Melbourne Enterprises Limited

Annual Report 2011

CONTENTS

GROUP STRUCTURE

At 30 September 2011

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 investment
Manlo Holdings Limited	$33^{1}/_{3}$%	Investment holding
Littlejohn Company Limited	20%	Investment holding

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dato' Dr. Cheng Yu Tung *(Chairman)*
Mr. Chung Ming Fai
Mr. Chung Yin Shu, Frederick

Non-executive Director

Mr. Chung Wai Shu, Robert

Independent Non-executive Directors

Mr. Yuen Pak Yiu, Philip
Dr. Fong Yun Wah, S.B.S., J.P.
Mr. Lo Pak Shiu
Mr. Yuen Sik Ming, Patrick

COMPANY SECRETARY

Mr. Chung Yin Shu, Frederick

AUDIT COMMITTEE

Mr. Yuen Pak Yiu, Philip *(Chairman)*
Mr. Chung Yin Shu, Frederick *(Secretary)*
Mr. Chung Wai Shu, Robert
Mr. Lo Pak Shiu
Mr. Yuen Sik Ming, Patrick

JOINT AUDITORS

PricewaterhouseCoopers
H. C. Watt & Company Limited

SOLICITORS

Woo, Kwan, Lee & Lo

BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F., Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Rooms 2102-4, Melbourne Plaza
33 Queen's Road Central
Hong Kong

STOCK CODE

Hong Kong Stock Exchange 00158

WEBSITE

www.irasia.com

MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Dato' Dr. Cheng Yu Tung, aged 86, 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, New World Hotels (Holdings) Limited and Chow Tai Fook Enterprises Limited.

Mr. Chung Ming Fai, aged 91, is one of the founders of the Company and has been 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 67, 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 63, was appointed Executive Director of the Company in December 1975 and became a 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 76, is a Solicitor. He was the senior partner of Yung, Yu, Yuen & Co., Solicitors until 1 April 2008 when he retired from the partnership and remains a consultant of the firm. 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 87, is the Chairman 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 57, 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 54, 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 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

The Directors present their annual report together with the audited financial statements for the financial year ended 30 September 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company are property investment and investment holding in Hong Kong. The principal activities of the subsidiary company and associated companies are set out in notes 15 and 16 to the financial statements respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 September 2011 are set out in the consolidated statement of comprehensive income on page 21. A commentary on annual results is included in the Chairman's business review on page 17.

An interim dividend of HK$2.00 per share was paid in June 2011, totalling HK$50,000,000. The Directors propose the payment of a final dividend of HK$2.40 per share, totalling HK$60,000,000, and recommend that the retained profits of the Company, amounting to HK$3,453,828,000 at 30 September 2011, be carried forward.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in note 13 to the financial statements.

DIRECTORS' REPORT

RESERVES

Details of the movements in reserves of the Group and the Company are set out in the consolidated statement of changes in equity and note 23 to the financial statements respectively.

Distributable reserves of the Company at 30 September 2011 amounted to HK$61,588,000 (2010: HK$70,334,000).

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, Dato, Dr. Cheng Yu Tung, Dr. Fong Yun Wah and Mr. Chung Wai Shu, Robert, retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN CONTRACTS

Except as disclosed in note 25 of the consolidated financial statements, no other 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 body 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.

CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions during the year and up to the date of this report are set out below:

(1) On 1 August 2008, the Company as lessor and Promising Realty Limited ("PR") as lessee renewed a lease agreement, pursuant to which the lessee leased Rooms 2401-2411 on 24th floor of Melbourne Plaza, 33 Queen's Road Central, Hong Kong (the "PR Premises") from the lessor for a fixed term of two years from 1 August 2008 to 31 July 2010 at a monthly rental of HK$220,920 with monthly air-conditioning charges and management fees of HK$35,978.

The lease agreement was renewed on 28 July 2010 for a fixed term of two years from 1 August 2010 to 31 July 2012 at a monthly rental of HK$214,608 with monthly air-conditioning charges and management fees of HK$35,978, of which were adjusted upward to HK$39,134 commencing on 1 May 2011.

The PR Premises, the subject of the lease agreement, is owned by the Company. PR is a company whose shares are ultimately owned by two executive Directors, namely Mr. Chung Ming Fai and Mr. Chung Yin Shu, Frederick, and a non-executive Director, namely Mr. Chung Wai Shu, Robert, and their associates and is, accordingly, a connected person of the Company and the renewal of the lease agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

As set out in the announcement of the Company dated 28 July 2010, the annual cap for the previous lease agreement for the year ended 30 September 2010 and the new lease agreement for each of the two years ending 30 September 2011 and 2012 was HK$3,170,000, HK$3,140,000 and HK$2,650,000 respectively.

The total amount received from PR during the year ended 30 September 2011 under the lease agreements amounted to HK$3,022,812 which is within the annual cap of HK$3,140,000.

(2) On 26 February 2009, the Company as lessor and Foo Hang Jewellery, Limited ("FH") as lessee renewed a lease agreement, pursuant to which the lessee would lease Rooms 1806-1814 on 18th floor of Melbourne Plaza, 33 Queen's Road Central, Hong Kong from the lessor for a fixed term of one year from 1 March 2009 to 28 February 2010 at a monthly rental of HK$221,200 with monthly air-conditioning charges and management fees of HK$36,024.

The lease agreement was amended on 25 February 2010 to lease Rooms 1801-1814 on 18th floor of Melbourne Plaza, 33 Queen's Road Central, Hong Kong (the "FH Premises") for a fixed term of two years from 1 March 2010 to 29 February 2012 at a monthly rental of HK$281,232 with monthly air-conditioning charges and management fees of HK$48,768, of which were adjusted upward to HK$53,046 commencing on 1 May 2011.

The FH Premises, the subject of the lease agreement, is owned by the Company. FH is a company which shares are owned by associates of Mr. Lo Pak Shiu, an Independent Non-executive Director and is, accordingly, a connected person of the Company and the renewal of the lease agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

As set out in the announcement of the Company dated 25 February 2010, the annual cap for the previous lease agreement for the year ended 30 September 2010 and the new lease agreement for each of the two years ending 30 September 2011 and 2012 was HK$4,170,000, HK$4,080,000 and HK$1,700,000 respectively.

The total amount received from FH during the year ended 30 September 2011 under the lease agreement amounted to HK$3,981,390 which is within the annual cap of HK$4,080,000.

CONTINUING CONNECTED TRANSACTIONS (cont'd)

The continuing connected transactions mentioned above have been reviewed by the Independent Non-executive Directors of the Company who have confirmed that the transactions have been entered into:

(a) in the ordinary and usual course of business of the Company;

(b) on normal commercial terms; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's joint auditors were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The joint auditors have issued an unqualified letter containing the findings and conclusions in respect of the abovementioned continuing connected transactions disclosed by the Group in accordance with Main Board Listing Rule 14A.38. A copy of the joint auditors' letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

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	Director
	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 boards 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' 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 (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 compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2011, the interests or short positions of the Directors 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**
Directors			
Mr. Chung Ming Fai	12,000,500	1,000 (Note)	48.00%
Mr. Chung Yin Shu, Frederick	1,875	—	0.01%

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 2011, the interests or short positions of substantial shareholders (as defined in the Listing Rules) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows :

Long positions in shares

	Number of shares held			
Name	Beneficial interests	Corporate interests	Total	Approximate percentage of shareholding
Cheng Yu Tung Family (Holdings) Limited ("CYTFH")[(1)]	—	6,731,250	6,731,250	26.93%
Centennial Success Limited ("Centennial")[(2)]	—	6,731,250	6,731,250	26.93%
Chow Tai Fook Enterprises Limited ("CTF")[(3)]	3,750,000	2,981,250	6,731,250	26.93%
New World Development Company Limited ("NWD")[(4)]	—	3,750,000	3,750,000	15.00%
Kin Kiu Enterprises, Limited ("KK")[(5)]	—	3,750,000	3,750,000	15.00%

Notes:

(1) CYTFH holds 51.0% direct interest in Centennial and is accordingly deemed to have an interest in the shares deemed to be interested by Centennial.

(2) Centennial holds 100.0% direct interest in CTF and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF.

(3) CTF together with its subsidiaries.

(4) NWD holds 100% direct interest in KK and in accordingly deemed to have an interest in the shares deemed to be interested by KK.

(5) KK together with its subsidiaries.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30 September 2011.

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

The aggregate purchases of revenue items during the year attributable to the Group's five largest suppliers was 61%, of which 21%, 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 customers or suppliers 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.

AUDITORS

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

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

Hong Kong, 16 December 2011

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to set up and maintain a high standard of corporate governance practices and procedures. For the year under review, the Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules, except for the deviations as disclosed in this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions. Having made specific enquiry of all Directors, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code during the year ended 30 September 2011.

BOARD OF DIRECTORS

The Board is responsible for overseeing the management, businesses, strategic directions and financial performance of the Group. The Board holds regular meetings to discuss the Group's businesses and operations. All important issues are discussed in a timely manner.

The Board comprises 8 Directors, with 3 Executive Directors, a Non-executive Director and 4 Independent Non-executive Directors. The biographies of the Directors are set out in Management Profile on page 4 of this annual report. The Company has received annual confirmation of independence from all the Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board is of the view that all the Independent Non-executive Directors are independent in accordance with the Listing Rules.

NON-EXECUTIVE DIRECTORS

Non-executive Directors (including the Independent Non-executive Directors) serve the relevant function of bringing independent judgement on the development, performance and risk management of the Group. The Non-executive Directors are not appointed for a specific term as is stipulated in Code provision A.4.1, but are subject to retirement by rotation in accordance with the articles of association of the Company. Article 103(A) of the articles of association of the Company provides that at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

REMUNERATION OF DIRECTORS

The Remuneration Committee was established in 2006 with specific written terms of reference. The Remuneration Committee is responsible for making recommendations on the Company's policy and structure for the remuneration of all the Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy for approval by the Board. The Remuneration Committee met once during the year to review the remuneration policy for Directors and senior management of the Company.

The remuneration for the Directors and senior management comprises basic salary, retirement benefits and discretionary bonus. Details of the amount of emoluments of Directors paid for the financial year ended 30 September 2011 are set out in note 9 to the financial statements.

Members of the Remuneration Committee are Mr. Yuen Pak Yiu, Philip (Chairman), Mr. Chung Yin Shu, Frederick, Mr. Chung Wai Shu, Robert, Mr. Lo Pak Shiu and Mr. Yuen Sik Ming, Patrick.

NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of a candidate to act as a Director on the basis of the candidate's qualification, experience, integrity and potential contribution to the Company, and approving and terminating the appointment of a Director. A candidate to be appointed as Independent Non-executive Director must also meet the independence requirement sets out in Rule 3.13 of the Listing Rules. During the year under review, the Company had not established a nomination committee and no meeting was held by the Board for nomination of new Director.

AUDIT COMMITTEE

The Audit Committee, established in 1999 with specific written terms of reference, consists of three Independent Non-executive Directors, one Non-executive Director and one Executive Director and is responsible for the review and supervision of the Group's financial reporting process and internal controls.

During the year, the Audit Committee reviewed the audited financial statements for the year ended 30 September 2010 and the unaudited interim financial statements for the six months ended 31 March 2011 with recommendations to the Board for approval, reviewed reports on internal control system of the Group, and discussed with the management and the external auditors the accounting policies and practices which may affect the Group and financial reporting matters.

Members of the Audit Committee are Mr. Yuen Pak Yiu, Philip (Chairman), Mr. Chung Yin Shu, Frederick (Secretary), Mr. Chung Wai Shu, Robert, Mr. Lo Pak Shiu and Mr. Yuen Sik Ming, Patrick.

AUDIT COMMITTEE (cont'd)

Attendance at Meetings of the Board, the Audit Committee and the Remuneration Committee

	Board	Audit Committee	Remuneration Committee
		Number of meetings attended/eligible to attend for the year ended 30 September 2011	
Name of Director			
Executive Directors			
Dato' Dr. Cheng Yu Tung *(Chairman)*	4/4		
Mr. Chung Ming Fai	4/4		
Mr. Chung Yin Shu, Frederick	4/4	2/2	1/1
Non-executive Director			
Mr. Chung Wai Shu, Robert	4/4	2/2	1/1
Independent Non-executive Directors			
Mr. Yuen Pak Yiu, Philip	3/4	1/2	0/1
Dr. Fong Yun Wah, S.B.S., J.P.	3/4		
Mr. Lo Pak Shiu	3/4	2/2	1/1
Mr. Yuen Sik Ming, Patrick	2/4	2/2	1/1

AUDITORS' REMUNERATION

During the year ended 30 September 2011, the total fees paid/payable in respect of services provided by the Group's external auditors are set out below:

	2011	2010
	HK$'000	HK$'000
Audit and audit related services	**607**	588
Non-audit services	**169**	150
	776	738

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board, supported by the accounts department, is responsible for the preparation of the financial statements of the Company and the Group. In preparing the financial statements, the financial reporting standards issued by the Hong Kong Institute of Certified Public Accountants have been adopted. Appropriate accounting policies have also been used and applied consistently. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditors of the Company regarding their reporting responsibilities on the financial statements of the Group is set out in the Report of the Independent Auditors on pages 19 and 20 of this annual report.

INTERNAL CONTROL

The Group conducted an annual review on the need for setting up an internal audit department. Given the Group's simple operating structure, it was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud.

COMMUNICATION WITH SHAREHOLDERS

The Board and senior management maintain a continuing dialogue with the Company's shareholders and investors through various channels including the Company's annual general meeting. The Chairman and other members of the Board attend the annual general meeting. The Directors will answer questions raised by the shareholders on the performance of the Group. The Company also holds press and analysts' conferences at least once a year following the release of full year results announcements at which the Executive Directors and senior management of the Group are available to answer questions regarding the performance of the Group.

CHAIRMAN'S BUSINESS REVIEW

I would report to shareholders that the Group's profit after taxation for the financial year ended 30 September 2011 amounted to HK$986 million (2010: HK$696 million). The Board of Directors recommend a final dividend of HK$2.40 per share payable to the shareholders registered on 8 February 2012. In addition to the interim dividend of HK$2.00 per share paid in June 2011, the total dividend for the year amounted to HK$4.4 per share (2010: HK$4.20 per share).

The Group's investment properties at Melbourne Plaza, 33 Queen's Road Central and Kimley Commercial Building at 142-146 Queen's Road Central were both 95% let approximately.

Leasing demand for office space increased continuously during the year. The Group's rental income grew satisfactorily to HK$160 million, up 9% as compared with last year. Without any debt or commitment, the Group is in a healthy financial position.

The Foshan Golf Club project forms part of the Group's investment. The work of golf courses has been almost completed as scheduled. Auxiliary works have been undertaken to complement future project development.

Looking ahead, the economy is facing various challenges. The Group will continue to adopt a prudent approach to business management. Through close liaison with tenants and continuous improvements in our operation, the Group will keep on bringing 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, 16 December 2011

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP RESULTS

Profit attributable to equity holders for the year amounted to HK$985.8 million (2010: HK$695.7 million). The increase in profit mainly resulted from the current year's uplift in fair value of investment properties of HK$1,053.5 million compared with the HK$719.1 million in 2010. Turnover for the year amounted to HK$159.5 million, up 9% year-on-year. Rental operation contributed HK$127.0 million (2010: HK$113.9 million) to the operating profit, representing an increase of 12% as compared to last year.

SIGNIFICANT INVESTMENTS

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were both 95% let approximately.

LIQUIDITY AND FINANCIAL RESOURCES

Basically, the Group's working capital requirement was financed by its rental income. As at 30 September 2011, the Group had cash and bank balances totalling HK$92.3 million (2010: HK$95.7 million). During the year, the Group did not require any borrowings or overdraft facilities.

EMPLOYEES AND REMUNERATION POLICIES

The Group employs a total of 16 employees. The Group recognises the importance of the strength of its human resources for its success. Remuneration for employees is maintained at competitive levels and promotion and salary increments are assessed on a performance basis.

MATERIAL ACQUISITIONS, DISPOSALS AND FUTURE DEVELOPMENTS

There were no acquisitions or disposals of subsidiary companies and associated companies during the year. The Group is likely to have to contribute additional shareholder's loans to Billion Park Investment Limited, its available-for-sale investee company, for the development of golf courses and related commercial and residential facilities in Foshan. There are no other plans for material capital investments or future developments.

REPORT OF THE INDEPENDENT AUDITORS

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

We have audited the consolidated financial statements of Melbourne Enterprises Limited (the "Company") and its subsidiary (together the "Group") set out on pages 21 to 53, which comprise the consolidated and company balance sheets as at 30 September 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Consolidated Financial Statements

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

Auditors' Responsibility

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

REPORT OF THE INDEPENDENT AUDITORS

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 2011 and of the profit and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

H. C. WATT & COMPANY LIMITED
Certified Public Accountants

Robert Garfield Watt
Practising Certificate No. P3436

Hong Kong, 16 December 2011

PRICEWATERHOUSECOOPERS
Certified Public Accountants

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September

	Note	2011 HK$'000	2010 HK$'000
Revenue	6	**159,502**	146,253
Operating costs		**(24,807)**	(25,649)
Gross profit		**134,695**	120,604
Other income	7	**283**	1,601
Impairment loss on advance to an associated company		**(9)**	—
Administrative expenses		**(7,929)**	(8,316)
Changes in fair value of investment properties	14	**1,053,500**	719,100
Operating profit	8	**1,180,540**	832,989
Share of results of associated companies		**(6)**	174
Profit before taxation		**1,180,534**	833,163
Taxation	10	**(194,757)**	(137,430)
Profit for the year and total comprehensive income for the year attributable to equity holders		**985,777**	695,733
Earnings per share			
Basic and diluted	12	**HK$39.43**	HK$27.83

The notes on pages 28 to 53 form part of the financial statements. Details of dividends to equity holders of the Company are set out in note 11.

CONSOLIDATED BALANCE SHEET

At 30 September

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	13	**861**	631
Investment properties	14	**4,739,500**	3,686,000
Associated companies	16	**1,036**	1,033
Available-for-sale investment	17	**1**	1
Advances to an investee company	17	**29,605**	29,605
		4,771,003	3,717,270
Current assets			
Debtors, deposits and prepayments	18	**7,009**	4,966
Cash and bank balances	19	**92,336**	95,705
		99,345	100,671
Current liabilities			
Creditors, accruals and deposits	20	**36,852**	33,444
Current tax payable		**23,397**	19,655
		60,249	53,099
Net current assets		**39,096**	47,572
Total assets less current liabilities		**4,810,099**	3,764,842
Non-current liabilities			
Provision for long service payments		**8,346**	7,863
Deferred tax liabilities	21	**762,172**	588,175
		770,518	596,038
Net assets		**4,039,581**	3,168,804

CONSOLIDATED BALANCE SHEET (continued)

At 30 September

	Note	**2011** **HK$'000**	2010 HK$'000
Equity			
Share capital	22	**125,000**	125,000
Retained profits		**3,854,581**	2,978,804
Proposed final dividend		**60,000**	65,000
Total equity		**4,039,581**	3,168,804

Chung Ming Fai
Director

Cheng Yu Tung
Director

BALANCE SHEET

At 30 September

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	13	**861**	631
Investment properties	14	**4,250,000**	3,280,000
Subsidiary company	15	**10,000**	10,000
Associated companies	16	**153**	405
Available-for-sale investment	17	**1**	1
Advances to an investee company	17	**29,605**	29,605
		4,290,620	3,320,642
Current assets			
Debtors, deposits and prepayments	18	**6,391**	4,469
Cash and bank balances	19	**91,842**	95,292
		98,233	99,761
Current liabilities			
Creditors, accruals and deposits	20	**34,867**	31,571
Amount due to a subsidiary company	15	**1,588**	1,850
Current tax payable		**21,804**	18,295
		58,259	51,716
Net current assets		**39,974**	48,045
Total assets less current liabilities		**4,330,594**	3,368,687
Non-current liabilities			
Provision for long service payments		**8,346**	7,863
Deferred tax liabilities	21	**683,420**	523,201
		691,766	531,064
Net assets		**3,638,828**	2,837,623

BALANCE SHEET (continued)

At 30 September

	Note	**2011** **HK$'000**	2010 HK$'000
Equity			
Share capital	22	**125,000**	125,000
Retained profits	23	**3,453,828**	2,647,623
Proposed final dividend	23	**60,000**	65,000
Total equity		**3,638,828**	2,837,623

Chung Ming Fai
Director

Cheng Yu Tung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 September

	Share capital HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000
Balance at 1 October 2009	125,000	2,388,071	55,000	2,568,071
Profit for the year and total comprehensive income for the year	—	695,733	—	695,733
2009 final dividend paid	—	—	(55,000)	(55,000)
2010 interim dividend paid	—	(40,000)	—	(40,000)
2010 final dividend proposed	—	(65,000)	65,000	—
Balance at 30 September 2010	125,000	2,978,804	65,000	3,168,804
Profit for the year and total comprehensive income for the year	—	985,777	—	985,777
2010 final dividend paid	—	—	(65,000)	(65,000)
2011 interim dividend paid	—	(50,000)	—	(50,000)
2011 final dividend proposed	—	(60,000)	60,000	—
Balance at 30 September 2011	125,000	3,854,581	60,000	4,039,581

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 September

	2011 HK$'000	2010 HK$'000
Cash flows from operating activities		
Operating profit	**1,180,540**	832,989
Adjustments for :		
Depreciation	**123**	91
Impairment loss on advance to an associate company	**9**	—
Changes in fair value of investment properties	**(1,053,500)**	(719,100)
Operating profit before working capital changes	**127,172**	113,980
Increase in debtors, deposits and prepayments	**(2,043)**	(100)
Increase in creditors, accruals and deposits	**3,408**	871
Increase in provision for long service payments	**483**	648
Net cash generated from operations	**129,020**	115,399
Hong Kong profits tax paid	**(17,018)**	(18,157)
Net cash generated from operating activities	**112,002**	97,242
Cash flows from investing activities		
Purchase of property, plant and equipment	**(353)**	—
Advances to an associated company	**(18)**	(18)
Net cash used in investing activities	**(371)**	(18)
Cash flows from financing activities		
Dividends paid	**(115,000)**	(95,000)
Net cash used in financing activities	**(115,000)**	(95,000)
Net (decrease)/increase in cash and bank balances	**(3,369)**	2,224
Cash and bank balances at beginning of the year	**95,705**	93,481
Cash and bank balances at end of the year	**92,336**	95,705

1. GENERAL INFORMATION

Melbourne Enterprises Limited (the "Company") is a limited liability company incorporated in Hong Kong. The address of its registered office is Rooms 2102-4, Melbourne Plaza, 33 Queen's Road Central, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company and its subsidiary company (together the "Group") are principally engaged in property investment and investment holding in Hong Kong.

These financial statements have been approved for issue by the Board of Directors on 16 December 2011.

2. BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and the available-for-sale investment, which are measured at fair value, and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5 below.

(a) Adoption of new or revised HKFRSs

For the year ended 30 September 2011, the Group has adopted the following amendments which are relevant to the Group's operations and were mandatory for the financial year ended 30 September 2011:

HKFRSs (Amendments)	Improvements to HKFRSs 2009

The Group has adopted all new or revised accounting standards, amendments and interpretations that are mandatory for the financial year ended 30 September 2011. The adoption of these new or revised standards, amendments and interpretations has not had any significant effect on the accounting policies or results and financial position of the Group.

2. BASIS OF PREPARATION (cont'd)

(b) Standards, amendments and interpretations which are not yet effective

The following new or revised standards and amendments which are relevant to the Group's operations and are mandatory for accounting periods beginning on 1 October 2011 or later periods have not been early adopted by the Group:

Effective for the year ending 30 September 2012

HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Transfer of Financial Assets
HKAS 24 (Revised)	Related Party Disclosures
HKFRSs (Amendments)	Improvements to HKFRSs 2010

Effective for the year ending 30 September 2013 or after

HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 1 (Amendments)	Presentation of Financial Statements
HKAS 12 (Amendments)	Income Taxes – Deferred Tax: Recovery of Underlying Assets
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures

The Group has already commenced an assessment of the impact of these new or revised HKFRSs but is not yet in a position to state whether these new or revised HKFRSs would have a significant impact on its results of operations and financial position, except for HKAS 12 (Amendments).

HKAS 12 (Amendments) provides an exception to the principles in the existing standard for measuring deferred tax assets or liabilities when an investment property is measured at fair value. The amendment introduces a presumption that an investment property measured at fair value will be recovered entirely through sale rather than over time through operations. The implication is that deferred tax liabilities are not provided as capital gains upon sale are not taxed in Hong Kong. The amendment is effective for the financial periods beginning on or after 1 January 2012 and full retrospective application will be required upon its adoption.

At 30 September 2011, the Group has provided deferred tax liabilities of HK$761 million (2010: HK$587 million) in relation to revaluation surpluses on investment properties for the year.

For the year ended 30 September 2011, the Group also recognised deferred tax charge of HK$174 million (2010: HK$119 million) in the statement of comprehensive income, relating to the Group's fair value gain on investment properties.

Taking into account the tax consequence of presuming to recover the value of investment properties through sale, the deferred tax liabilities mentioned above will be reversed upon adoption of HKAS 12 (Amendments).

3. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements 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.

(b) Subsidiary company

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration given for the acquisition of a subsidiary is the aggregated fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. There is a choice, on the basis of each acquisition, to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree at the date of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary company acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income (operating profit).

3. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(b) Subsidiary company (cont'd)

Intra group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting polices of subsidiary companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Company's investment in the subsidiary company is carried at cost less provision for impairment losses. Provision for impairment is made when, in the opinion of the Directors, the carrying amount exceeds the recoverable amount. The results of the subsidiary company are accounted for by the Company on the basis of dividend income.

(c) Associated companies

An associated company is a company other than a subsidiary company and a jointly controlled entity, 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.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting and are initially recognised at cost. Investments in associated companies include goodwill (net of any accumulated impairment loss) identified on acquisition. Investments in associated companies are carried at cost less provision for impairment losses in the Company's financial statements. The results of associated companies are accounted for by the Company on the basis of dividend income.

The share of post-acquisition profits or losses of associated companies is recognised in the Group's profit or loss and the share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interests in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For equity accounting purpose, accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(d) Investments

The Group classifies its investments as either loans and receivables or available-for-sale investments. Management determines the classification of its investments at initial recognition depending on the purpose for which the investments are acquired.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

(ii) Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in the other category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale investments are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Unrealised gains and losses from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains or losses from investments.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

3. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(d) Investments (cont'd)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether securities are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss – is removed from equity and recognised in the statement of comprehensive income (operating profit). Impairment losses recognised in the statement of comprehensive income (operating profit) on equity instruments are not reversed through the statement of comprehensive income (operating profit).

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the carrying amount of the assets or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repair and maintenance costs are expensed in the statement of comprehensive income (operating profit) during the period in which they are incurred. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying value of an asset is greater than its estimated recoverable amount.

Depreciation of property, plant and equipment is calculated to write off their cost or carrying values less accumulated impairment losses to their estimated residual values over their estimated useful lives using the straight-line method at the rate of 10% per annum. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the statement of comprehensive income (operating profit).

3. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(f) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is determined by professional valuation conducted as at the balance sheet date. Changes in fair value are recognised in the statement of comprehensive income (operating profit).

Subsequent expenditure is charged to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the statement of comprehensive income (operating profit) during the financial period in which they are incurred.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life and are not subject to depreciation/amortisation are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(h) Cash and cash equivalents

Cash and bank balances are carried in the balance sheet at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and cash investments with original maturity of three months or less from date of investment.

(i) Revenue recognition

Rental and service income from investment properties is recognised on a straight-line basis over the periods of the leases. Interest income is recognised on a time proportion basis using the effective interest method. Dividend income is recognised when the right to receive payment is established.

(j) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

3. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(k) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(l) Current and deferred taxation

The current taxation is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the Company and its subsidiary company and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authority.

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 financial statements. 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 subsidiary company 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.

3. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(m) Employee benefits

(i) Employee long service payments

Employees' entitlements to long service payments are recognised when they accrue to employees. A provision is made for the estimated liability for long service payments as a result of services rendered by employees up to the balance sheet date.

(ii) Mandatory Provident Fund Scheme

The Company contributes to a Mandatory Provident Fund ("MPF") scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The scheme is a defined contribution scheme managed by an independent trustee and is available to all employees. The MPF is funded by payments from employees and by the Company, and provide benefits linked to contributions and investment returns on the scheme. Contributions to the scheme are recognised as an expense in the statement of comprehensive income (operating profit) in the year to which the contributions relate.

(iii) Bonus plan

Provision for bonus plan is recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(n) Foreign currencies

The functional and presentation currencies of all the Group's entities are Hong Kong dollars. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income (operating profit).

(o) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the financial period when the dividends are approved by the Company's shareholders/Directors.

3. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(p) Trade and other debtors

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount of the assets and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the provision is recognised in the statement of comprehensive income (operating profit). When a debtor is uncollectible, it is written off against the allowance account for debtors. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income (operating profit).

(q) Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(s) Share capital

Ordinary shares are classified as equity.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

(a) Credit risk

The credit risk of the Group mainly arises from deposits with banks, advances to an investee company, debtors and deposits. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the balance sheet dates in relation to each class of recognised financial asset is the carrying amount of those assets as stated in the balance sheets.

Deposits are placed with high credit-quality financial institutions.

The Group monitors the exposure to credit risk in respect of the financial assistance provided to an investee company through reviewing its financial position on a regular basis. When necessary, impairment loss is made for estimated irrecoverable amounts.

Debtors mainly include rental receivables. There is no concentration of credit risk with respect to these receivables as the customer bases are widely dispersed in different sectors and industries. The exposures to these credit risks are closely monitored on an ongoing basis using established credit policies. The Group carries out regular review and follow-up action on any overdue amounts to minimise exposures to credit risk, and will monitor its credit control procedures and policies.

(b) Liquidity risk

The Group aims to maintain prudent liquidity risk management and flexibility in funding by keeping sufficient cash and cash equivalents.

Creditors and deposits are due within one year. Amount due to a subsidiary company which does not have contractual maturity date is repayable on demand.

(c) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The Group did not have any borrowings at 30 September 2011 and 2010. The Group uses equity to finance its operation.

(d) Fair value estimation

The carrying amounts of debtors, deposits, creditors and accruals approximate their fair values due to the short-term maturities of these assets and liabilities.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of investment properties are as follows:

Estimate of fair value of investment properties

The fair value of each investment property is individually determined at each balance sheet date by independent valuers on a market value assessment. The fair value is based on the direct comparison method with reference to current sale prices in an active market for properties of similar nature, condition or location. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

(i) current sale prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences; and

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

At 30 September 2011, if the market value of investment properties had been 10% higher/lower with all other variables held constant, the carrying value of the Group's investment properties would have been HK$474.0 million (2010: HK$368.6 million) higher/lower and the Group's profit before tax would have been increased/decreased by HK$474.0 million (2010: HK$368.6 million).

6. SEGMENT INFORMATION

The Board collectively has been identified as the chief operating decision maker. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Board considers property investment and investment holding as the sole operating segment of the Group.

	2011	2010
	HK$'000	HK$'000
(a) Revenue		
Property investment	**159,502**	146,253
(b) Contribution to profit before taxation		
Property investment – Rental operation	**127,049**	113,889
Changes in fair value of investment properties	**1,053,500**	719,100
	1,180,549	832,989
Share of results of associated companies	**(6)**	174
Impairment loss on advance to an associated company	**(9)**	—
Profit before taxation	**1,180,534**	833,163

Revenue (representing turnover) comprises gross rental and service income from investment properties.

7. OTHER INCOME

	2011	2010
	HK$'000	HK$'000
Bank interest income	**50**	77
Bad debts recovered	**—**	1,152
Sundry income	**233**	372
	283	1,601

8. OPERATING PROFIT

	2011 HK$'000	2010 HK$'000
Operating profit is stated after charging:		
Directors' emoluments (note 9(a))	**1,360**	1,316
Auditors' remuneration	**607**	588
Depreciation	**123**	91
Impairment loss on trade debtors	**32**	389
Staff costs (excluding Directors' emoluments)		
Salaries and other emoluments	**3,803**	3,634
Long service payments	**370**	518
Contributions to mandatory provident fund scheme	**140**	138

9. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(a) Directors' emoluments

	2011 HK$'000	2010 HK$'000
Fees	**400**	400
Salaries and other emoluments	**811**	785
Long service payments	**149**	130
Contributions to mandatory provident fund scheme	**—**	1
	1,360	1,316

Each Non-executive Director receives a fixed fee of HK$50,000 (2010: HK$50,000) per annum and fees paid to Non-executive Directors for the year amounted to HK$250,000 (2010: HK$250,000). During the year, the Group did not pay the Directors any inducement to join or upon joining the Group, or as compensation for loss of office. None of the Directors has waived the right to receive their emoluments.

9. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (cont'd)

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

For the year ended 30 September 2011

Name of Director	Fees HK$'000	Salaries and allowances HK$'000	Bonus HK$'000	Long service payments HK$'000	Mandatory provident fund contributions HK$'000	Total HK$'000
Dato' Dr. Cheng Yu Tung	50	—	—	—	—	50
Mr. Chung Ming Fai	50	—	—	—	—	50
Mr. Yuen Pak Yiu, Philip	50	—	—	—	—	50
Dr. Fong Yun Wah	50	—	—	—	—	50
Mr. Chung Yin Shu, Frederick	50	723	88	149	—	1,010
Mr. Chung Wai Shu, Robert	50	—	—	—	—	50
Mr. Lo Pak Shiu	50	—	—	—	—	50
Mr. Yuen Sik Ming, Patrick	50	—	—	—	—	50
	400	723	88	149	—	1,360

9. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (cont'd)

Details of the emoluments paid to the Directors are as follows: (cont'd)

For the year ended 30 September 2010

Name of Director	Fees HK$'000	Salaries and allowances HK$'000	Bonus HK$'000	Long service payments HK$'000	Mandatory provident fund contributions HK$'000	Total HK$'000
Dato' Dr. Cheng Yu Tung	50	—	—	—	—	50
Mr. Chung Ming Fai	50	—	—	—	—	50
Mr. Yuen Pak Yiu, Philip	50	—	—	—	—	50
Dr. Fong Yun Wah	50	—	—	—	—	50
Mr. Chung Yin Shu, Frederick	50	699	86	130	1	966
Mr. Chung Wai Shu, Robert	50	—	—	—	—	50
Mr. Lo Pak Shiu	50	—	—	—	—	50
Mr. Yuen Sik Ming, Patrick	50	—	—	—	—	50
	400	699	86	130	1	1,316

(b) Senior executives' emoluments

The five individuals whose emoluments were the highest in the Group for the year include one Director (2010: one Director) whose emoluments are reflected in the analysis presented above. Details of the emoluments paid to the remaining four (2010: four) individuals during the year are as follows:

	2011 HK$'000	2010 HK$'000
Salaries and other emoluments	**1,680**	1,626
Long service payments	**213**	180
Contributions to mandatory provident fund scheme	**45**	48
	1,938	1,854

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

10. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the year.

The amount of taxation charged to the consolidated statement of comprehensive income represents:

	2011	2010
	HK$'000	HK$'000
Hong Kong profits tax		
Current taxation –		
Tax for the year	**20,785**	18,640
Over-provision in respect of prior year	**(25)**	—
	20,760	18,640
Deferred taxation -		
Changes in fair value of investment properties	**173,828**	118,651
Origination and reversal of temporary differences	**169**	139
	173,997	118,790
Taxation	**194,757**	137,430

Share of taxation of associated companies for the year ended 30 September 2011 of HK$ nil (2010: HK$ nil) is included in the statement of comprehensive income as share of results of associated companies.

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:

	2011	2010
	HK$'000	HK$'000
Profit before taxation and share of results of associated companies	**1,180,540**	832,989
Calculated at a taxation rate of 16.5% (2010: 16.5%)	**194,789**	137,443
Income not subject to taxation	**(8)**	(13)
Expenses not deductible for taxation purposes	**1**	—
Over-provision in respect of prior year	**(25)**	—
Taxation	**194,757**	137,430

11. DIVIDENDS

	2011 HK$'000	2010 HK$'000
Interim dividend paid of HK$2.00 (2010: HK$1.60) per share	**50,000**	40,000
Final dividend proposed of HK$2.40 (2010: HK$2.60) per share	**60,000**	65,000
	110,000	105,000

At a meeting held on 16 December 2011, the Directors recommended a final dividend of HK$2.40 per share. This proposed dividend will be accounted for as an appropriation of retained profits for the year ending 30 September 2012.

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to equity holders of HK$985,777,000 (2010: HK$695,733,000) and the 25,000,000 shares in issue throughout the two years ended 30 September 2011 and 2010.

Diluted earnings per share equal basic earnings per share because there were no potential dilutive shares outstanding during the last two years.

13. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and equipment	
	Group	**Company**
	HK$'000	HK$'000
Cost		
At 1 October 2009 and at 30 September 2010	2,397	2,368
Additions	353	353
At 30 September 2011	2,750	2,721
Accumulated depreciation		
At 1 October 2009	1,675	1,646
Charge for the year	91	91
At 30 September 2010	1,766	1,737
Charge for the year	123	123
At 30 September 2011	1,889	1,860
Net book value		
At 30 September 2011	861	861
At 30 September 2010	631	631

14. INVESTMENT PROPERTIES

	Group	Company
	HK$'000	HK$'000
Valuation at 1 October 2009	2,966,900	2,640,000
Fair value changes	719,100	640,000
Valuation at 30 September 2010	3,686,000	3,280,000
Fair value changes	1,053,500	970,000
Valuation at 30 September 2011	4,739,500	4,250,000

Principal investment properties	**Type**	**Floor area (Sq m)**	**Group interest**
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 at 30 September 2011 and 2010 on an open market value basis by an independent professionally qualified valuer, C S Surveyors Limited.

15. SUBSIDIARY COMPANY

	Company	
	2011	2010
	HK$'000	HK$'000
Unlisted shares, at cost	**10,000**	10,000
Amount due to a subsidiary company	**1,588**	1,850

The amount due to a subsidiary company is unsecured, interest free and repayable on demand. Its carrying amount is not materially different from its fair value.

Private company incorporated in Hong Kong and directly owned by the Company	**Paid up ordinary share capital**	**Equity holding**
Iau On Company Limited	100,000 shares of HK$100 each	100%

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

16. ASSOCIATED COMPANIES

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Unlisted investments, at cost	**—**	—	**70**	70
Group's share of net assets	**953**	959	**—**	—
Amount due from an associated company	**5,487**	5,469	**5,487**	5,469
Less: Provision for impairment losses	**(5,404)**	(5,395)	**(5,404)**	(5,134)
	83	74	**83**	335
	1,036	1,033	**153**	405

The amount due from an associated company is unsecured, interest free and not repayable within 12 months. Their carrying amounts are not materially different from their fair values.

The Group's share of total assets, total liabilities, revenues and results of its associated companies is set out below:

	2011	2010
	HK$'000	HK$'000
Total assets	**1,403**	1,405
Total liabilities	**(450)**	(446)
Net assets	**953**	959
Revenues	**—**	297
(Loss)/profit for the year	**(6)**	174

16. ASSOCIATED COMPANIES (cont'd)

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 investment
Manlo Holdings Limited	6 shares of HK$10 each	33⅓%	Investment holding
Littlejohn Company Limited	100,000 shares of HK$1 each	20%	Investment holding

17. AVAILABLE-FOR-SALE INVESTMENT AND ADVANCES TO AN INVESTEE COMPANY

	Group and Company	
	2011	2010
	HK$'000	HK$'000
Available-for-sale investment	**1**	1
Advances to an investee company	**29,605**	29,605

Available-for-sale 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 Country Club Company Limited, a co-operative joint venture formed in the People's Republic of China 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 not repayable within 12 months. Their carrying amounts are not materially different from their fair values.

18. DEBTORS, DEPOSITS AND PREPAYMENTS

Trade debtors represent rental receivables. The Group normally does not grant credit to trade debtors. As of 30 September 2011, trade receivables (net of provisions) of the Group and the Company of HK$3,774,000 (2010: HK$3,108,000) and HK$3,312,000 (2010: HK$2,766,000) respectively were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	Group		**Company**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 30 days past due	**2,593**	2,265	**2,345**	2,038
31 to 60 days past due	**659**	665	**484**	583
61 to 90 days past due	**251**	178	**219**	145
Over 90 days past due	**271**	—	**264**	—
Amount past due but not impaired	**3,774**	3,108	**3,312**	2,766

The other classes within debtors, deposits and prepayments do not contain impaired assets.

The Group does not hold any collateral as security, except that the Group holds rental deposits from tenants for leasing of properties.

The carrying amounts of debtors and deposits were denominated in Hong Kong dollars and approximate their fair values.

19. CASH AND BANK BALANCES

	Group		**Company**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at banks and on hand	**92,336**	95,705	**91,842**	95,292

The carrying amounts of the cash and bank balances were denominated in Hong Kong dollars.

20. CREDITORS, ACCRUALS AND DEPOSITS

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade creditors within 30 days	**—**	561	**—**	543
Accruals and deposits	**36,067**	32,098	**34,082**	30,243
Amounts due to associated companies	**785**	785	**785**	785
	36,852	33,444	**34,867**	31,571

The amounts due to associated companies are unsecured, interest free and repayable on demand. The carrying amounts of creditors, accruals, deposits and amounts due to associated companies were denominated in Hong Kong dollars and approximate their fair values.

21. DEFERRED TAX LIABILITIES

Deferred taxation is calculated in full on temporary differences under the liability method using a taxation rate of 16.5% (2010: 16.5%).

The movements on the deferred tax liabilities account are as follows:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accelerated tax depreciation				
At beginning of the year	**1,079**	940	**1,079**	940
Charge to statement of comprehensive income	**169**	139	**169**	139
At end of the year	**1,248**	1,079	**1,248**	1,079
Fair value gain on investment properties				
At beginning of the year	**587,096**	468,445	**522,122**	416,522
Charge to statement of comprehensive income	**173,828**	118,651	**160,050**	105,600
At end of the year	**760,924**	587,096	**682,172**	522,122
	762,172	588,175	**683,420**	523,201

22. SHARE CAPITAL

	2011 HK$'000	2010 HK$'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

23. RESERVES

The movement of the Group's reserves for the years ended 30 September 2011 and 2010 are presented in the consolidated statement of changes in equity on page 26 of this annual report.

The movement of the Company's reserves is as follows:

	Retained profits HK$'000	**Proposed final dividend** HK$'000
Company		
Balance at 1 October 2009	2,123,073	55,000
Profit for the year	629,550	—
2009 final dividend paid	—	(55,000)
2010 interim dividend paid	(40,000)	—
2010 final dividend proposed	(65,000)	65,000
Balance at 30 September 2010	2,647,623	65,000
Profit for the year	916,205	—
2010 final dividend paid	—	(65,000)
2011 interim dividend paid	(50,000)	—
2011 final dividend proposed	(60,000)	60,000
Balance at 30 September 2011	3,453,828	60,000

24. FUTURE MINIMUM LEASE PAYMENTS RECEIVABLE

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

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
In the first year	**122,471**	105,540	**114,570**	100,764
In the second to fifth year inclusive	**78,226**	43,138	**76,097**	41,910
	200,697	148,678	**190,667**	142,674

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

25. RELATED PARTY TRANSACTIONS

During the year, certain investment properties of the Group are leased to related companies, which are controlled by certain Directors of the Company, at prices and terms mutually agreed. Rental and related income from these related companies during the year were HK$7,004,000 (2010: HK$7,121,000).

No significant transactions have been entered with the Directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation) as disclosed in note 9(a).

FIVE-YEAR FINANCIAL SUMMARY

	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Investment properties, property, plant and equipment	**4,740,361**	3,686,631	2,967,622	2,714,368	2,403,828
Associated companies	**1,036**	1,033	841	1,002	999
Investment	**29,606**	29,606	29,606	29,606	29,606
Current assets	**99,345**	100,671	98,347	105,393	91,631
Total assets	**4,870,348**	3,817,941	3,096,416	2,850,369	2,526,064
Current liabilities	**(60,249)**	(53,099)	(51,745)	(48,210)	(41,401)
Non-current liabilities	**(770,518)**	(596,038)	(476,600)	(435,122)	(405,698)
Net assets	**4,039,581**	3,168,804	2,568,071	2,367,037	2,078,965
Share capital	**125,000**	125,000	125,000	125,000	125,000
Reserves	**3,854,581**	2,978,804	2,388,071	2,187,037	1,911,465
Proposed final dividend	**60,000**	65,000	55,000	55,000	42,500
Total equity	**4,039,581**	3,168,804	2,568,071	2,367,037	2,078,965
Revenue	**159,502**	146,253	132,289	125,807	104,494
Operating profit	**1,180,540**	832,989	351,626	404,197	523,389
Share of results of associated companies	**(6)**	174	(182)	(15)	(24)
Profit before taxation	**1,180,534**	833,163	351,444	404,182	523,365
Taxation	**(194,757)**	(137,430)	(57,910)	(43,610)	(90,246)
Profit attributable to equity holders	**985,777**	695,733	293,534	360,572	433,119
	HK$	HK$	HK$	HK$	HK$
Earnings per share					
Basic and diluted	**39.43**	27.83	11.74	14.42	17.32
Dividends per share					
Interim	**2.00**	1.60	1.50	1.20	0.80
Final	**2.40**	2.60	2.20	2.20	1.70
	4.40	4.20	3.70	3.40	2.50

NOTICE OF ANNUAL GENERAL MEETING

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, 3 February 2012 at 3:00 p.m. for the following purposes:

1. To consider and adopt the audited financial statements and the Reports of Directors and the Independent Auditors for the year ended 30 September 2011.

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 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 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 Directors of the Company 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 Directors of the Company 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 of the Company; 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 the Company or 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

(d) for the purpose of this Resolution,

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

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and

(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; and

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares of the Company on the register 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 Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company)."

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

Hong Kong, 16 December 2011

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.

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 lodged 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, 31 January 2012 to Friday, 3 February 2012, 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, Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 30 January 2012.

4. Pursuant to Rule 13.39(4) of the Listing Rules, at any general meeting, a resolution put to the vote of the meeting must be taken by poll.

5. In accordance with Article 103(A) of the Company's Articles of Association, Dato' Dr. Cheng Yu Tung, Dr. Fong Yun Wah and Mr. Chung Wai Shu, Robert 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 the headings "Management Profile" on page 4, "Directors' Interests in Shares, Underlying Shares and Debentures" on page 10 and "Directors' Emoluments" on pages 41 to 43 respectively in this annual report.