



**Melbourne**  
Enterprises Limited

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**2010 / 2011 Interim Report**

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# Consolidated Statement of Comprehensive Income

		Unaudited Six months ended 31 March	
	Note	2011 HK\$'000	2010 HK\$'000
<b>Revenue</b>	3	78,093	71,872
Operating costs		( 12,002)	( 12,204)
Gross profit		66,091	59,668
Other income		164	1,485
Administrative expenses		( 4,542)	( 4,791)
Changes in fair value of investment properties		672,000	153,600
Operating profit	4	733,713	209,962
Share of results of associated companies		( 6)	( 6)
<b>Profit before taxation</b>		733,707	209,956
Taxation	5	( 121,059)	( 34,635)
<b>Profit for the period and total comprehensive income for the period attributable to equity holders</b>		<u>612,648</u>	<u>175,321</u>
<b>Earnings per share</b>	7		
Basic and diluted		<u>HK\$24.51</u>	<u>HK\$7.01</u>

# Consolidated Balance Sheet

		Unaudited 31 March 2011 HK\$'000	Audited 30 September 2010 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	8	597	631
Investment properties	8	4,358,000	3,686,000
Associated companies		1,041	1,033
Available-for-sale investment	9	1	1
Advances to an investee company	9	29,605	29,605
		<u>4,389,244</u>	<u>3,717,270</u>
<b>Current assets</b>			
Debtors, deposits and prepayments	10	4,930	4,966
Cash and bank balances		75,673	95,705
		<u>80,603</u>	<u>100,671</u>
<b>Current liabilities</b>			
Creditors, accruals and deposits	11	33,245	33,444
Current tax payable		12,746	19,655
		<u>45,991</u>	<u>53,099</u>
<b>Net current assets</b>		<u>34,612</u>	<u>47,572</u>
<b>Total assets less current liabilities</b>		<u>4,423,856</u>	<u>3,764,842</u>
<b>Non-current liabilities</b>			
Provision for long service payments		8,280	7,863
Deferred tax liabilities		699,124	588,175
		<u>707,404</u>	<u>596,038</u>
<b>Net assets</b>		<u>3,716,452</u>	<u>3,168,804</u>
<b>Equity</b>			
Share capital		125,000	125,000
Retained profits		3,541,452	2,978,804
Proposed dividend		50,000	65,000
<b>Total equity</b>		<u>3,716,452</u>	<u>3,168,804</u>

# Condensed Consolidated Statement of Changes in Equity

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>31 March</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Total equity at beginning of the period	<b>3,168,804</b>	2,568,071
Total comprehensive income for the period	<b>612,648</b>	175,321
Dividend paid	<b>( 65,000)</b>	( 55,000)
Total equity at end of the period	<b><u>3,716,452</u></b>	<u>2,688,392</u>

## Condensed Consolidated Statement of Cash Flows

	Unaudited Six months ended 31 March	
	2011 HK\$'000	2010 HK\$'000
Net cash generated from operating activities	44,968	37,543
Net cash used in investing activities	—	( 15)
Net cash used in financing activities	( 65,000)	( 55,000)
Net decrease in cash and bank balances	( 20,032)	( 17,472)
Cash and bank balances at beginning of the period	<u>95,705</u>	<u>93,481</u>
Cash and bank balances at end of the period	<u><u>75,673</u></u>	<u><u>76,009</u></u>

# Notes to the Interim Financial Statements

## 1. PRINCIPAL ACCOUNTING POLICIES

The unaudited interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The interim financial statements should be read in conjunction with the 2010 annual financial statements.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the 2010 annual financial statements.

For the six months ended 31 March 2011, the Group has adopted the following amendments which are relevant to the Group’s operations and are mandatory for the financial year ending 30 September 2011:

HKFRSs (Amendments)      Improvements to HKFRSs 2009

The Group has assessed the impact of the adoption of these amendments and considered that there were neither any significant impact on the Group’s results and financial position nor any substantial changes in the Group’s accounting policies and presentation of the financial statements.

The following new or revised standards and amendments are relevant to the Group’s operations and are mandatory for accounting periods beginning on or after 1 October 2011 or later periods but 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

HKAS 12 (Amendments)      Income Taxes – Deferred Tax: Recovery of  
Underlying Assets

The Group has already commenced an assessment of the impact of these new or revised standards and amendments but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

## 2. PRINCIPAL ACTIVITIES

The principal activities of the Company are property investment and investment holding in Hong Kong. The principal activity of the subsidiary company is property investment in Hong Kong.

## 3. 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.

	<b>Six months ended 31 March</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
(a) <b>Revenue</b>		
Property investment	<b>78,093</b>	71,872
(b) <b>Contribution to operating profit</b>		
Property investment - Rental operation	<b>61,713</b>	56,362
Changes in fair value of investment properties	<b>672,000</b>	153,600
	<b>733,713</b>	209,962

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

#### 4. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	<b>Six months ended 31 March</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Crediting:		
Interest income	<u>25</u>	<u>52</u>
Charging:		
Depreciation	<u>44</u>	<u>45</u>

#### 5. TAXATION

	<b>Six months ended 31 March</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
<b>Hong Kong profits tax</b>		
Current taxation	<b>10,110</b>	9,222
Deferred taxation -		
Changes in fair value of investment properties	<b>110,880</b>	25,344
Origination and reversal of temporary differences	<u>69</u>	<u>69</u>
	<u><b>121,059</b></u>	<u>34,635</u>

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



6. INTERIM DIVIDEND

	<b>Six months ended 31 March</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim dividend of HK\$2.00 (2010: HK\$1.60) per share	<b>50,000</b>	<b>40,000</b>

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to equity holders of HK\$612,648,000 (2010: HK\$175,321,000) and the 25,000,000 shares (2010: 25,000,000 shares) in issue throughout the six months ended 31 March 2011.

Diluted earnings per share equals basic earnings per share because there were no potential dilutive shares outstanding during the period.

8. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

	<b>Investment properties HK\$'000</b>	<b>Property, plant and equipment HK\$'000</b>	<b>Total HK\$'000</b>
Net book value at			
1 October 2009	2,966,900	722	2,967,622
Changes in fair value	153,600	—	153,600
Depreciation	<u>—</u>	<u>( 45)</u>	<u>( 45)</u>
Net book value at			
31 March 2010	3,120,500	677	3,121,177
Changes in fair value	565,500	—	565,500
Depreciation	<u>—</u>	<u>( 46)</u>	<u>( 46)</u>
Net book value at			
30 September 2010	3,686,000	631	3,686,631
Changes in fair value	672,000	—	672,000
Additions	—	10	10
Depreciation	<u>—</u>	<u>( 44)</u>	<u>( 44)</u>
Net book value at			
31 March 2011	<u>4,358,000</u>	<u>597</u>	<u>4,358,597</u>

The investment properties are held under long leases (over 50 years) in Hong Kong and were revalued on 31 March 2011 on an open market value basis by independent professionally qualified valuers, CS Surveyors Limited.

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

	<b>31 March 2011 HK\$'000</b>	30 September 2010 HK\$'000
Available-for-sale investment	<u>1</u>	<u>1</u>
Advances to an investee company	<u>29,605</u>	<u>29,605</u>

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.

## 10. DEBTORS, DEPOSITS AND PREPAYMENTS

	<b>31 March 2011 HK\$'000</b>	30 September 2010 HK\$'000
Trade debtors		
Within 30 days past due	2,558	2,265
31 to 60 days past due	529	665
61 to 90 days past due	97	178
Over 90 days past due	97	—
	<u>          </u>	<u>          </u>
Amount past due but not impaired	<u><b>3,281</b></u>	<u>3,108</u>

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 approximate their fair values.

## 11. CREDITORS, ACCRUALS AND DEPOSITS

	<b>31 March 2011 HK\$'000</b>	30 September 2010 HK\$'000
Trade creditors within 30 days	<u><b>360</b></u>	<u>561</u>

The carrying amounts of creditors, accruals and deposits approximate their fair values.

## 12. RELATED PARTY TRANSACTIONS

During the period, 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 period were HK\$3,484,000 (2010: HK\$3,613,000).

No significant transactions have been entered with the Directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation) as follows:

	Six months ended 31 March	
	2011	2010
	HK\$'000	HK\$'000
Short-term employee benefits (Fees, salaries and other emoluments)	646	632
Post-employment benefits	118	101
	<u>764</u>	<u>733</u>

At 31 March 2011, amount due from an associated company of HK\$5,484,000 (30 September 2010: HK\$5,469,000) is unsecured, interest free and not repayable within 12 months, and amounts due to associated companies of HK\$785,000 (30 September 2010: HK\$225,000) are unsecured, interest free and repayable on demand.

## **Interim Dividend**

The Board declares an interim dividend of HK\$2.00 per share (2010: HK\$1.60 per share) for the year ending 30 September 2011. The Register of Members will be closed from Monday, 13 June to Wednesday, 15 June 2011, both days inclusive, during which period no transfer of shares will be registered. To ensure their entitlement to the interim dividend, shareholders are reminded to lodge their transfers not later than 4:30 p.m. on Friday, 10 June 2011 with Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Dividend warrants will be posted to shareholders by Tuesday, 21 June 2011.

## **Chairman's Business Review**

The Group's investment properties at Melbourne Plaza, 33 Queen's Road Central reached an occupancy rate of 94% while Kimley Commercial Building at 142-146 Queen's Road Central was 95% leased. Both properties sustained high occupancy rates in the first six months of the financial year.

The Group's rental income during the period was boosted by the remarkable pace of economic development. Rental income maintained a steady growth to HK\$78million, a 9% increase compared to the corresponding period last year. The results remained satisfactory.

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

# Management Discussion and Analysis

## GROUP RESULTS

Net profit for the six months ended 31 March 2011 amounted to HK\$612.6 million (2010: HK\$175.3 million). The increase in profit in the current period as a result of the fair value uplift of investment properties amounted to HK\$672 million. Operating profit from rental operation increased 9% from HK\$56.4 million to HK\$61.7 million in the current period. Revenue for the period also increased by 9% to HK\$ 78.1 million (2010: HK\$71.9 million).

## SIGNIFICANT INVESTMENTS

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 94% and 95% let respectively.

## LIQUIDITY AND FINANCIAL RESOURCES

Basically, the Group's working capital requirement was financed by its rental income. As at 31 March 2011, the Group had cash and bank balances totalling HK\$75.7 million (30 September 2010: HK\$95.7 million). During the period, 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 period. The Group is likely to contribute additional shareholder's loan to Billion Park Investment Limited, the available-for-sale investment, 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.

## Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 March 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 percentage of shareholding
	Personal interests	Corporate interests	
<b>Directors</b>			
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 Securities

As at 31 March 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

Name	Number of shares held			Approximate % of shareholding
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTFH") <sup>(1)</sup>	—	6,731,250	6,731,250	26.93
Centennial Success Limited ("Centennial") <sup>(2)</sup>	—	6,731,250	6,731,250	26.93
Chow Tai Fook Enterprises Limited ("CTF") <sup>(3)</sup>	3,750,000	2,981,250	6,731,250	26.93
New World Development Company Limited ("NWD") <sup>(4)</sup>	—	3,750,000	3,750,000	15.00
Kin Kiu Enterprises, Limited ("KK") <sup>(5)</sup>	—	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 31 March 2011.

## **Purchase, Sale or Redemption of Shares**

The Company has not redeemed any of its shares during the six months ended 31 March 2011. Neither the Company nor its subsidiary company has purchased or sold any of the Company's shares in the same period.

## **Audit Committee**

The Audit Committee has reviewed the unaudited interim financial report. The joint auditors conducted a review in accordance with Hong Kong Standard on Review Engagements 2410 issued by the HKICPA. On 25 May 2011, the Committee met with the management and the auditors to review the unaudited interim financial statements and consider the significant accounting policies.

## **Code on Corporate Governance Practices**

During the financial period, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules except that independent 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.

## **Model Code for Securities Transactions by Directors**

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules. Based on specific enquiry of the directors of the Company, all the directors confirmed that they had complied with the required standards of the said code during the six months ended 31 March 2011.

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

Hong Kong, 27 May 2011

As at the date of this report, the Board of the Company comprises (a) three executive directors, namely Dato' Dr. Cheng Yu Tung, Mr. Chung Ming Fai and Mr. Chung Yin Shu, Frederick; (b) one non-executive director, namely Mr. Chung Wai Shu, Robert; and (c) four independent non-executive directors, namely Mr. Yuen Pak Yiu, Philip, Dr. Fong Yun Wah, Mr. Lo Pak Shiu and Mr. Yuen Sik Ming, Patrick.



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