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萬邦投資有限公司
MELBOURNE ENTERPRISES LIMITED
(Incorporated in Hong Kong with limited liability)

(Stock Code: 158)

INTERIM RESULTS ANNOUNCEMENT 2017/2018

The Board of Directors is pleased to announce the unaudited interim results of the Company and its subsidiary (the “Group”) for the six months ended 31 March 2018.

The Group’s unaudited condensed consolidated balance sheet, unaudited condensed consolidated statement of comprehensive income and explanatory notes 1 to 10 as presented below are extracted from the Group’s unaudited condensed consolidated interim financial information for the six months ended 31 March 2018 (the “Unaudited Condensed Consolidated Interim Financial Information”) which has been reviewed by the Company’s independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 31 March	
		2018	2017
	Note	HK\$’000	HK\$’000
Revenue	2	109,193	116,260
Operating costs		(13,256)	(19,980)
		<hr/>	<hr/>
Gross profit		95,937	96,280
Other income		345	620
Administrative expenses		(7,522)	(6,160)
Increase in fair values of investment properties		914,500	440,000
		<hr/>	<hr/>
Operating profit	3	1,003,260	530,740
Share of results of investments accounted for using the equity method		(2)	-
		<hr/>	<hr/>
Profit before taxation		1,003,258	530,740
Income tax expenses	4	(14,504)	(14,921)
		<hr/>	<hr/>
Profit for the period and total comprehensive income for the period attributable to equity holders		<hr/> <hr/>	<hr/> <hr/>
		988,754	515,819
		<hr/>	<hr/>
Earnings per share			
Basic and diluted	6	HK\$39.55	HK\$20.63
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	31 March 2018 HK\$'000	30 September 2017 HK\$'000
Non-current assets			
Property, plant and equipment	7	2,063	2,381
Investment properties	7	8,303,000	7,388,500
Investments accounted for using the equity method		319	321
Available-for-sale investment	8	28,529	28,529
Advances to an investee company		29,605	29,605
		8,363,516	7,449,336
Current assets			
Debtors, deposits and prepayments	9	5,373	6,751
Prepaid income tax		-	97
Cash and bank balances		240,512	246,459
		245,885	253,307
Current liabilities			
Creditors, accruals and deposits	10	46,963	44,829
Current tax payable		14,440	31,731
		61,403	76,560
Net current assets		184,482	176,747
Total assets less current liabilities		8,547,998	7,626,083
Non-current liabilities			
Provision for long service payments		13,335	12,674
Deferred tax liabilities		1,778	1,778
		15,113	14,452
Net assets		8,532,885	7,611,631
Equity			
Share capital		125,000	125,000
Investment revaluation reserve		28,528	28,528
Retained profits		8,379,357	7,458,103
Total equity		8,532,885	7,611,631

1. PRINCIPAL ACCOUNTING POLICIES

The Unaudited Condensed Consolidated Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the HKICPA.

The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the Group’s annual audited consolidated financial statements for the year ended 30 September 2017 (the “2017 Annual Financial Statements”), which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA.

The accounting policies and methods of computation used in the preparation of the Unaudited Condensed Consolidated Interim Financial Information are consistent with those set out in the 2017 Annual Financial Statements, except for the adoption of the following new standards and amendments to existing standards issued by the HKICPA:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvement Project	Annual Improvements 2014-2016 Cycle

The adoption of these new standards and amendments to standards does not have any significant effect on the results and financial position of the Group.

The HKICPA has issued certain new standards, interpretation and amendments or improvements to existing standards which are not yet effective for the year ending 30 September 2018 and have not been early adopted by the Group. The Group will apply these standards, interpretation and amendments or improvements to existing standards as and when they become effective. The Group has already commenced an assessment of the related impact to the Group and it is not yet in a position to state whether any substantial changes to the Group’s significant accounting policies and presentation of the financial information will be resulted, except for the below new standards:

HKFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group will adopt HKFRS 9 when it becomes mandatory on 1 October 2018.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the following reasons:

- A fair value through other comprehensive income election is available for the equity instruments which are currently classified as available-for-sale.
- Debt instruments currently classified as held-to-maturity and measured at amortised cost appear to meet the conditions for classification at amortised cost under HKFRS 9.

There will be no impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. This would impact on the Group's loss allowance for trade receivables.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 15 Revenue from Contracts with Customers is a new standard issued by the HKICPA for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 October 2018. The Group will adopt the new standard from 1 October 2018.

The Group does not expect the new guidance to have a significant impact to the current revenue recognition of the Group.

HKFRS 16 Leases was issued in May 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 October 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

2. 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.

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

	Six months ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
(a) Revenue		
Property investment	109,193	116,260
	<u> </u>	<u> </u>
(b) Contribution to profit before taxation		
Property investment -		
Rental operations	88,760	90,740
Increase in fair values of investment properties	914,500	440,000
	<u> </u>	<u> </u>
	1,003,260	530,740
Share of results of investments accounted for using the equity method	(2)	-
	<u> </u>	<u> </u>
Profit before taxation	1,003,258	530,740
	<u> </u>	<u> </u>

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

3. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Crediting:		
Interest income	264	189
	<u> </u>	<u> </u>
Charging:		
Depreciation	318	322
Bad debt expense	130	-
	<u> </u>	<u> </u>

4. INCOME TAX EXPENSES

	Six months ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Current income tax		
- Hong Kong profits tax	14,504	14,921
	<u> </u>	<u> </u>

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the period.

5. INTERIM DIVIDEND

At a meeting held on 18 May 2018, the directors declared an interim dividend of HK\$2.3 per share (2017: HK\$2.3 per share) amounting to HK\$57,500,000 (2017: HK\$57,500,000). The dividend will be payable in cash. The interim dividend declared is not reflected as dividend payable in the Unaudited Condensed Consolidated Interim Financial Information, but will be reflected as an appropriation of retained profits for the year ending 30 September 2018.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to equity holders of HK\$988,754,000 (2017: HK\$515,819,000) and the 25,000,000 shares (2017: 25,000,000 shares) in issue throughout the six months ended 31 March 2018.

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

7. 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 2017	7,388,500	2,381	7,390,881
Increase in fair value	914,500	-	914,500
Depreciation	-	(318)	(318)
Net book value at 31 March 2018	<u>8,303,000</u>	<u>2,063</u>	<u>8,305,063</u>

The investment properties are held under long leases (over 50 years) in Hong Kong and were revalued on 31 March 2018 on an open market value basis by an independent professionally qualified valuer, C S Surveyors Limited.

8. AVAILABLE-FOR-SALE INVESTMENT

	HK\$'000
At 1 October 2017 and 31 March 2018	<u>28,529</u>

As at 31 March 2018, available-for-sale investment represents equity interest in an unlisted company, Billion Park Investment Limited which invests in a project for the construction of golf course and related commercial and residential properties in Foshan through its associated companies.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

	31 March 2018 HK\$'000	30 September 2017 HK\$'000
Trade debtors		
Within 30 days past due	3,021	3,172
31 to 60 days past due	640	1,026
61 to 90 days past due	-	531
Over 90 days past due	-	49
	<u> </u>	<u> </u>
Amount past due but not impaired	<u>3,661</u>	<u>4,778</u>

Trade debtors mainly represent rentals receivable. The Group normally does not grant credit to trade debtors.

As at 31 March 2018, trade receivables of HK\$130,000 (2017:Nil) were written-off.

10. CREDITORS, ACCRUALS AND DEPOSITS

	31 March 2018 HK\$'000	30 September 2017 HK\$'000
Trade creditors within 30 days	<u>795</u>	<u>533</u>

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

INTERIM DIVIDEND

At a meeting held on 18 May 2018, the directors declared an interim dividend of HK\$2.3 per share (2017: HK\$2.3 per share). The dividend will be payable in cash. Dividend warrants will be posted to shareholders by Thursday, 14 June 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 6 June to Friday, 8 June 2018, 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 4:30p.m. on Tuesday, 5 June 2018 with Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

BUSINESS REVIEW

Group Results

Net profit for the six months ended 31 March 2018 amounted to HK\$988.8 million (2017: HK\$515.8 million). Profit resulted in the current period is related to the increase in fair value of investment properties amounting to HK\$914.5 million (2017: HK\$440.0 million). After allowing for the effect of fair value changes of the investment properties, the underlying operating profit from rental operations decreased 2.2% from HK\$90.7 million to HK\$88.8 million compared with the corresponding period of 2017, while revenue for the period decreased by 6.1% to HK\$109.2 million (2017: HK\$116.3 million).

Significant Investments

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 93.7% and 78.6% let respectively as at 31 March 2018 (2017: approximately 95.1% and 83.0% let).

Liquidity and Financial Resources

The Group's working capital requirement was financed by its rental income. As at 31 March 2018, the Group had cash and bank balances totaling HK\$240.5 million (30 September 2017: HK\$246.5 million). During the period, the Group did not undertake 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 market 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 investments accounted for using the equity method during the period. There are no other plans for material capital investments or future developments.

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the six months ended 31 March 2018. 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 information. The external auditor conducted a review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. On 16 May 2018, the Audit Committee met with the management and the external auditor to review the unaudited interim financial information.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except that 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.

Requirement In Connection With Publication of “Non-Statutory Accounts” Under Section 436 of The Hong Kong Companies Ordinance Cap. 622

The financial information relating to the year ended 30 September 2017 included in this announcement of interim results 2017/2018 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

- a) The Company had delivered the financial statements for the year ended 30 September 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance;
- b) The Company’s auditor had reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Publication of Interim Report on The Internet

The interim report will be available from Group’s website at www.irasia.com/listco/hk/melbournweb and the Stock Exchange’s website at www.hkexnews.hk on or before 30 June 2018.

Chung Yin Shu, Frederick
Secretary

Hong Kong, 18 May 2018

As at the date of this announcement, the Board of the Company comprises (a) three executive directors, namely Mr. Chung Ming Fai, Mr. Chung Yin Shu, Frederick and Mr Tsang On Yip, Patrick; (b) one non-executive director, namely Mr. Chung Wai Shu, Robert; and (c) three independent non-executive directors, namely Dr. Fong Yun Wah, Mr. Lo Pak Shiu and Mr. Yuen Sik Ming, Patrick.