



Melbourne
Enterprises Limited

2008 / 2009 Interim Report

Consolidated Income Statement

		Unaudited	
		Six months ended	
		31 March	
		2009	2008
	Note	HK\$'000	HK\$'000
Revenue	3	67,320	60,732
Operating costs		(11,502)	(10,779)
Gross profit		55,818	49,953
Other income		808	1,489
Administrative expenses		(4,301)	(5,033)
Changes in fair value of investment properties		(209,400)	385,150
Operating (loss) / profit	4	(157,075)	431,559
Share of results of associated companies		(6)	(6)
(Loss) / profit before taxation		(157,081)	431,553
Taxation	5	26,001	(75,321)
(Loss) / profit attributable to equity holders		<u>(131,080)</u>	<u>356,232</u>
 Interim dividend	 6	 <u>37,500</u>	 <u>30,000</u>
 (Loss) / earnings per share	 7		
Basic and diluted		<u>(HK\$5.24)</u>	<u>HK\$14.25</u>

Consolidated Balance Sheet

		Unaudited 31 March 2009 HK\$'000	Audited 30 September 2008 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	8	381	168
Investment properties	8	2,504,800	2,714,200
Associated companies		1,012	1,002
Available-for-sale investment	9	1	1
Advances to an investee company	9	29,605	29,605
		<u>2,535,799</u>	<u>2,744,976</u>
Current assets			
Debtors, deposits and prepayments	10	7,184	6,412
Cash and bank balances		76,994	98,981
		<u>84,178</u>	<u>105,393</u>
Current liabilities			
Creditors, accruals and deposits	11	26,638	30,052
Amount due to an associated company		225	225
Taxation		11,610	17,933
		<u>38,473</u>	<u>48,210</u>
Net current assets		<u>45,705</u>	<u>57,183</u>
Total assets less current liabilities		<u>2,581,504</u>	<u>2,802,159</u>
Non-current liabilities			
Provision for long service payments		7,512	7,618
Deferred tax liabilities		393,035	427,504
		<u>400,547</u>	<u>435,122</u>
Net assets		<u>2,180,957</u>	<u>2,367,037</u>
Equity			
Share capital		125,000	125,000
Retained profits		2,018,457	2,187,037
Proposed dividend		37,500	55,000
Total equity		<u>2,180,957</u>	<u>2,367,037</u>

Condensed Consolidated Statement of Changes in Equity

	Unaudited Six months ended 31 March	
	2009 HK\$'000	2008 HK\$'000
Total equity at beginning of the period	2,367,037	2,078,965
(Loss)/ profit for the period	(131,080)	356,232
Dividend paid	(55,000)	(42,500)
Total equity at end of the period	<u>2,180,957</u>	<u>2,392,697</u>

Condensed Consolidated Cash Flow Statement

	Unaudited Six months ended 31 March	
	2009 HK\$'000	2008 HK\$'000
Net cash generated from operating activities	33,272	36,660
Net cash used in investing activities	(259)	(15)
Net cash used in financing activities	<u>(55,000)</u>	<u>(42,500)</u>
Net decrease in cash and bank balances	(21,987)	(5,855)
Cash and bank balances at beginning of the period	<u>98,981</u>	<u>84,497</u>
Cash and bank balances at end of the period	<u><u>76,994</u></u>	<u><u>78,642</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 2008 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 2008 annual financial statements.

The HKICPA has issued a number of new interpretations and an amendment to Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for the current accounting period of the Group. However, none of these developments are relevant to the Group's operations.

The following new or revised standards, amendments and interpretations which are relevant to the Group's operations and are mandatory for accounting periods beginning on or after 1 January 2009 or later periods but which the Group has not early adopted:

Effective for the year ending 30 September 2010

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments
HKFRSs Amendments	Improvements to HKFRSs

The Group has already commenced an assessment of the impact of these new or revised standards, amendment and interpretations 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 is property investment in Hong Kong.

3. SEGMENT INFORMATION

	Six months ended 31 March	
	2009 HK\$'000	2008 HK\$'000
(a) Revenue		
Property investment	<u>67,320</u>	<u>60,732</u>
(b) Contribution to operating (loss) / profit		
Property investment -		
Rental operation	52,325	46,409
Changes in fair value of investment properties	<u>(209,400)</u>	<u>385,150</u>
	<u>(157,075)</u>	<u>431,559</u>

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

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

4. OPERATING (LOSS) / PROFIT

Operating (loss)/profit is stated after crediting and charging the following:

	Six months ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
Crediting:		
Interest income	<u>508</u>	<u>1,154</u>
Charging:		
Depreciation	<u>31</u>	<u>18</u>

5. TAXATION

	Six months ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
Hong Kong profits tax		
Current taxation charge	8,467	7,842
Deferred taxation -		
Changes in fair value of investment properties	(34,551)	67,401
Origination and reversal of temporary differences	<u>83</u>	<u>78</u>
Taxation (income) / charge	<u>(26,001)</u>	<u>75,321</u>

In 2008, the Government of the Hong Kong Special Administrative Region enacted a change in the profits tax rate from 17.5% to 16.5% for the fiscal year 2008/09. Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit for the period.

6. INTERIM DIVIDEND

	Six months ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
Interim dividend of HK\$1.50 (2008: HK\$1.20) per share	<u>37,500</u>	<u>30,000</u>

7. (LOSS) / EARNINGS PER SHARE

The calculation of basic loss per share is based on loss attributable to equity holders of HK\$131,080,000 (2008: profit of HK\$356,232,000) and the 25,000,000 shares (2008: 25,000,000 shares) in issue throughout the six months ended 31 March 2009.

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

8. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

	Investment properties HK\$'000	Property, plant and equipment HK\$'000	Total HK\$'000
Net book value at			
1 October 2007	2,403,650	178	2,403,828
Changes in fair value	385,150	–	385,150
Depreciation	<u>–</u>	<u>(18)</u>	<u>(18)</u>
Net book value at			
31 March 2008	2,788,800	160	2,788,960
Changes in fair value	(74,600)	–	(74,600)
Additions	–	27	27
Depreciation	<u>–</u>	<u>(19)</u>	<u>(19)</u>
Net book value at			
30 September 2008	2,714,200	168	2,714,368
Changes in fair value	(209,400)	–	(209,400)
Additions	–	244	244
Depreciation	<u>–</u>	<u>(31)</u>	<u>(31)</u>
Net book value at			
31 March 2009	<u>2,504,800</u>	<u>381</u>	<u>2,505,181</u>

The investment properties are held under long leases (over 50 years) in Hong Kong and were revalued on 31 March 2009 on an open market value basis by independent professionally qualified valuers, CS Surveyors Limited.

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

	31 March 2009 HK\$'000	30 September 2008 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 International Country Club Company Limited, a co-operative joint venture formed in the People’s Republic of China and in which the Group has an effective interest of 5%, for the construction of golf courses and related commercial and residential facilities in Foshan.

The advances are unsecured, interest free and not repayable within 12 months.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

	31 March 2009 HK\$'000	30 September 2008 HK\$'000
Trade debtors		
Within 30 days past due	2,830	2,478
31 to 60 days past due	856	708
61 to 90 days past due	369	313
Over 90 days past due	<u>1,148</u>	<u>615</u>
Amount past due but not impaired	5,203	4,114
Deposits and prepayments	<u>1,981</u>	<u>2,298</u>
	<u><u>7,184</u></u>	<u><u>6,412</u></u>

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, deposits and prepayments approximate their fair values.

11. CREDITORS, ACCRUALS AND DEPOSITS

	31 March 2009 HK\$'000	30 September 2008 HK\$'000
Trade creditors		
Within 30 days	15	985
Accruals and deposits	<u>26,623</u>	<u>29,067</u>
	<u><u>26,638</u></u>	<u><u>30,052</u></u>

Interim Dividend

The Board declares an interim dividend of HK\$1.50 per share (2008: HK\$1.20 per share) for the year ending 30 September 2009. The Register of Members will be closed from Monday, 6 July to Wednesday, 8 July 2009, 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, 3 July 2009 with Computershare Hong Kong Investor Services Limited, Rooms 1712-6, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong. Dividend warrants will be posted to shareholders by 14 July 2009.

Chairman's Business Review

The Group's investment properties at Melbourne Plaza, 33 Queen's Road Central sustained an occupancy rate of 92% while Kimley Commercial Building at 142-146 Queen's Road Central was 77% leased. Affected by the global financial tsunami, the occupancy rates for the Group's properties dropped 4% and 17% respectively in the first half of the financial year.

Renewal rental rates grew moderately during the period. Despite facing a challenging economic environment, the Group's gross rental income recorded a respectable growth to HK\$67million, an increase of 10% over last year. The overall situation remains 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 loss for the six months ended 31 March 2009 amounted to HK\$131.1 million (2008: profit of HK\$356.2 million). The loss incurred in the current period is a result of decline in the fair value of investment properties amounting to HK\$209.4 million. Operating profit from rental operation increased 13% from HK\$46.4 million to HK\$52.3 million in the current period. Revenue for the period also increased 11% to HK\$67.3 million (2008: HK\$60.7 million).

SIGNIFICANT INVESTMENTS

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 92% and 77% let respectively.

LIQUIDITY AND FINANCIAL RESOURCES

Basically, the Group's working capital requirement was financed by its rental income. As at 31 March 2009, the Group had cash and bank balances totalling HK\$77.0 million (30 September 2008: HK\$99.0 million). During the period, the Group did not require any borrowings or overdraft facilities.

EMPLOYEES AND REMUNERATION POLICIES

The Group employs a total of 17 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. Currently, there are no plans for material capital investments or future developments.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 March 2009, 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	
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.

Mr. Ho Tak Him was the Chief Executive of the Company until he retired on 31 December 2008. Mr. Ho holds 1,000 shares in the Company.

Substantial Shareholders' Interests in Shares

As at 31 March 2009, the register of interests in shares or short positions kept under section 336 of the SFO showed that, other than the interests of directors as set out above, Chow Tai Fook Enterprises Limited ("CTF") had interest in 5% or more of the issued share capital of the Company. CTF, together with its associated companies, has a beneficial interest in 6,731,250 shares of the Company, representing 26.93% of the Company's issued share capital.

Save for the interests in shares referred to above, no other person is recorded in the register kept pursuant to Section 336 of the SFO as having an interest in 5% or more of the issued share capital of the Company as at 31 March 2009.

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the six months ended 31 March 2009. Neither the Company nor its subsidiary 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 17 June 2009, the Committee met with the management 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 2009.

Dato' Dr. Cheng Yu Tung
Chairman

Hong Kong, 19 June 2009

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.