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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)

ANNUAL RESULTS ANNOUNCEMENT 2016/2017

The Board of Directors is pleased to announce the consolidated results of the Company and its subsidiary (the “Group”) for the year ended 30 September 2017 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2017

| | Note | 2017 HK\$'000 | 2016 HK\$'000 |
|---|------|------------------|------------------|
| Revenue | 2 | 232,319 | 232,111 |
| Operating costs | | (36,810) | (36,711) |
| | | 195,509 | 195,400 |
| Gross profit | | 195,509 | 195,400 |
| Other income | | 599 | 605 |
| Impairment loss on advance to an associate | | (4) | (2) |
| Administrative expenses | | (11,892) | (11,099) |
| Increase in fair value of investment properties | | 1,361,500 | 127,000 |
| | | 1,545,712 | 311,904 |
| Operating profit | 3 | 1,545,712 | 311,904 |
| Share of results of associates | | 17 | (52) |
| | | 1,545,729 | 311,852 |
| Profit before taxation | | 1,545,729 | 311,852 |
| Income tax expenses | 4 | (30,302) | (30,367) |
| | | 1,515,427 | 281,485 |
| Profit for the year attributable to equity holders | | 1,515,427 | 281,485 |
| Other comprehensive income | | | |
| <i>Item that may be classified subsequently to profit or loss</i> | | | |
| <i>Fair value (loss)/gain on available-for-sale investment</i> | | (29,573) | 53,162 |
| | | 1,485,854 | 334,647 |
| Total comprehensive income attributable to equity holders | | 1,485,854 | 334,647 |
| Earnings per share | | | |
| Basic and diluted | 6 | HK\$60.62 | HK\$11.26 |

CONSOLIDATED BALANCE SHEET*At 30 September 2017*

| | Note | 2017 HK\$'000 | 2016 HK\$'000 |
|--|-------------|--------------------------|--------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 7 | 2,381 | 3,025 |
| Investment properties | 7 | 7,388,500 | 6,027,000 |
| Investments in associates | | 321 | 853 |
| Available-for-sale investment | 8 | 28,529 | 58,102 |
| Advances to an investee company | | 29,605 | 29,605 |
| | | <u>7,449,336</u> | <u>6,118,585</u> |
| Current assets | | | |
| Debtors, deposits, prepayments and others | 9 | 6,751 | 6,324 |
| Prepaid income tax | | 97 | - |
| Cash and bank balances | | 246,459 | 219,981 |
| | | <u>253,307</u> | <u>226,305</u> |
| Current liabilities | | | |
| Creditors, accruals and deposits | 10 | 44,829 | 48,143 |
| Current tax payable | | 31,731 | 34,711 |
| | | <u>76,560</u> | <u>82,854</u> |
| Net current assets | | <u>176,747</u> | <u>143,451</u> |
| Total assets less current liabilities | | <u>7,626,083</u> | <u>6,262,036</u> |
| Non-current liabilities | | | |
| Provision for long service payments | | 12,674 | 11,981 |
| Deferred tax liabilities | | 1,778 | 1,778 |
| | | <u>14,452</u> | <u>13,759</u> |
| Net assets | | <u>7,611,631</u> | <u>6,248,277</u> |
| Equity | | | |
| Share capital | | 125,000 | 125,000 |
| Investment revaluation reserve | | 28,528 | 58,101 |
| Retained profits | | 7,390,603 | 6,000,176 |
| Proposed final dividend | 5 | 67,500 | 65,000 |
| Total equity | | <u>7,611,631</u> | <u>6,248,277</u> |

1. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale investment, which have been measured at fair value.

For the year ended 30 September 2017, the Group has adopted the following revised HKFRS and amendments that are mandatory and relevant to the Group’s operation for the financial year ended 30 September 2017:

| | |
|---|--|
| HKAS 1 Amendment | Disclosure Initiative |
| HKAS 16 and HKAS 38 Amendment | Clarification of Acceptable Methods of Depreciation and Amortisation |
| HKAS 16 and HKAS 41 Amendment | Agriculture: Bearer Plants |
| HKAS 27 Amendment | Equity Method in Separate Financial Statements |
| HKFRS 10, HKFRS 12 and HKAS 28 Amendment | Investment Entities: Applying the Consolidation Exception |
| HKFRS 11 Amendment | Accounting for Acquisitions of Interests in Joint Operations |
| HKFRS 14 | Regulatory Deferral Accounts |
| Annual Improvements | Annual Improvements 2012 – 2014 Cycles |

The Group has adopted all new standards and amendments that are currently in issue and are mandatory for adoption for the financial year ended 30 September 2017. The adoption of these new standards and amendments to existing standards does not have a significant impact on the results and financial position of the Group.

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 has already commenced an assessment of the impact of these revised HKFRS, certain of which may be relevant to the Group’s operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements.

2. SEGMENT INFORMATION

The Board collectively has been identified as the chief operation 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 as the sole operating segment of the Group.

| | 2017 HK\$’000 | 2016 HK\$’000 |
|---|--------------------------------|--------------------------------|
| (a) Revenue | | |
| Property investment | 232,319 | 232,111 |
| (b) Contribution to profit before taxation | | |
| Property investment – Rental operations | 184,216 | 184,906 |
| Increase in fair value of investment properties | 1,361,500 | 127,000 |
| | 1,545,716 | 311,906 |
| Share of results of associates | 17 | (52) |
| Impairment loss on advance to an associate | (4) | (2) |
| | 1,545,729 | 311,852 |

Revenue (representing turnover) comprises gross rental and service income from investment properties in Hong Kong.

3. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

| | 2017 HK\$'000 | 2016 HK\$'000 |
|--|--------------------------------|--------------------------------|
| Crediting: | | |
| Interest income | 420 | 353 |
| Charging: | | |
| Outgoings in respect of investment properties | 35,324 | 36,711 |
| Directors' emoluments | 1,965 | 1,939 |
| Auditor's remuneration | 754 | 732 |
| Depreciation | 644 | 656 |
| Impairment loss on trade debtors | 141 | - |
| Staff costs (excluding Directors' emoluments) | | |
| Salaries and other emoluments | 4,918 | 4,794 |
| Long service payments | 506 | 383 |
| Contributions to mandatory provident fund scheme | 166 | 163 |

4. INCOME TAX EXPENSES

| | 2017 HK\$'000 | 2016 HK\$'000 |
|---|--------------------------------|--------------------------------|
| Current income tax | | |
| - Hong Kong profits tax | 30,342 | 30,407 |
| - Over-provision in respect of prior year | (40) | (40) |
| | 30,302 | 30,367 |

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits for the year.

5. DIVIDENDS

| | 2017 HK\$'000 | 2016 HK\$'000 |
|--|--------------------------------|--------------------------------|
| Interim dividend paid of HK\$2.30 (2016: HK\$2.20) per share | 57,500 | 55,000 |
| Final dividend proposed of HK\$2.70 (2016: HK\$2.60) per share | 67,500 | 65,000 |
| | 125,000 | 120,000 |

At a meeting held on 15 December 2017, the Directors recommended a final dividend of HK\$2.70 per share. This proposed dividend will be accounted for 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 attributable to equity holders of HK\$1,515,427,000 (2016: HK\$281,485,000) and the 25,000,000 shares in issue throughout the two years ended 30 September 2017 and 2016.

Diluted earnings per share equals basic earnings per share because there were no potential dilutive shares outstanding during the two years ended 30 September 2017 and 2016.

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 30 September 2016 | 6,027,000 | 3,025 | 6,030,025 |
| Increase in fair value | 1,361,500 | - | 1,361,500 |
| Depreciation | - | (644) | (644) |
| | <u> </u> | <u> </u> | <u> </u> |
| Net book value at 30 September 2017 | <u>7,388,500</u> | <u>2,381</u> | <u>7,390,881</u> |

The investment properties are held under long leases (over 50 years) in Hong Kong and were revalued at 30 September 2017 and 2016 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 2016 | 58,102 |
| Fair value loss recognised for the year | (29,573) |
| | <u> </u> |
| At 30 September 2017 | <u>28,529</u> |

As at 30 September 2017 and 2016, available-for-sale investment represents equity interest in an unlisted company, Billion Park Investment Limited which invests in a project in Foshan through its associated companies.

9. DEBTORS, DEPOSITS, PREPAYMENTS AND OTHERS

| | 2017 HK\$'000 | 2016 HK\$'000 |
|---|-----------------------------|-----------------------------|
| Trade debtors | | |
| Within 30 days past due | 3,172 | 3,002 |
| 31 to 60 days past due | 1,026 | 664 |
| 61 to 90 days past due | 531 | 384 |
| Over 90 days past due | 49 | 186 |
| | <u> </u> | <u> </u> |
| Amount past due but not considered impaired | <u>4,778</u> | <u>4,236</u> |

Trade debtors represent rental and service income receivables. The Group normally does not grant credit period to trade debtors. During the year, an impairment loss on trade debtors of HK\$141,292 (2016: HK\$Nil) was recognised in the statement of comprehensive income.

10. CREDITORS, ACCRUALS AND DEPOSITS

| | 2017 HK\$'000 | 2016 HK\$'000 |
|--------------------------------|--------------------------|--------------------------|
| Trade creditors within 30 days | <u>533</u> | <u>1,152</u> |

BUSINESS REVIEW

Group Results

Profit attributable to equity holders for the year amounted to HK\$ 1,515.4 million (2016: HK\$281.5 million). The increase in profit mainly resulted from the current year's increase in fair value of investment properties of HK\$1,361.5 million compared with the HK\$127.0 million fair value gain in 2016. Revenue for the year amounted to HK\$232.3 million (2016: HK\$232.1 million), up 0.1% year-on-year. The rental operation contributed HK\$184.2 million (2016: HK\$184.9 million) to the operating profit, representing a decrease of 0.4% as compared to last year.

Significant Investments

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 96% and 73% let as at 30 September 2017 respectively (2016: approximately 95% and 83% let respectively).

Liquidity and Financial Resources

Basically, the Group's working capital requirement was financed by its rental income. As at 30 September 2017, the Group had cash and bank balances totalling HK\$246.5 million (2016: HK\$220.0 million). During the year, the Group did not take up 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 of 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 subsidiaries and associates during the year except for dissolution of an associate. There are no other plans for material capital investments or future developments.

BOOK CLOSE DATES FOR 2017 AGM

Book close dates : Monday, 5 February 2018 to Thursday, 8 February 2018
(both days inclusive)

Latest time to lodge transfers with : 4:30 p.m. on Friday, 2 February 2018
Share Registrar

Address of Share Registrar : Computershare Hong Kong Investor Services Limited, Shops
1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East,
Hong Kong

RECORD DATE FOR PROPOSED FINAL DIVIDEND

Record date and latest time to lodge : 4:30 p.m. on Wednesday, 14 February 2018
transfers with Share Registrar

Address of Share Registrar : Computershare Hong Kong Investor Services Limited, Shops
1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East,
Hong Kong

Payment date : on or about Tuesday, 27 February 2018

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor its subsidiary company has purchased or sold any of the Company's shares during the year.

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee has reviewed the framework and policy of risk management, the system of internal control and the financial statements for the year ended 30 September 2017. The Audit Committee consists of three Independent Non-executive Directors and one Non-executive Director.

The figures in respect of the preliminary announcement of the Group’s results for the year ended 30 September 2017 have been agreed by the Company’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year 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 years ended 30 September 2017 and 30 September 2016 included in this preliminary announcement of annual results of 2016/2017 does not constitute the Company’s statutory annual consolidated financial statements for those years 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 (Cap. 622) is as follows:

The Company had delivered the financial statements for the year ended 30 September 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 30 September 2017 in due course.

The Company’s auditor had reported on the financial statements of the Group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

PUBLICATION OF ANNUAL REPORT ON THE INTERNET

The annual report will be available from the Group’s website at www.irasia.com/listco/hk/melbournweb and the Stock Exchange’s website at www.hkexnews.hk on or before 8 February 2018.

Chung Yin Shu, Frederick
Executive Director

Hong Kong, 15 December 2017

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.