



**Melbourne**  
Enterprises Limited

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**2012 / 2013 Interim Report**

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# Condensed Consolidated Statement of Comprehensive Income

		<b>Unaudited Six months ended 31 March</b>	
	Note	2013 HK\$'000	2012 HK\$'000
<b>Revenue</b>	3	99,377	90,252
Operating costs		( 16,981)	( 14,301)
Gross profit		82,396	75,951
Other income		188	118
Administrative expenses		( 5,267)	( 5,641)
Increase in fair value of investment properties		289,000	171,500
Operating profit	4	366,317	241,928
Share of results of associated companies		1	( 2)
<b>Profit before taxation</b>		366,318	241,926
Taxation	5	( 12,672)	( 11,617)
<b>Profit for the period and total comprehensive income for the period attributable to equity holders</b>		<u>353,646</u>	<u>230,309</u>
<b>Earnings per share</b>			
Basic and diluted	7	<u>HK\$14.15</u>	<u>HK\$9.21</u>

## Condensed Consolidated Balance Sheet

		Unaudited 31 March 2013 HK\$'000	Audited 30 September 2012 HK\$'000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment	8	5,305	4,793
Investment properties	8	5,441,500	5,152,500
Associated companies		1,053	1,037
Available-for-sale investment	9	1	1
Advances to an investee company	9	29,605	29,605
		<u>5,477,464</u>	<u>5,187,936</u>
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<b>Current assets</b>			
Debtors, deposits and prepayments	10	5,860	6,557
Cash and bank balances		102,562	107,570
		<u>108,422</u>	<u>114,127</u>
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<b>Current liabilities</b>			
Creditors, accruals and deposits	11	41,506	41,726
Current tax payable		15,993	26,237
		<u>57,499</u>	<u>67,963</u>
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<b>Net current assets</b>		<u>50,923</u>	<u>46,164</u>
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<b>Total assets less current liabilities</b>		<u>5,528,387</u>	<u>5,234,100</u>
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	<b>Unaudited 31 March 2013 HK\$'000</b>	Audited 30 September 2012 HK\$'000
<b>Non-current liabilities</b>		
Provision for long service payments	9,645	9,013
Deferred tax liabilities	<u>1,787</u>	<u>1,778</u>
	<u>11,432</u>	<u>10,791</u>
<b>Net assets</b>	<u><u>5,516,955</u></u>	<u><u>5,223,309</u></u>
<b>Equity</b>		
Share capital	125,000	125,000
Retained profits	5,336,955	5,038,309
Proposed dividend	<u>55,000</u>	<u>60,000</u>
<b>Total equity</b>	<u><u>5,516,955</u></u>	<u><u>5,223,309</u></u>

# Condensed Consolidated Statement of Changes in Equity

	Unaudited Six months ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Total equity at beginning of the period	5,223,309	4,800,505
Profit for the period and total comprehensive income for the period	353,646	230,309
Dividend paid	<u>( 60,000)</u>	<u>( 60,000)</u>
Total equity at end of the period	<u>5,516,955</u>	<u>4,970,814</u>

## Condensed Consolidated Statement of Cash Flows

	Unaudited Six months ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Net cash generated from operating activities	54,913	53,440
Net cash generated from/(used in) investing activities	79 (	4,489)
Net cash used in financing activities	( 60,000)	( 60,000)
Net decrease in cash and bank balances	( 5,008)	( 11,049)
Cash and bank balances at beginning of the period	<u>107,570</u>	<u>92,336</u>
Cash and bank balances at end of the period	<u><u>102,562</u></u>	<u><u>81,287</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 (“HKAS”) 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 “Listing Rules”). The interim financial statements should be read in conjunction with the 2012 annual financial statements.

The principal accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 30 September 2012, except for the adoption of the following amendment to standard which is relevant to the Group’s operations and is mandatory for the financial year ending 30 September 2013:

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
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Hong Kong Accounting Standards (“HKAS”) 1 (Amendment): “Presentation of Items of Other Comprehensive Income” requires the identification of other comprehensive income items that are and are not subsequently re-classifiable to the profit and loss account in the statement of comprehensive income. As the Group has no other comprehensive income items, the adoption of HKAS 1 (Amendment) has had no impact on the contents or disclosures of these financial statements.

HKAS 12 (Amendment) “Income taxes — Deferred Tax: Recovery of Underlying Assets” was early adopted by the Company for the year ended 30 September 2012.

For the six months ended 31 March 2013, the Group has adopted all new or revised standards, amendments and interpretations that are currently in issue and are mandatory for the financial year ending 30 September 2013.

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

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 2013 or later periods but have not been early adopted by the Group:

Effective for the year ending 30 September 2014

HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Associates and Joint Ventures
HKFRS 7 Amendment	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements Project	Annual Improvements to 2009-2011 Cycle

Effective for the year ending 30 September 2015 or after

HKAS 32 Amendment	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities
HKFRS 7 and HKFRS 9 Amendments	Mandatory Effective Date and Transition Disclosures
HKFRS 9	Financial Instruments
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendment	Investment Entities

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 activity of the Company is property investment 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 results of the operating segments based on these reports.

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

	Six months ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
(a) <b>Revenue</b>		
Property investment	<u>99,377</u>	<u>90,252</u>
(b) <b>Contribution to profit before taxation</b>		
Property investment - Rental operations	77,317	70,428
Increase in fair value of investment properties	<u>289,000</u>	<u>171,500</u>
	366,317	241,928
Share of results of associated companies	<u>1</u>	<u>( 2)</u>
Profit before taxation	<u>366,318</u>	<u>241,926</u>

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>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Crediting:		
Interest income	<u>95</u>	<u>25</u>
Charging:		
Depreciation	<u>330</u>	<u>285</u>

#### 5. TAXATION

	<b>Six months ended 31 March</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Hong Kong profits tax</b>		
Current taxation	12,664	11,340
Deferred taxation - Origination and reversal of temporary differences	<u>8</u>	<u>277</u>
	<u>12,672</u>	<u>11,617</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the period.

6. INTERIM DIVIDEND

	Six months ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Interim dividend of HK\$2.20 (2012: HK\$2.20) per share	<u>55,000</u>	<u>55,000</u>

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit for the period attributable to equity holders of HK\$353,646,000 (2012: HK\$230,309,000) and the 25,000,000 shares (2011: 25,000,000 shares) in issue throughout the six months ended 31 March 2013.

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

	Investment properties HK\$'000	Property, plant and equipment HK\$'000	Total HK\$'000
Net book value at			
1 October 2011	4,739,500	861	4,740,361
Increase in fair value	171,500	—	171,500
Additions	—	4,500	4,500
Depreciation	—	( 285)	( 285)
Net book value			
at 31 March 2012	4,911,000	5,076	4,916,076
Increase in fair value	241,500	—	241,500
Additions	—	6	6
Depreciation	—	( 289)	( 289)
Net book value at			
30 September 2012	5,152,500	4,793	5,157,293
Increase in fair value	289,000	—	289,000
Additions	—	842	842
Depreciation	—	( 330)	( 330)
Net book value at			
31 March 2013	<u>5,441,500</u>	<u>5,305</u>	<u>5,446,805</u>

The investment properties are held under long leases (over 50 years) in Hong Kong and were revalued on 31 March 2013 on an open market value basis by an independent professionally qualified valuer, C S Surveyors Limited.

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

	<b>31 March 2013 HK\$'000</b>	30 September 2012 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 2013 HK\$'000</b>	30 September 2012 HK\$'000
Trade debtors		
Within 30 days past due	2,821	2,978
31 to 60 days past due	658	913
61 to 90 days past due	246	173
Over 90 days past due	<u>492</u>	<u>649</u>
Amount past due but not impaired	<u>4,217</u>	<u>4,713</u>

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

## 10. DEBTORS, DEPOSITS AND PREPAYMENTS (Cont'd)

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</b>	30 September
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Trade creditors within 30 days	<u>347</u>	<u>449</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 were leased to related companies, which are controlled by certain Directors of the Company and/or their close family members, at prices and terms mutually agreed between the parties. Rental and related income from these related companies during the period was HK\$4,080,000 (2012: HK\$3,584,000).

## 12. RELATED PARTY TRANSACTIONS (Cont'd)

No significant transactions have been entered into 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:

	<b>Six months ended 31 March</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Short-term employee benefits (Fees, salaries and other emoluments)	<b>804</b>	662
Post-employment benefits	<b>176</b>	152
	<b>980</b>	814

At 31 March 2013, an amount due from an associated company of HK\$5,518,000 (30 September 2012: HK\$5,504,000) is unsecured, interest free and not repayable within 12 months, and amounts due to associated companies of HK\$785,000 (30 September 2012: HK\$785,000) are unsecured, interest free and repayable on demand.

## 13. COMMITMENT

During the period, the Group had engaged a sub-contractor to undertake the external wall refurbishment and maintenance works for Melbourne Plaza. The estimated contract sum for the works is approximately HK\$35 million.

## **Interim Dividend**

The Board declares an interim dividend of HK\$2.20 per share (2012: HK\$2.20 per share) for the year ending 30 September 2013. The Register of Members will be closed from Monday, 10 June to Thursday, 13 June 2013, 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, 7 June 2013 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 Wednesday, 19 June 2013.

## **Business Review**

The Group's shops and offices at Melbourne Plaza, 33 Queen's Road Central reached an occupancy rate of 94% while shops and offices at Kimley Commercial Building at 142-146 Queen's Road Central was 90% leased. Both properties attained high occupancy rates in the first six months of the financial year.

The Group's rental income during the period was benefited from the continuing strong demand for office premises. Revenue surged to HK\$99.4 million, representing a growth of 10.1% over the same period of last year. The results remained satisfactory.

The Foshan Golf Club project forms part of the Group's investment. The golf club house was under trial operation, and certain of the residential properties under construction have attained pre-sale conditions and relevant promotion work was in progress.

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 2013 amounted to HK\$353.6 million (2012: HK\$230.3 million). The increase in profit in the current period as a result of the fair value uplift of investment properties amounted to HK\$289.0 million (2012: HK\$171.5 million). Operating profit from rental operations increased 9.8% from HK\$70.4 million to HK\$77.3 million in the current period. Revenue for the period also increased by 10.1% to HK\$99.4 million (2012: HK\$90.3 million).

## SIGNIFICANT INVESTMENTS

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 94% and 90% let respectively.

## LIQUIDITY AND FINANCIAL RESOURCES

Basically, the Group's working capital requirement was financed by its rental income. As at 31 March 2012, the Group had cash and bank balances totalling HK\$102.6 million (30 September 2012: HK\$107.6 million). During the period, the Group did not require any borrowings or overdraft facilities.

## EMPLOYEES AND REMUNERATION POLICIES

The Group employs 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 be required to contribute additional shareholder's loan 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.

During the period, the Group had engaged a sub-contractor to undertake the external wall refurbishment and maintenance works for Melbourne Plaza.

There are no other plans for material capital investments or future developments.

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

As at 31 March 2013, 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 2013, the interests or short positions of substantial shareholders 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 of substantial shareholders	Number of shares held			Approximate percentage of shareholding
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTF") <sup>(1)</sup>	—	6,731,250	6,731,250	26.93
Cheng Yu Tung Family (Holdings II) Limited ("CYTF II") <sup>(1)</sup>	—	6,731,250	6,731,250	26.93
Chow Tai Fook Capital Limited ("CTFC") <sup>(1)</sup>	—	6,731,250	6,731,250	26.93
Chow Tai Fook (Holding) Limited (formerly known as Centennial Success Limited) ("CTFH") <sup>(1)</sup>	—	6,731,250	6,731,250	26.93
Chow Tai Fook Enterprises Limited ("CTF") <sup>(2)</sup>	2,981,250	3,750,000	6,731,250	26.93
New World Development Company Limited ("NWD") <sup>(3)</sup>	—	3,750,000	3,750,000	15.00
Kin Kiu Enterprises, Limited ("KK") <sup>(3)</sup>	3,750,000	—	3,750,000	15.00

Notes:

- (1) CYTF and CYTF II hold 48.98% and 46.65% interests in CTFC, respectively. CTFC in turn owns 74.07% interest in CTFH which holds the entire interests in CTF. Therefore, CYTF, CYTF II, CTFC and CTFH are deemed to have interests in the shares in which CTF is deemed to be interested by virtue of its interests in NWD as mentioned in note 2 below.
- (2) CTF and its subsidiaries have interests in more than one-third of the issued shares of NWD and accordingly CTF is deemed to have an interest in the shares in which NWD is interested or deemed to be interested.
- (3) NWD holds 100% direct interest in KK and is accordingly deemed to have an interest in the shares deemed to be interested by KK.

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 2013.

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

The Company has not redeemed any of its shares during the six months ended 31 March 2013. 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 external auditor conducted a review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information" issued by the HKICPA. On 22 May 2013, the Committee met with the management and the external auditor to review the unaudited interim financial statements and to 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 2013.

**Chung Yin Shu, Frederick**  
Secretary

Hong Kong, 24 May 2013

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.