



**Melbourne**  
Enterprises Limited

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**2017 / 2018 Interim Report**

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# Condensed Consolidated Statement of Comprehensive Income

		Unaudited Six months ended 31 March	
	Note	2018 HK\$'000	2017 HK\$'000
<b>Revenue</b>	5	109,193	116,260
Operating costs		( 13,256)	( 19,980)
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
Operating profit	6	1,003,260	530,740
Share of results of investments accounted for using the equity method		( 2)	—
<b>Profit before taxation</b>		1,003,258	530,740
Income tax expenses	7	( 14,504)	( 14,921)
<b>Profit for the period and total comprehensive income for the period attributable to equity holders</b>		988,754	515,819
<b>Earnings per share</b>			
Basic and diluted	9	<u>HK\$39.55</u>	<u>HK\$20.63</u>

## Condensed Consolidated Balance Sheet

		Unaudited 31 March 2018 HK\$'000	Audited 30 September 2017 HK\$'000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment	10	2,063	2,381
Investment properties	10	8,303,000	7,388,500
Investments accounted for using the equity method		319	321
Available-for-sale investment	11	28,529	28,529
Advances to an investee company	11	29,605	29,605
		<u>8,363,516</u>	<u>7,449,336</u>
<b>Current assets</b>			
Debtors, deposits and prepayments	12	5,373	6,751
Prepaid income tax		—	97
Cash and bank balances		240,512	246,459
		<u>245,885</u>	<u>253,307</u>
<b>Current liabilities</b>			
Creditors, accruals and deposits	13	46,963	44,829
Current tax payable		14,440	31,731
		<u>61,403</u>	<u>76,560</u>
<b>Net current assets</b>		<u>184,482</u>	<u>176,747</u>
<b>Total assets less current liabilities</b>		<u>8,547,998</u>	<u>7,626,083</u>

	<b>Unaudited</b>	Audited
	<b>31 March</b>	30 September
	<b>2018</b>	2017
Note	<b>HK\$'000</b>	HK\$'000
<b>Non-current liabilities</b>		
Provision for long service payments	13,335	12,674
Deferred tax liabilities	<u>1,778</u>	<u>1,778</u>
	<u>15,113</u>	<u>14,452</u>
<b>Net assets</b>	<u><u>8,532,885</u></u>	<u><u>7,611,631</u></u>
<b>Equity</b>		
Share capital	125,000	125,000
Investment revaluation reserve	28,528	28,528
Retained profits	<u>8,379,357</u>	<u>7,458,103</u>
<b>Total equity</b>	<u><u>8,532,885</u></u>	<u><u>7,611,631</u></u>

# Condensed Consolidated Statement of Changes in Equity

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>31 March</b>	
	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Total equity at beginning of the period	<b>7,611,631</b>	6,248,277
Profit for the period and total comprehensive income for the period	<b>988,754</b>	515,819
Others	—	( 341)
Dividends paid	<b>( 67,500)</b>	( 65,000)
Total equity at end of the period	<b><u>8,532,885</u></b>	<u>6,698,755</u>

## Condensed Consolidated Statement of Cash Flows

	Unaudited	
	Six months ended	
	31 March	
	2018	2017
	HK\$'000	HK\$'000
Net cash generated from operating activities	61,553	57,466
Net cash generated from investing activities	—	231
Net cash used in financing activities	( 67,500)	( 65,000)
Net decrease in cash and bank balances	( 5,947)	( 7,303)
Cash and bank balances at beginning of the period	246,459	219,981
Cash and bank balances at end of the period	240,512	212,678

# Notes to the Interim Financial Statements

## 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 amendments to existing standards issued by the HKICPA:

### (a) Adoption of amendments to standards

The Group has adopted the following amendments to standards which are mandatory for the financial year ending 30 September 2018:

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

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

### (b) Standards and amendments to standards which are not yet effective

The following new standards and amendments to standards are mandatory for accounting periods beginning on or after 1 October 2018 or later periods but which the Group has not early adopted:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 16	Leases
HKFRS 17	Insurance Contracts
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 15	Clarifications to HKFRS 15
Amendments to HKAS 40	Transfers of Investment Property
HK (IFRIC) — Interpretation 22	Foreign Currency Transactions and Advance Consideration
HK (IFRIC) — Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvement Project	Annual Improvements 2014-2016 Cycle

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

The Group has not early adopted any other new or revised HKFRS that have been issued but are not yet mandatory for the current accounting year. 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 (Cont'd)

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 recognised 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 recognised. The only exceptions are short-term and low-value leases.

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

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. PRINCIPAL ACTIVITIES**

The principal activity of the Company and its subsidiary is property investment in Hong Kong.

## **3. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION**

### **(a) Financial risk factors**

The Group's activities expose it to a variety of financial risks: credit risk and liquidity risk.

The interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2017 Annual Financial Statements.

There have been no changes in the Group's financial risk management policies and procedures since the last year end.

### 3. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (Cont'd)

#### (b) Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are disclosed by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair values of financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. None of the instruments is included in level 1 as at 31 March 2018.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. None of the instrument is included in level 2 as at 31 March 2018.

### 3. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (Cont'd)

#### (b) Fair value estimation (Cont'd)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The unobservable inputs were used to determine the fair value of available-for-sale investment included in level 3.

The following table presents the Group's financial instruments that are measured at fair value at 31 March 2018 and 30 September 2017:

	At 31 March 2018 Level 3 HK\$'000	At 30 September 2017 Level 3 HK\$'000
Available-for-sale investment	<u>28,529</u>	<u>28,529</u>

The fair value of an unlisted available-for-sale investment is determined by adjusted net asset method with reference to market value of the golf courses and related commercial and residential properties assessed by an independent professional valuer, using direct market comparison and income capitalisation method. The directors consider that this valuation technique is more relevant given that certain of the development properties have been realised. This available-for-sale investment is included in level 3.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Compared to the 2017 Annual Financial Statements, there were no material changes in the estimates and assumptions applied in the preparation of the Unaudited Condensed Consolidated Interim Financial Information.

## 5. 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.

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

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

## 6. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

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

## 7. INCOME TAX EXPENSES

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

## 8. INTERIM DIVIDEND

	<b>Six months ended 31 March</b>	
	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim dividend, declared, of HK\$2.3 (2017: HK\$2.3) per share	<u><b>57,500</b></u>	<u><b>57,500</b></u>

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. 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.

## 9. 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.

## 10. 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 2016	6,027,000	3,025	6,030,025
Increase in fair value	440,000	—	440,000
Depreciation	—	( 322)	( 322)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net book value at			
31 March 2017	6,467,000	2,703	6,469,703
Increase in fair value	921,500	—	921,500
Depreciation	—	( 322)	( 322)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net book value at			
30 September 2017	7,388,500	2,381	7,390,881
Increase in fair value	914,500	—	914,500
Depreciation	—	( 318)	( 318)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net book value at			
31 March 2018	<u>8,303,000</u>	<u>2,063</u>	<u>8,305,063</u>

The investment properties as at 31 March 2018 were revalued on an open market value basis by CS Surveyors Limited, independent professional valuer who hold a recognised professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The investment properties are commercial properties in Hong Kong held under long leases (over 50 years).

Fair values of the investment properties are derived using the direct comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot. The higher the price per square foot, the higher the fair value.

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

	<b>31 March 2018 HK\$'000</b>	30 September 2017 HK\$'000
Available-for-sale investment	<u><b>28,529</b></u>	<u>28,529</u>
Advances to an investee company	<u><b>29,605</b></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.

## 12. DEBTORS, DEPOSITS AND PREPAYMENTS

	<b>31 March 2018 HK\$'000</b>	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
	<hr/>	<hr/>
Amount past due but not impaired	<b><u>3,661</u></b>	<b><u>4,778</u></b>

Trade debtors mainly represent rental receivables. The Group normally does not grant credit to trade debtors. Trade receivables of HK\$130,000 (2017: Nil) were written-off as at 31 March 2018. 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.

## 13. CREDITORS, ACCRUALS AND DEPOSITS

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

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

#### 14. 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\$5,061,120 (2017: HK\$5,061,120).

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>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Short-term employee benefits (Fees, salaries and other emoluments)	<b>1,108</b>	966
Post-employment benefits	<b>174</b>	148
	<b><u>1,282</u></b>	<u>1,114</u>

At 31 March 2018, an amount due from an investment accounted for using the equity method of HK\$5,424,000 (30 September 2017: HK\$5,423,000) is unsecured, interest free and not repayable within 12 months, among which HK\$5,424,000 (30 September 2017: HK\$5,423,000) was impaired. Whereas amounts due to an investment accounted for using the equity method of HK\$345,200 (30 September 2017: HK\$345,200) are unsecured, interest free and repayable on demand.

## **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**

The Group's shops and offices at Melbourne Plaza, 33 Queen's Road Central reached an occupancy rate of 93.7% while shops and offices at Kimley Commercial Building at 142-146 Queen's Road Central was 78.6% leased. Both properties attained high occupancy rates in the first six months of the financial year.

The Group's revenue during the period dropped by 6.1% to HK\$109.2 million over the same period of last year.

The Foshan Golf Club project forms part of the Group's investment. The golf club is in its full operation with sale of development properties. Ongoing development of properties is undertaken at different areas of the golf course.

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 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 amounted 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 (2016: 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 totalling HK\$240.5 million (30 September 2017: HK\$246.5 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 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.

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

As at 31 March 2018, 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 2018, 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 81.03% 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 2018.

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

The Company has not redeemed any of its listed securities during the six months ended 31 March 2018. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 31 March 2018.

## **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 HKICPA. 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 Listing Rules 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.

## **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 2018.

## **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 the Interim Report 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 407(3) of the Hong Kong Companies Ordinance.

**Chung Yin Shu, Frederick**  
Secretary

Hong Kong, 18 May 2018

As at the date of this report, 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.