdings was waived.

The transaction with non-controlling interests was accounted as an equity transaction as the changes in the Group's ownership interest do not result in a loss of control over EHL and its subsidiaries. The Group recognised a decrease in non-controlling interests of approximately HK\$5,999,000 and a decrease in equity attributable to owners of the Company of approximately HK\$7,992,000.