



Melbourne
Enterprises Limited

2009 / 2010 Interim Report

Consolidated Statement of Comprehensive Income

		Unaudited	
		Six months ended	
		31 March	
		2010	2009
	Note	HK\$'000	HK\$'000
Revenue	3	71,872	67,320
Operating costs		<u>(12,204)</u>	<u>(11,502)</u>
Gross profit		59,668	55,818
Other income		1,485	808
Administrative expenses		<u>(4,791)</u>	<u>(4,301)</u>
Changes in fair value of investment properties		<u>153,600</u>	<u>(209,400)</u>
Operating profit / (loss)	4	209,962	(157,075)
Share of results of associated companies		<u>(6)</u>	<u>(6)</u>
Profit / (loss) before taxation		209,956	(157,081)
Taxation	5	<u>(34,635)</u>	<u>26,001</u>
Profit / (loss) for the period and total comprehensive income /(loss) for the period attributable to equity holders		<u>175,321</u>	<u>(131,080)</u>
Earnings / (loss) per share	7		
Basic and diluted		<u>HK\$7.01</u>	<u>(HK\$5.24)</u>

Consolidated Balance Sheet

		Unaudited 31 March 2010 HK\$'000	Audited 30 September 2009 HK\$'000
Non-current assets			
Property, plant and equipment	8	677	722
Investment properties	8	3,120,500	2,966,900
Associated companies		850	841
Available-for-sale investment	9	1	1
Advances to an investee company	9	29,605	29,605
		<u>3,151,633</u>	<u>2,998,069</u>
Current assets			
Debtors, deposits and prepayments	10	5,634	4,866
Cash and bank balances		76,009	93,481
		<u>81,643</u>	<u>98,347</u>
Current liabilities			
Creditors, accruals and deposits	11	31,900	32,348
Amount due to an associated company		225	225
Taxation		10,236	19,172
		<u>42,361</u>	<u>51,745</u>
Net current assets		<u>39,282</u>	<u>46,602</u>
Total assets less current liabilities		<u>3,190,915</u>	<u>3,044,671</u>
Non-current liabilities			
Provision for long service payments		7,725	7,215
Deferred tax liabilities		494,798	469,385
		<u>502,523</u>	<u>476,600</u>
Net assets		<u>2,688,392</u>	<u>2,568,071</u>
Equity			
Share capital		125,000	125,000
Retained profits		2,523,392	2,388,071
Proposed dividend		40,000	55,000
Total equity		<u>2,688,392</u>	<u>2,568,071</u>

Condensed Consolidated Statement of Changes in Equity

	Unaudited	
	Six months ended	
	31 March	
	2010	2009
	HK\$'000	HK\$'000
Total equity at beginning of the period	2,568,071	2,367,037
Total comprehensive income/ (loss) for the period	175,321	(131,080)
Dividend paid	(55,000)	(55,000)
Total equity at end of the period	<u>2,688,392</u>	<u>2,180,957</u>

Condensed Consolidated Statement of Cash Flows

	Unaudited	
	Six months ended	
	31 March	
	2010	2009
	HK\$'000	HK\$'000
Net cash generated from operating activities	37,543	33,272
Net cash used in investing activities	(15)	(259)
Net cash used in financing activities	(55,000)	(55,000)
Net decrease in cash and bank balances	(17,472)	(21,987)
Cash and bank balances at beginning of the period	93,481	98,981
Cash and bank balances at end of the period	76,009	76,994

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 2009 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 2009 annual financial statements.

For the six months ended 31 March 2010, the Group has adopted the following new or revised standards and amendments which are relevant to the Group’s operations and are mandatory for the financial 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 7 (Amendments)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKFRSs (Amendments)	Improvements to HKFRSs 2008

The Group has assessed the impact of the adoption of these new or revised standards and 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 except for the presentation of the consolidated statement of comprehensive income as required under HKAS 1 (Revised) and the segment information as required under HKFRS 8. In addition, HKFRS 7 (Amendments) does not contain any additional disclosure requirements specifically applicable to the interim financial information.

The following new or revised standards and amendments which are relevant to the Group's operations and are mandatory for accounting periods beginning on or after 1 October 2010 or later periods but which the Group has not early adopted:

Effective for the year ending 30 September 2011

HKFRSs (Amendments) Improvements to HKFRSs 2009

Effective for the year ending 30 September 2012 or after

HKFRS 9	Financial Instruments
HKAS 24 (Revised)	Related Party Disclosures
HKFRSs (Amendments)	Improvements to HKFRSs 2010

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 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.

	Six months ended 31 March	
	2010	2009
	HK\$'000	HK\$'000
(a) Revenue		
Property investment	<u>71,872</u>	<u>67,320</u>
(b) Contribution to operating profit / (loss)		
Property investment -		
Rental operation	56,362	52,325
Changes in fair value of investment properties	<u>153,600</u>	<u>(209,400)</u>
	<u>209,962</u>	<u>(157,075)</u>

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

4. OPERATING PROFIT / (LOSS)

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

	Six months ended 31 March	
	2010	2009
	HK\$'000	HK\$'000
Crediting:		
Interest income	<u>52</u>	<u>508</u>
Charging:		
Depreciation	<u>45</u>	<u>31</u>

5. TAXATION

	Six months ended 31 March	
	2010	2009
	HK\$'000	HK\$'000
Hong Kong profits tax		
Current taxation charge	9,222	8,467
Deferred taxation -		
Changes in fair value of investment properties	25,344	(34,551)
Origination and reversal of temporary differences	<u>69</u>	<u>83</u>
Taxation charge / (income)	<u><u>34,635</u></u>	<u><u>(26,001)</u></u>

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the period.

6. INTERIM DIVIDEND

	Six months ended 31 March	
	2010	2009
	HK\$'000	HK\$'000
Interim dividend of HK\$1.60 (2009: HK\$1.50) per share	40,000	37,500

7. EARNINGS / (LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on profit attributable to equity holders of HK\$175,321,000 (2009: loss of HK\$131,080,000) and the 25,000,000 shares (2009: 25,000,000 shares) in issue throughout the six months ended 31 March 2010.

Diluted earnings/(loss) per share equals basic earnings/(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 2008	2,714,200	168	2,714,368
Changes in fair value	(209,400)	—	(209,400)
Additions	—	244	244
Depreciation	—	(31)	(31)
	<hr/>	<hr/>	<hr/>
Net book value at			
31 March 2009	2,504,800	381	2,505,181
Changes in fair value	462,100	—	462,100
Additions	—	413	413
Depreciation	—	(72)	(72)
	<hr/>	<hr/>	<hr/>
Net book value at			
30 September 2009	2,966,900	722	2,967,622
Changes in fair value	153,600	—	153,600
Depreciation	—	(45)	(45)
	<hr/>	<hr/>	<hr/>
Net book value at			
31 March 2010	<u>3,120,500</u>	<u>677</u>	<u>3,121,177</u>

The investment properties are held under long leases (over 50 years) in Hong Kong and were revalued on 31 March 2010 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

	31 March 2010 HK\$'000	30 September 2009 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 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. Their carrying amounts are not materially different from their fair values.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

	31 March	30 September
	2010	2009
	HK\$'000	HK\$'000
Trade debtors		
Within 30 days past due	2,624	2,384
31 to 60 days past due	719	418
61 to 90 days past due	231	129
Over 90 days past due	402	—
	<u> </u>	<u> </u>
Amount past due but not impaired	3,976	2,931
	<u> </u>	<u> </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, deposits and prepayments approximate their fair values.

11. CREDITORS, ACCRUALS AND DEPOSITS

	31 March	30 September
	2010	2009
	HK\$'000	HK\$'000
Trade creditors		
Within 30 days	706	967
Accruals and deposits	31,194	31,381
	<u> </u>	<u> </u>
	31,900	32,348
	<u> </u>	<u> </u>

Interim Dividend

The Board declares an interim dividend of HK\$1.60 per share (2009: HK\$1.50 per share) for the year ending 30 September 2010. The Register of Members will be closed from Monday, 5 July to Wednesday, 7 July 2010, 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, 2 July 2010 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 13 July 2010.

Chairman's Business Review

The Group's investment properties at Melbourne Plaza, 33 Queen's Road Central reached an occupancy rate of 91% while Kimley Commercial Building at 142-146 Queen's Road Central was 93% leased. During the first six months of the financial year, occupancy rates of the Group's properties recorded increases of 2% and 7% respectively.

Riding on the improving economy, the Group's renewal rental rates continued to grow during the period. Rental income maintained a steady growth to HK\$72 million, an increase of 7% 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 profit for the six months ended 31 March 2010 amounted to HK\$175.3 million (2009: net loss of HK\$131.1 million). The increase in profit in the current period as a result of the fair value uplift of investment properties amounted to HK\$153.6 million. Operating profit from rental operation increased 8% from HK\$52.3 million to HK\$56.4 million in the current period. Revenue for the period also increased, by 7% to HK\$ 71.9 million (2009: HK\$67.3 million).

SIGNIFICANT INVESTMENTS

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 91% and 93% let respectively.

LIQUIDITY AND FINANCIAL RESOURCES

Basically, the Group's working capital requirement was financed by its rental income. As at 31 March 2010, the Group had cash and bank balances totalling HK\$76.0 million (30 September 2009: HK\$93.5 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 should 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 2010, 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.

Substantial Shareholders' Interests in Shares

As at 31 March 2010, 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 2010.

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the six months ended 31 March 2010. 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 15 June 2010, 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 2010.

Dato' Dr. Cheng Yu Tung
Chairman

Hong Kong, 18 June 2010

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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