



**Melbourne Enterprises Limited**



**2005**  

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**Annual Report**

# Group Structure

At 30 September 2005

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## PARENT COMPANY

Melbourne Enterprises Limited

## SUBSIDIARY COMPANY

	Equity Holding	Principal Activities
Iau On Company Limited .....	100%	Property investment

## ASSOCIATED COMPANIES

Chuen King Enterprises Limited .....	50%	Property trading
Manlo Holdings Limited .....	33⅓%	Investment holding
Littlejohn Company Limited .....	20%	Investment holding

# Corporate Information

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<b>CHAIRMAN</b>	Cheng Yu Tung
<b>DIRECTORS</b>	Chung Ming Fai * Fong Yun Wah * Yuen Pak Yiu, Philip Chung Yin Shu, Frederick Chung Wai Shu, Robert * Lo Pak Shiu * Yuen Sik Ming, Patrick * Independent non-executive director
<b>CHIEF EXECUTIVE</b>	Ho Tak Him
<b>SECRETARY</b>	Chung Yin Shu, Frederick
<b>AUDIT COMMITTEE</b>	Yuen Pak Yiu, Philip (Chairman) Chung Yin Shu, Frederick (Secretary) Chung Wai Shu, Robert Lo Pak Shiu Yuen Sik Ming, Patrick
<b>JOINT AUDITORS</b>	PricewaterhouseCoopers H. C. Watt & Company Limited
<b>SOLICITORS</b>	Woo, Kwan, Lee & Lo
<b>BANKERS</b>	The Hongkong and Shanghai Banking Corporation Limited Hang Seng Bank Limited
<b>SHARE REGISTRAR AND TRANSFER OFFICE</b>	Computershare Hong Kong Investor Services Limited Rooms 1712-6, 17/F., Hopewell Centre 183 Queen's Road East Hong Kong
<b>REGISTERED OFFICE</b>	Rooms 2102-4, Melbourne Plaza 33 Queen's Road Central Hong Kong

# Directors' Profile

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## BIOGRAPHICAL DETAILS OF DIRECTORS

### Executive Directors

Dato' Dr. Cheng Yu Tung, aged 80, is the Chairman of the Company and has been appointed Executive Director of the Company since December 1967. He is the Chairman of New World Development Company Limited, NWD (Hotels Investments) Limited, Chow Tai Fook Enterprises Limited and a director of Hang Seng Bank Limited.

Mr. Chung Ming Fai, aged 85, is one of the founders of the Company and has been appointed Executive Director of the Company since December 1967. He is a director of Aik San Realty Limited, Fu Hop Investment Company Limited and Good Earning Investment Company Limited. He is the father of Mr. Chung Yin Shu, Frederick and Mr. Chung Wai Shu, Robert.

Mr. Chung Yin Shu, Frederick, aged 61, was appointed Executive Director of the Company in December 1967. He is a director of Aik San Realty Limited, Fu Hop Investment Company Limited and Good Earning Investment Company Limited. He is the son of Mr. Chung Ming Fai and brother of Mr. Chung Wai Shu, Robert. He is also the Company Secretary.

### Non-Executive Director

Mr. Chung Wai Shu, Robert, aged 57, was appointed Executive Director of the Company in December 1975 and became Non-executive Director in June 1999. He is a director of Aik San Realty Limited, Fu Hop Investment Company Limited and Good Earning Investment Company Limited. He is the son of Mr. Chung Ming Fai and brother of Mr. Chung Yin Shu, Frederick.

### Independent Non-Executive Directors

Mr. Yuen Pak Yiu, Philip, aged 70, is a Solicitor. He is the senior partner of Yung, Yu & Yuen Co., Solicitors. He is also a director of Henderson Investment Limited. He has been appointed Non-executive Director of the Company since December 1993.

Dr. Fong Yun Wah, S.B.S., J.P., aged 81. He is the Managing Director of Hip Shing Hong Development Company Limited and Kam Wah Investment Company Limited. He has been appointed Non-executive Director of the Company since November 1994.

Mr. Lo Pak Shiu, aged 51, was appointed Executive Director of the Company in March 1989. He is presently an Independent Non-executive Director of the Company. He is also a director of Foo Hang Jewellery Limited.

Mr. Yuen Sik Ming, Patrick, aged 48, is a Certified Public Accountant (Practising) and a fellow of Association of Chartered Certified Accountants. Mr. Yuen has extensive experience in accounting and corporate finance and is currently a practising director of Kingston CPA Limited. He is also a director of KTP Holdings Limited. He was appointed Independent Non-executive Director of the Company in September 2004.

### Senior Management

Various businesses and functions of the Company are respectively under the direct responsibilities of the Executive Directors who are regarded as senior management of the Company.

# Directors' Report

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The Directors present their annual report together with the audited financial statements for the financial year ended 30 September 2005.

## PRINCIPAL ACTIVITIES

The Company continues to carry on the business of investment holding and property investment in Hong Kong. Activities of the subsidiary company and associated companies are set out in notes 11 and 12 to the financial statements respectively.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 September 2005 are set out in the consolidated profit and loss account on page 13. A commentary on annual results is included in the chairman's business review on page 10.

An interim dividend of HK\$0.50 per share was paid in July 2005 absorbing HK\$12,500,000. The directors propose the payment of a final dividend of HK\$1.10 per share, totalling HK\$27,500,000 and recommend that the retained profit of the Company, amounting to HK\$4,984,000 at 30 September 2005 be carried forward.

## DONATIONS

The Group made charitable donations of HK\$5,000 during the year.

## FIXED ASSETS

Details of the movements in fixed assets and particulars regarding the investment properties held by the Group are shown in note 10 to the financial statements.

## RESERVES

Details of the movements in reserves are set out in note 18 to the financial statements.

## DIRECTORS

The Directors during the financial year and at the date of this report are:-

Dato' Dr. Cheng Yu Tung  
Mr. Chung Ming Fai  
Mr. Yuen Pak Yiu, Philip  
Dr. Fong Yun Wah  
Mr. Chung Yin Shu, Frederick  
Mr. Chung Wai Shu, Robert  
Mr. Lo Pak Shiu  
Mr. Yuen Sik Ming, Patrick

In accordance with Article 103(A) of the Company's Articles of Association, Mr. Chung Ming Fai, Dr. Fong Yun Wah and Mr. Lo Pak Shiu, retire by rotation and, being eligible, offer themselves for re-election.

The Company has received annual confirmation of independence from all the Independent Non-executive Directors in accordance with Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Board is of the view that all the Independent Non-executive Directors are independent in accordance with the Listing Rules.

# Directors' Report (Cont'd)

## DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business to which the Company or its subsidiary company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

No loan was made during the financial year to the Company's Directors or officers or bodies corporate controlled by them either by the Company or by its subsidiary company or by a third party on the security or guarantee of the Company or its subsidiary company.

## DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year and up to the date of this report, the following Directors are considered to have interests in the following businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors of the Company were appointed as directors to represent the interests of the Company and/or the Group pursuant to the Listing Rules as set out below:

Name of Director	Name of entity which businesses are considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the Group	Nature of interest of the Director in the entity
Dato' Dr. Cheng Yu Tung	Chow Tai Fook Enterprises Limited group of companies	Property investment	Chairman
	New World Development Company Limited group of companies	Property investment	Director
	Shun Tak Holdings Limited group of companies	Property investment	Director
Mr. Chung Ming Fai	Aik San Realty Limited group of companies	Property investment	Director
	Fu Hop Investment Company Limited	Property investment	Director
	Good Earning Investment Company Limited	Property investment	Director
Mr. Chung Yin Shu, Frederick	Aik San Realty Limited group of companies	Property investment	Director
	Fu Hop Investment Company Limited	Property investment	Director
	Good Earning Investment Company Limited	Property investment	Director
Mr. Chung Wai Shu, Robert	Aik San Realty Limited group of companies	Property investment	Director
	Fu Hop Investment Company Limited	Property investment	Director
	Good Earning Investment Company Limited	Property investment	Director
Dr. Fong Yun Wah	Hip Shing Hong Development Company Limited	Property investment	Director
	Kam Wah Investment Company Limited	Property investment	Director

As the board of Directors of the Company is independent of the board of these entities, the Group is therefore capable of carrying on such business independently of, and at arm's length from the businesses of these entities.

# Directors' Report (Cont'd)

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## DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the financial year was the Company or its subsidiary company a party to any arrangements to enable the Directors or Chief Executive (including their spouses or children under 18 years of age) to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SERVICE CONTRACTS OF DIRECTORS

None of the Directors has a service contract with the Company or its subsidiary company not terminable within one year without the payment of a compensation (other than statutory compensation).

## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2005, the interests or short positions of the Directors and Chief Executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:-

	Number of shares held		Approximate
	Personal interests	Corporate interests	percentage of shareholding
<b>Directors</b>			
Mr. Chung Ming Fai	12,000,500	1,000 (Note)	48.00%
Mr. Chung Yin Shu, Frederick	1,875	–	0.01%
<b>Chief Executive</b>			
Mr. Ho Tak Him	1,000	–	–

### Note:

Mr. Chung Ming Fai controls more than one-third of the voting power of Fu Hop Investment Company Limited which held 1,000 shares in the Company.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2005, the register of interests in shares or short positions kept under section 336 of the SFO showed that, other than the interests of directors as set out above, Chow Tai Fook Enterprises Limited ("CTF") was interested in 5% or more of the issued share capital of the Company. CTF, together with its associated companies, has a beneficial interest in 6,762,750 shares of the Company, representing 27.05% of the Company's issued share capital.

Save for the interests in shares referred to above, no other person is recorded in the register kept pursuant to Section 336 of the SFO as having an interest in 5% or more of the issued share capital of the Company as at 30 September 2005.

# Directors' Report (Cont'd)

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## **PURCHASE, SALE OR REDEMPTION OF SHARES**

The Company has not redeemed any of its shares during the year. Neither the Company nor its subsidiary company has purchased or sold any of the Company's shares during the year.

## **MANAGEMENT CONTRACTS**

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the financial year.

## **SUFFICIENCY OF PUBLIC FLOAT**

According to information that is available to the Company, the percentage of the Company's shares which are in the hands of the public exceeds 25% of the Company's total number of issued shares.

## **MAJOR CUSTOMERS AND SUPPLIERS**

The aggregate turnover during the year attributable to the Group's five largest customers was less than 30%.

The aggregate purchase of revenue items during the year attributable to the Group's five largest suppliers was 53%, of which 20% was made from the Group's largest supplier.

None of the Directors, their associates, or shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had an interest in the share capital of the suppliers or customers noted above.

## **AUDIT COMMITTEE**

An Audit Committee has been established for the purpose of reviewing and providing supervision on the Company's financial reporting process and internal controls. The results for the year have been reviewed by the Audit Committee. The composition of the Audit Committee is shown on page 3.

## **CODE OF BEST PRACTICE AND CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year except that the non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles of Association of the Company.

The Code of Best Practice was replaced by the Code of Corporate Governance Practices (the "Code") on 1 January 2005, subject to transitional arrangements. The Company has taken relevant actions to comply with the provisions of the Code.



# Directors' Report (Cont'd)

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## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions. All the Directors have complied with the standards set out in the Model Code for the year ended 30 September 2005.

## **AUDITORS**

The financial statements have been audited by Messrs. PricewaterhouseCoopers and H. C. Watt & Company Limited, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board  
**Dato' Dr. Cheng Yu Tung**  
Chairman

Hong Kong, 21 December 2005

# Chairman's Business Review

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I would report to shareholders that the Group's profit after taxation for the financial year ended 30 September 2005 amounted to HK\$38.0 million (2004: HK\$14.7 million). The Board of Directors recommend a final dividend of HK\$1.10 per share payable to the shareholders registered on 10 February 2006. In addition to the interim dividend of HK\$0.50 per share paid in July 2005, the total dividend for the year amounted to HK\$1.60 per share (2004: HK\$1.30 per share).

Occupancy rates of the Group's investment properties have surged on the back of the robust economic growth in Hong Kong. Melbourne Plaza at 33 Queen's Road Central attained 80% occupancy while Kimley Commercial Building at 142-146 Queen's Road Central was 88% leased. New rental rates have firmed up at the same time. Steady rental income has been secured through close liaison and continuing negotiation with tenants.

The Group's unlisted investment represents property development and golf club operation in Foshan, China. The controlling shareholder of the said investment, BT Development Holdings Limited (formerly known as Wing Shan Enterprises (Holdings) Limited) has gone into creditors' voluntary winding up. Foshan International Country Club Company Limited, the joint venture itself, is undergoing a debt restructuring programme. The Group has yet to decide whether to raise or reduce its shareholding in the investment.

The Group has always maintained a prudent approach towards other investments and has endeavoured to maintain stable rental income. Without any debt or commitment, the Group will continue to bring optimum return to all shareholders.

Taking this opportunity, I would like to thank my fellow directors and staff members for their loyal services and continuing efforts.

**Dato' Dr. Cheng Yu Tung**  
Chairman

Hong Kong, 21 December 2005

# Management Discussion and Analysis

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## **GROUP RESULTS**

Net profit for the year amounted to HK\$38.0 million (2004: HK\$14.7 million). The huge improvement was mainly due to the HK\$20.6 million provision made in last year for the unlisted investment, Billion Park Investment Limited. Turnover for the year amounted to HK\$72.8 million, representing an increase of 4% as compared to last year.

## **SIGNIFICANT INVESTMENTS**

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 80% and 88% let.

## **LIQUIDITY AND FINANCIAL RESOURCES**

Basically, the Group's working capital requirement was financed by its rental income. As at 30 September 2005, the Group had cash and bank balances totalling HK\$53.5 million (2004: HK\$42.1 million). During the year, the Group does not need any borrowings or overdraft facilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group employs a total of 18 employees. The Group recognises the importance of the strength of its human resources for its success. Remuneration for employees are maintained at competitive levels and promotion and salary increments are assessed on a performance related basis.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

There was no acquisitions or disposals of subsidiaries and associated companies during the year. Also, there was no future plans for material investments in capital assets.

# Report of the Auditors

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**TO THE SHAREHOLDERS OF  
MELBOURNE ENTERPRISES LIMITED  
(Incorporated in Hong Kong with limited liability)**

We have audited the financial statements on pages 13 to 29 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

## **Respective responsibilities of directors and auditors**

The Hong Kong Companies Ordinance requires the Directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## **Basis of opinion**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

## **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 September 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

**H. C. WATT & COMPANY LIMITED**

Certified Public Accountants

**H. C. WATT, AUDITOR**

Practising Certificate No. P181

**PRICEWATERHOUSECOOPERS**

Certified Public Accountants

Hong Kong, 21 December 2005

Melbourne Enterprises Limited

# Consolidated Profit and Loss Account

Year Ended 30 September

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	Note	2005 HK\$'000	2004 HK\$'000
Turnover	3	72,800	70,263
Operating costs		( 19,831)	( 20,786)
Gross profit		52,969	49,477
Other revenues	4	683	420
Administrative expenses		( 7,611)	( 7,189)
Provision for unlisted investment		—	( 20,567)
Operating profit	5	46,041	22,141
Share of results of associated companies		( 7)	( 12)
<b>Profit before taxation</b>		46,034	22,129
Taxation	7	( 8,013)	( 7,459)
<b>Profit attributable to shareholders</b>		<u>38,021</u>	<u>14,670</u>
<b>Dividends</b>	8	<u>40,000</u>	<u>32,500</u>
<b>Earnings per share</b>	9	<u>HK\$1.52</u>	<u>HK\$0.59</u>

# Consolidated Balance Sheet

At 30 September

	Note	2005 HK\$'000	2004 HK\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	10	1,693,140	1,322,773
Associated companies	12	1,329	1,300
Unlisted investment	13	1	1
		<u>1,694,470</u>	<u>1,324,074</u>
<b>Current assets</b>			
Staff loans, secured		1,789	3,506
Debtors, deposits and prepayments	14	5,691	5,399
Cash and bank balances		53,460	42,091
		<u>60,940</u>	<u>50,996</u>
<b>Current liabilities</b>			
Creditors, accruals and deposits	15	16,653	13,736
Taxation		8,029	6,545
		<u>24,682</u>	<u>20,281</u>
<b>Net current assets</b>		<u>36,258</u>	<u>30,715</u>
<b>Total assets less current liabilities</b>		<u>1,730,728</u>	<u>1,354,789</u>
<b>Non-current liabilities</b>			
Provision for long service payments		6,132	6,288
Deferred tax liabilities	16	300	126
		<u>6,432</u>	<u>6,414</u>
<b>Net assets</b>		<u>1,724,296</u>	<u>1,348,375</u>
<b>Capital and reserves</b>			
Share capital	17	125,000	125,000
Reserves	18	1,571,796	1,203,375
Proposed final dividend		27,500	20,000
<b>Shareholders' funds</b>		<u>1,724,296</u>	<u>1,348,375</u>

Chung Ming Fai  
Director

Cheng Yu Tung  
Director

# Balance Sheet

At 30 September

	Note	2005 HK\$'000	2004 HK\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	10	1,535,140	1,200,173
Subsidiary company	11	10,868	11,745
Associated companies	12	140	104
Unlisted investment	13	1	1
		<u>1,546,149</u>	<u>1,212,023</u>
<b>Current assets</b>			
Staff loans, secured		1,789	3,506
Debtors, deposits and prepayments	14	4,886	4,581
Cash and bank balances		53,372	41,997
		<u>60,047</u>	<u>50,084</u>
<b>Current liabilities</b>			
Creditors, accruals and deposits	15	15,381	12,841
Taxation		7,525	6,360
		<u>22,906</u>	<u>19,201</u>
<b>Net current assets</b>		<u>37,141</u>	<u>30,883</u>
<b>Total assets less current liabilities</b>		<u>1,583,290</u>	<u>1,242,906</u>
<b>Non-current liabilities</b>			
Provision for long service payments		6,132	6,288
Deferred tax liabilities	16	300	126
		<u>6,432</u>	<u>6,414</u>
<b>Net assets</b>		<u>1,576,858</u>	<u>1,236,492</u>
<b>Capital and reserves</b>			
Share capital	17	125,000	125,000
Reserves	18	1,424,358	1,091,492
Proposed final dividend		27,500	20,000
<b>Shareholders' funds</b>		<u>1,576,858</u>	<u>1,236,492</u>

Chung Ming Fai  
Director

Cheng Yu Tung  
Director

# Consolidated Statement of Changes in Equity

Year Ended 30 September

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	Note	2005 HK\$'000	2004 HK\$'000
Total equity at beginning of the year		1,348,375	1,031,605
Profits not recognised in the consolidated profit and loss account:			
Investment properties revaluation surplus	18	370,400	334,600
Profit attributable to shareholders	18	38,021	14,670
Dividends paid		( 32,500)	( 32,500)
Total equity at end of the year		<u>1,724,296</u>	<u>1,348,375</u>



# Consolidated Cash Flow Statement

Year Ended 30 September

	2005 HK\$'000	2004 HK\$'000
<b>Operating activities</b>		
Operating profit	46,041	22,141
Adjustments for:		
Depreciation	50	52
Provision for unlisted investment	–	20,567
Operating profit before working capital changes	<u>46,091</u>	<u>42,760</u>
Decrease in staff loans	1,717	464
(Increase)/decrease in debtors, deposits and prepayments	( 292)	14
Increase in creditors, accruals and deposits	2,917	10
(Decrease)/increase in provision for long service payments	( 156)	148
Net cash generated from operations	<u>50,277</u>	<u>43,396</u>
Hong Kong profits tax paid	( 6,354)	( 9,908)
Net cash generated from operating activities	<u>43,923</u>	<u>33,488</u>
<b>Investing activities</b>		
Purchases of fixed assets	( 17)	( 33)
Increase in net amount due by associated companies	( 37)	( 24)
Net cash used in investing activities	<u>( 54)</u>	<u>( 57)</u>
<b>Financing activities</b>		
Dividends paid	( 32,500)	( 32,500)
Net cash used in financing activities	<u>( 32,500)</u>	<u>( 32,500)</u>
Net increase in cash and bank balances	11,369	931
Cash and bank balances at beginning of the year	<u>42,091</u>	<u>41,160</u>
Cash and bank balances at end of the year	<u><u>53,460</u></u>	<u><u>42,091</u></u>

# Notes to the Financial Statements

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## 1. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and property investment in Hong Kong. Activities of the subsidiary company and associated companies are set out in notes 11 and 12 respectively.

## 2. PRINCIPAL ACCOUNTING POLICIES

### (a) Basis of preparation

These financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 30 September 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to analyse and quantify the impact of these new HKFRSs on its results of operations and financial position.

### (b) Basis of consolidation

The Group accounts incorporate the accounts of the Company and its subsidiary company made up to 30 September and include the Group's share of the results for the year and undistributed post-acquisition reserves of associated companies.

All material intra-group transactions and balances have been eliminated on consolidation.

### (c) Subsidiary company

A company is a subsidiary company if the Group controls more than half of the voting power, controls the composition of the board of directors or holds more than half of the issued equity capital. Provision is made when, in the opinion of the Directors, there is impairment other than temporary in nature.

The Company's investment in the subsidiary company is carried at cost less provision. The results of the subsidiary company are accounted for by the Company on the basis of dividend income.

### (d) Associated companies

An associated company is a company other than a subsidiary company, in which the Group's interest is held for the long term and substantial and significant influence is exercised through representatives on the board of directors.

The Group's investments in associated companies are stated at the Group's share of net assets and goodwill/negative goodwill (net of accumulated amortisation) on acquisition. The Company's investments in associated companies are carried at cost less provision. The results of associated companies are accounted for by the Company on the basis of dividend income.

# Notes to the Financial Statements (Cont'd)

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## 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### (e) Unlisted investment

Unlisted investment is stated at cost less provision.

The carrying amount of the investment is reviewed at each balance sheet date to assess whether the fair value has declined below the carrying amount. When a decline other than temporary has occurred, the carrying amount of the investment will be reduced to its fair value. The amount of the reduction is recognised as an expense in the profit and loss account.

### (f) Fixed assets

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and are held for their investment potential. Investment properties are carried in the balance sheet at their open market value based on professional valuation. Increases in valuation are credited to the investment property revaluation reserve; decreases are first set off against earlier revaluation surpluses on a portfolio basis and thereafter charged to the profit and loss account. Upon sale of an investment property, the revaluation surplus realised is transferred to operating profit. No depreciation is provided on investment properties held on leases with unexpired period of more than twenty years.

Fixtures and equipment are stated at cost less accumulated depreciation and provision for impairment. Fixtures and equipment are depreciated over their estimated useful lives using the straight-line method at the rate of 10% per annum.

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives.

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised in the profit and loss account to reduce the asset to its recoverable amount.

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

### (g) Revenue recognition

Rental and service income from investment properties is recognised on a time proportion basis. Interest income is recognised on an accrual basis. Dividend income is recognised when the right to receive payment has been established.

# Notes to the Financial Statements (Cont'd)

## 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### (h) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

### (i) Foreign currencies

Transactions in foreign currencies during the year are converted at exchange rates ruling at the transaction dates. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at exchange rates ruling at that date. All exchange differences are included in the determination of operating profit.

## 3. SEGMENT INFORMATION

	2005 HK\$'000	2004 HK\$'000
<b>(a) Turnover</b>		
Property investment	72,800	70,263
<b>(b) Contribution to operating profit</b>		
Property investment	46,041	42,708
Unallocated item - provision for unlisted investment	-	( 20,567)
	<u>46,041</u>	<u>22,141</u>

Turnover represents gross rental and service income from investment properties.

As the Group's principal business is property investment in Hong Kong, an analysis of the Group's turnover and profit by business and geographical segments has not been presented.

## 4. OTHER REVENUES

	2005 HK\$'000	2004 HK\$'000
Bank deposit and other interest income	336	126
Sundry income	347	294
	<u>683</u>	<u>420</u>

# Notes to the Financial Statements (Cont'd)

## 5. OPERATING PROFIT

	2005 HK\$'000	2004 HK\$'000
<b>Operating profit is stated after charging:</b>		
Directors' emoluments (note 6(a))	878	858
Auditors' remuneration	470	438
Depreciation	50	52
Staff costs (excluding Directors' emoluments)		
Salaries and other emoluments	3,654	3,681
Long service payments	162	110
Contributions to mandatory provident fund scheme	139	136
	<u>878</u>	<u>858</u>

## 6. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(a) Directors' emoluments	2005 HK\$'000	2004 HK\$'000
Fees	160	140
Salaries and other emoluments	668	668
Long service payments	38	38
Contributions to mandatory provident fund scheme	12	12
	<u>878</u>	<u>858</u>

Each non-executive Director receives a fixed fee of HK\$ 20,000 per annum and fees paid to non-executive Directors for the year amounted to HK\$100,000 (2004: HK\$80,000). None of the Directors has waived the right to receive their emoluments.

# Notes to the Financial Statements (Cont'd)

## 6. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (Cont'd)

### (a) Directors' emoluments (Cont'd)

Details of the emoluments paid to the Directors are as follows:

Name of Directors	Fees HK\$'000	Salaries and allowances HK\$'000	Bonus HK\$'000	Long service payments HK\$'000	Mandatory provident fund contributions HK\$'000	2005 Total HK\$'000	2004 Total HK\$'000
Dato' Dr. Cheng Yu Tung	20	–	–	–	–	20	20
Mr. Chung Ming Fai	20	–	–	–	–	20	20
Mr. Yuen Pak Yiu, Philip	20	–	–	–	–	20	20
Dr. Fong Yun Wah	20	–	–	–	–	20	20
Mr. Chung Yin Shu, Frederick	20	605	63	38	12	738	738
Mr. Chung Wai Shu, Robert	20	–	–	–	–	20	20
Mr. Lo Pak Shiu	20	–	–	–	–	20	20
Mr. Yuen Sik Ming, Patrick	20	–	–	–	–	20	–
2005 Total	<u>160</u>	<u>605</u>	<u>63</u>	<u>38</u>	<u>12</u>	<u>878</u>	
2004 Total	<u>140</u>	<u>605</u>	<u>63</u>	<u>38</u>	<u>12</u>		<u>858</u>

### (b) Senior executives' emoluments

The five individuals whose emoluments were the highest in the Group for the year include one Director (2004: one Director) whose emoluments are reflected in the analysis presented above. Details of the emoluments paid to the remaining four (2004: four) individuals during the year are as follows:

	2005 HK\$'000	2004 HK\$'000
Salaries and other emoluments	1,383	1,383
Long service payments	56	56
Contributions to mandatory provident fund scheme	48	48
	<u>1,487</u>	<u>1,487</u>

The emoluments of each of the individuals are below HK\$1,000,000.

# Notes to the Financial Statements (Cont'd)

## 7. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit for the year.

The amount of taxation charged to the consolidated profit and loss account represents:

	2005 HK\$'000	2004 HK\$'000
Company and subsidiary		
Current taxation		
Provision for the year	7,838	7,286
Over provision in prior years	–	( 10)
Deferred taxation relating to the origination and reversal of temporary differences	174	183
	<u>8,012</u>	<u>7,459</u>
Associated companies		
Current taxation	1	–
Taxation charge	<u>8,013</u>	<u>7,459</u>

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2005 HK\$'000	2004 HK\$'000
Profit before taxation	<u>46,034</u>	<u>22,129</u>
Calculated at a taxation rate of 17.5% (2004: 17.5%)	8,056	3,873
Income not subject to taxation	( 45)	( 5)
Expenses not deductible for taxation purposes	2	3,601
Others	–	( 10)
Taxation charge	<u>8,013</u>	<u>7,459</u>

# Notes to the Financial Statements (Cont'd)

## 8. DIVIDENDS

	2005 HK\$'000	2004 HK\$'000
Interim dividend paid of HK\$0.50 (2004: HK\$0.50) per share	12,500	12,500
Final dividend proposed of HK\$1.10 (2004: HK\$0.80) per share	27,500	20,000
	<u>40,000</u>	<u>32,500</u>

At a meeting held on 21 December 2005, the Board of Directors proposed a final dividend of HK\$1.10 per share. This proposed dividend will be accounted for as an appropriation of retained profit in the year ending 30 September 2006.

## 9. EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to shareholders of HK\$38,021,000 (2004: HK\$14,670,000) and the 25,000,000 shares in issue throughout the two years ended 30 September 2005.

## 10. FIXED ASSETS

Group	Investment properties HK\$'000	Fixtures and equipment HK\$'000	Total HK\$'000
Cost or valuation			
At 30 September 2004			
Cost	–	1,587	1,587
Professional valuation	1,322,600	–	1,322,600
Additions	–	17	17
Revaluation surplus (note 18)	370,400	–	370,400
At 30 September 2005	<u>1,693,000</u>	<u>1,604</u>	<u>1,694,604</u>
Accumulated depreciation			
At 30 September 2004	–	1,414	1,414
Charge for the year	–	50	50
At 30 September 2005	<u>–</u>	<u>1,464</u>	<u>1,464</u>
Net book value			
At 30 September 2005	<u>1,693,000</u>	<u>140</u>	<u>1,693,140</u>
At 30 September 2004	<u>1,322,600</u>	<u>173</u>	<u>1,322,773</u>



# Notes to the Financial Statements (Cont'd)

## 10. FIXED ASSETS (Cont'd)

Company	Investment properties HK\$'000	Fixtures and equipment HK\$'000	Total HK\$'000
Cost or valuation			
At 30 September 2004			
Cost	–	1,558	1,558
Professional valuation	1,200,000	–	1,200,000
Additions	–	17	17
Revaluation surplus (note 18)	335,000	–	335,000
At 30 September 2005	<u>1,535,000</u>	<u>1,575</u>	<u>1,536,575</u>
Accumulated depreciation			
At 30 September 2004	–	1,385	1,385
Charge for the year	–	50	50
At 30 September 2005	<u>–</u>	<u>1,435</u>	<u>1,435</u>
Net book value			
At 30 September 2005	<u>1,535,000</u>	<u>140</u>	<u>1,535,140</u>
At 30 September 2004	<u>1,200,000</u>	<u>173</u>	<u>1,200,173</u>
<b>Principal investment properties</b>	<b>Type</b>	<b>Floor area (Sq m)</b>	<b>Group interest</b>
Melbourne Plaza	Commercial	24,074	100%
Kimley Commercial Building	Commercial	4,554	100%

The investment properties are held under long leases (over 50 years) in Hong Kong and were revalued on 30 September 2005 on an open market value basis by CS Surveyors Limited.

## 11. SUBSIDIARY COMPANY

	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost	10,000	10,000
Amount receivable	868	1,745
	<u>10,868</u>	<u>11,745</u>

**Private company incorporated in Hong Kong  
and directly owned by the Company**

Iau On Company Limited

**Paid up ordinary  
share capital**

100,000 shares of HK\$100 each

**Equity  
holding**

100%

The subsidiary company is engaged in the business of property investment in Hong Kong.

# Notes to the Financial Statements (Cont'd)

## 12. ASSOCIATED COMPANIES

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost	70	70	70	70
Share of undistributed post-acquisition profits less losses	( 3,946)	( 3,938)	—	—
Group's share of net (liabilities)/assets	( 3,876)	( 3,868)	70	70
Amount receivable	5,430	5,393	5,430	5,393
Less: Provision	—	—	( 5,135)	( 5,134)
	5,430	5,393	295	259
Less: Amount payable	( 225)	( 225)	( 225)	( 225)
	5,205	5,168	70	34
	1,329	1,300	140	104

Details of the associated companies are as follows:

Private companies incorporated in Hong Kong and directly owned by the Company	Paid up ordinary share capital	Equity holding	Principal activities (in Hong Kong)
Chuen King Enterprises Limited	1,000 shares of HK\$100 each	50%	Property trading
Manlo Holdings Limited	6 shares of HK\$10 each	33 ⅓ %	Investment holding
Littlejohn Company Limited	100,000 shares of HK\$1 each	20%	Investment holding

## 13. UNLISTED INVESTMENT

	Group and Company	
	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost	143	143
Advances	29,605	29,605
Less: Provision	( 29,747)	( 29,747)
	1	1

Unlisted investment represents 14.29% equity interest in Billion Park Investment Limited ("Billion Park"), a private company incorporated in Hong Kong. The principal activity of Billion Park is to participate in Foshan International Country Club Company Limited, a co-operative joint venture formed in the People's Republic of China and in which the Group has an effective interest of 5%, for the construction of golf courses and related commercial and residential facilities in Foshan.

The advances are unsecured, interest free and have no specific repayment terms.

# Notes to the Financial Statements (Cont'd)

## 14. DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade debtors				
Below 60 days	2,456	2,560	2,031	2,169
61 to 90 days	242	315	140	202
91 days and above	272	234	144	68
	<u>2,970</u>	<u>3,109</u>	<u>2,315</u>	<u>2,439</u>
Deposits and prepayments	<u>2,721</u>	<u>2,290</u>	<u>2,571</u>	<u>2,142</u>
	<u>5,691</u>	<u>5,399</u>	<u>4,886</u>	<u>4,581</u>

Trade debtors represent rental income which is due one month in advance.

## 15. CREDITORS, ACCRUALS AND DEPOSITS

	Group		Company	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade creditors				
Below 60 days	908	640	813	611
Accruals and deposits	<u>15,745</u>	<u>13,096</u>	<u>14,568</u>	<u>12,230</u>
	<u>16,653</u>	<u>13,736</u>	<u>15,381</u>	<u>12,841</u>

## 16. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using a taxation rate of 17.5% (2004: 17.5%).

The movement on the net deferred tax (liabilities)/assets account is as follows:

	Group and Company	
	2005	2004
	HK\$'000	HK\$'000
Accelerated tax depreciation		
At beginning of the year	( 126)	57
Deferred taxation charged to profit and loss account	( 174)	( 183)
At end of the year	<u>( 300)</u>	<u>( 126)</u>

# Notes to the Financial Statements (Cont'd)

## 17. SHARE CAPITAL

	2005 HK\$'000	2004 HK\$'000
Authorised		
30,000,000 shares of HK\$5 each	150,000	150,000
Issued and fully paid		
25,000,000 shares of HK\$5 each	125,000	125,000

## 18. RESERVES

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Investment properties revaluation reserve				
At beginning of the year	1,194,757	860,157	1,084,374	784,374
Surplus on revaluation (note 10)	370,400	334,600	335,000	300,000
At end of the year	1,565,157	1,194,757	1,419,374	1,084,374
Retained profit				
At beginning of the year	8,618	26,448	7,118	25,109
Profit for the year	38,021	14,670	37,866	14,509
Dividend	( 40,000)	( 32,500)	( 40,000)	( 32,500)
At end of the year	6,639	8,618	4,984	7,118
	1,571,796	1,203,375	1,424,358	1,091,492

	Company and subsidiary company HK\$'000	Associated companies HK\$'000	Total HK\$'000
Retained profit			
At 30 September 2005	10,585	( 3,946)	6,639
At 30 September 2004	12,556	( 3,938)	8,618
Investment properties revaluation reserve			
At 30 September 2005	1,565,157	-	1,565,157
At 30 September 2004	1,194,757	-	1,194,757

Distributable reserves of the Company at 30 September 2005, calculated under Section 79B of the Hong Kong Companies Ordinance, amounted to HK\$32,484,000 (2004: HK\$27,118,000).

# Notes to the Financial Statements (Cont'd)

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## 19. FUTURE MINIMUM RENTAL PAYMENTS RECEIVABLE

The future minimum rental payments receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
First year	51,932	41,017	47,547	39,151
Second to fifth year inclusive	18,731	15,273	17,522	14,121
	<u>70,663</u>	<u>56,290</u>	<u>65,069</u>	<u>53,272</u>

The Group's and the Company's operating leases are generally for terms of two years.

## 20. RELATED PARTY TRANSACTIONS

In the normal course of business activities, certain investment properties of the Group are leased to related companies, which are controlled by certain Directors of the Company, at prices and terms no less than those contracted with other third party tenants of the Group. Rental and related income from these related companies during the year were HK\$2,946,000 (2004: HK\$2,795,000).

## 21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 21 December 2005.

# Five-Year Financial Summary

	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000
Fixed assets	1,693,140	1,322,773	988,192	1,072,232	1,197,558
Associated companies	1,329	1,300	1,288	1,212	1,192
Unlisted investment	1	1	20,568	29,748	29,748
Deferred tax assets	-	-	57	-	-
Current assets	60,940	50,996	50,543	57,637	41,795
Total assets	1,755,410	1,375,070	1,060,648	1,160,829	1,270,293
Current liabilities	( 24,682)	( 20,281)	( 22,903)	( 22,552)	( 20,780)
Non-current liabilities	( 6,432)	( 6,414)	( 6,140)	( 5,996)	( 5,847)
Net assets	1,724,296	1,348,375	1,031,605	1,132,281	1,243,666
Share capital	125,000	125,000	125,000	125,000	125,000
Reserves	1,571,796	1,203,375	886,605	982,281	1,098,666
Proposed final dividend	27,500	20,000	20,000	25,000	20,000
Shareholders' funds	1,724,296	1,348,375	1,031,605	1,132,281	1,243,666
Turnover	72,800	70,263	69,609	77,245	81,122
Operating profit	46,041	22,141	32,827	54,538	41,652
Share of results of associated companies	( 7)	( 12)	63	351	26
Profit before taxation	46,034	22,129	32,890	54,889	41,678
Taxation	( 8,013)	( 7,459)	( 7,292)	( 8,474)	( 6,382)
Profit attributable to shareholders	38,021	14,670	25,598	46,415	35,296
	HK\$	HK\$	HK\$	HK\$	HK\$
Earnings per share	1.52	0.59	1.02	1.86	1.41
Dividends per share	1.60	1.30	1.50	1.50	1.30

# Notice of Annual General Meeting

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**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of Melbourne Enterprises Limited (the "Company") will be held at Tsui Hang Village Restaurant, 2/F., New World Tower, 18 Queen's Road Central, Hong Kong on Friday, 10 February 2006 at 3:00 p.m. for the following purposes:

1. To consider and adopt the audited Statement of Accounts and the Reports of Directors and Auditors for the year ended 30 September 2005.
2. To declare a final dividend.
3. To re-elect Directors and authorise the board of Directors to fix their remuneration.
4. To re-appoint Joint Auditors and authorise the board of Directors to fix their remuneration.
5. As special business to consider and, if thought fit, pass with or without modifications, the following resolution as an Ordinary Resolution:

## ORDINARY RESOLUTION

**"THAT:**

- (a) subject to paragraph (c) below and pursuant to Section 57B of the Companies Ordinance, the exercise by the directors of the Company ("Directors") during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$5.00 each in the capital of the Company ("Share(s)") and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the board of Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the board of Director pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) an issue of Shares as scrip dividends pursuant to the articles of association of the Company from time to time; (iii) an issue of Shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of Shares or rights to acquire the Shares; or (iv) an issue of Shares upon conversion by the bondholders of their bonds into shares of the Company in accordance with the terms and conditions of an issue of convertible guaranteed bonds by a special purpose subsidiary wholly owned by the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and

# Notice of Annual General Meeting (Cont'd)

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(d) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the applicable laws of Hong Kong to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

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

On behalf of the Board  
**CHUNG YIN SHU, FREDERICK**  
Company Secretary

Hong Kong, 21 December 2005



# Notice of Annual General Meeting (Cont'd)

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## Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company but must be present in person to represent the member.
2. To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited with the registered office of the Company at Rooms 2102-4, Melbourne Plaza, 33 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or the adjourned meeting (as the case may be).
3. The register of members of the Company will be closed from Tuesday, 7 February 2006 to Friday, 10 February 2006, both days inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the Annual General Meeting, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-6, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Monday, 6 February 2006.
4. Pursuant to existing Article 74 of the Articles of Association of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:
  - (i) by the chairman of the meeting; or
  - (ii) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
  - (iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting right of all the members having the right to vote at the meeting; or
  - (iv) by a member or members present in person or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares in which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.
5. In accordance with Article 103(A) of the Company's Articles of Association, Mr. Chung Ming Fai, Dr. Fong Yun Wah and Mr. Lo Pak Shiu retire by rotation and, being eligible, offer themselves for re-election.
6. Details of all retiring Directors, their interests in the shares of the Company and their remuneration are set out under heading "Directors' Profile" on page 4, "Directors' Interests in Shares, Underlying Shares and Debentures" on page 7 and "Directors' Emoluments" on page 22 respectively in the Annual Report 2005.