萬邦投資有限公司

MELBOURNE ENTERPRISES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 158)

ANNUAL RESULTS ANNOUNCEMENT 2017/2018

The board of directors of Melbourne Enterprises Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiary (the "Group") for the year ended 30 September 2018 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	2	220,088	232,319
Operating costs		(29,472)	(36,810)
Gross profit		190,616	195,509
Other income		778	599
Impairment loss on advance to an investment accounted for using the equity method		(2)	(4)
Administrative expenses		(13,336)	(11,892)
Increase in fair value of investment properties		2,149,500	1,361,500
Operating profit	3	2,327,556	1,545,712
Share of results of investments accounted for using the equity method		(4)	17
Profit before taxation		2,327,552	1,545,729
Income tax expenses	4	(28,970)	(30,302)
Profit for the year attributable to equity holders		2,298,582	1,515,427
Other comprehensive income			
Item that may be classified subsequently to profit or loss			
Fair value gain/(loss) on available-for-sale investment		21,234	(29,573)
Total comprehensive income attributable to equity holders		2,319,816	1,485,854
Earnings per share			
Basic and diluted	6	HK$91.94	HK$60.62

CONSOLIDATED BALANCE SHEET
At 30 September 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	7	1,746	2,381
Investment properties	7	9,538,000	7,388,500
Investments accounted for using the equity method		317	321
Available-for-sale investment	8	49,763	28,529
Advances to an investee company		29,605	29,605
		9,619,431	7,449,336
Current assets			
Debtors, deposits, prepayments and others	9	6,526	6,751
Prepaid income tax		-	97
Cash and bank balances		273,961	246,459
		280,487	253,307
Current liabilities			
Creditors, accruals and deposits	10	49,296	44,829
Current tax payable		28,906	31,731
		78,202	76,560
Net current assets		202,285	176,747
Total assets less current liabilities		9,821,716	7,626,083
Non-current liabilities			
Provision for long service payments		13,491	12,674
Deferred tax liabilities		1,778	1,778
		15,269	14,452
Net assets		9,806,447	7,611,631
Equity			
Share capital		125,000	125,000
Investment revaluation reserve		49,762	28,528
Retained profits		9,631,685	7,458,103
Total equity		9,806,447	7,611,631

1. BASIS OF PREPARATION

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.

(a) ADOPTION OF AMENDMENTS AND IMPROVEMENTS TO STANDARDS

The Group has adopted the following amendments and improvements to existing standards that are mandatory and relevant to the Group's operation for the financial year ended 30 September 2018:

HKAS 7 Amendment	Disclosure Initiative
HKAS 12 Amendment	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements	Annual Improvements 2014-2016 Cycle

The adoption of these amendments and improvements to existing standards does not have a significant impact on the results and financial position of the Group.

(b) STANDARDS, INTERPRETATIONS, AMENDMENTS AND IMPROVEMENTS TO STANDARDS WHICH ARE NOT YET EFFECTIVE

The HKICPA has issued certain new standards, interpretations, amendments and improvements to existing standards which are not yet effective for the year ended 30 September 2018 and have not been early adopted by the Group. The Group will apply these standards, interpretations, amendments and improvements to existing standards as and when they become effective. The Group has already commenced an assessment of the related impact to the Group, in which the preliminary assessments of HKFRS 9, HKFRS 15 and HKFRS 16 are set out below:

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 as a fair value through other comprehensive income (FVOCI) election is available for the equity instrument which is currently classified as available-for-sale, and hence there will be no change to the accounting for this asset. However, gains or losses realised on the sale of financial asset at FVOCI will no longer be recognised in profit or loss on sale, but instead the cumulative gain or loss will be reclassified from FVOCI reserve to retained profits.

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.

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. The Group does not expect the new guidance to have a significant impact on the Group's financial statements.

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 replaces 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.

1. **BASIS OF PREPARATION (CONTINUED)**

(b) STANDARDS, INTERPRETATIONS, AMENDMENTS AND IMPROVEMENTS TO STANDARDS WHICH ARE NOT YET EFFECTIVE (CONTINUED)

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 any significant impact of HKFRS 15 as its major source of revenue is rental income which is excluded from the scope of the new standard.

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 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 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.

		2018 HK$'000	2017 HK$'000
(a)	**Revenue**		
	Property investment	220,088	232,319
(b)	**Contribution to profit before taxation**		
	Property investment – Rental operations	178,058	184,216
	Increase in fair value of investment properties	2,149,500	1,361,500
		2,327,558	1,545,716
	Share of results of investments accounted for using the equity method	(4)	17
	Impairment loss on advance to an investment accounted for using the equity method	(2)	(4)
	Profit before taxation	2,327,552	1,545,729

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:

	2018 HK$'000	2017 HK$'000
Crediting:		
Interest income	550	420
Charging:		
Outgoings in respect of investment properties	27,925	35,324
Directors' emoluments	2,326	1,965
Auditor's remuneration	830	754
Depreciation	635	644
Impairment loss on trade debtors	130	141
Staff costs (excluding Directors' emoluments)		
Salaries and other emoluments	5,091	4,918
Long service payments	603	506
Contributions to mandatory provident fund scheme	157	166

4. INCOME TAX EXPENSES

	2018 HK$'000	2017 HK$'000
Current income tax		
- Hong Kong profits tax	29,087	30,342
- Over-provision in respect of prior year	(117)	(40)
	28,970	30,302

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

For the year ended 30 September 2018, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime are taxed at the flat rate of 16.5%.

For the year ended 30 September 2017, Hong Kong profits tax was calculated at a flat rate of 16.5% on the estimated assessable profits.

5. DIVIDENDS

	2018 HK$'000	2017 HK$'000
Interim dividend paid of HK$2.30 (2017: HK$2.30) per share	57,500	57,500
Final dividend proposed of HK$2.80 (2017: HK$2.70) per share	70,000	67,500
	127,500	125,000

At a meeting held on 14 December 2018, the Directors recommended a final dividend of HK$2.80 per share. This proposed dividend will be accounted for as an appropriation of retained profits for the year ending 30 September 2019.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of HK$2,298,582,000 (2017: HK$1,515,427,000) and the 25,000,000 shares in issue throughout the two years ended 30 September 2018 and 2017.

Diluted earnings per share equals basic earnings per share because there were no potential dilutive shares outstanding during the two years ended 30 September 2018 and 2017.

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 2017	7,388,500	2,381	7,390,881
Increase in fair value	2,149,500	-	2,149,500
Depreciation	-	(635)	(635)
Net book value at 30 September 2018	9,538,000	1,746	9,539,746

The investment properties are held under long leases (over 50 years) in Hong Kong and were revalued at 30 September 2018 and 2017 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	28,529
Fair value gain recognised for the year	21,234
At 30 September 2018	49,763

As at 30 September 2018 and 2017, available-for-sale investment represents the Group's equity interest in an unlisted company, Billion Park Investment Limited which invests in a commercial and residential project in Foshan through its associated companies.

9. DEBTORS, DEPOSITS, PREPAYMENTS AND OTHERS

	2018 HK$'000	2017 HK$'000
Trade debtors:		
Within 30 days past due	3,162	3,172
31 to 60 days past due	1,180	1,026
61 to 90 days past due	216	531
Over 90 days past due	2	49
Amount past due but not considered impaired	4,560	4,778

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$130,098 (2017: HK$141,292) was recognised in the statement of comprehensive income.

10. CREDITORS, ACCRUALS AND DEPOSITS

	2018 HK$'000	2017 HK$'000
Trade creditors	785	533
Accruals and deposits	48,195	43,951
Amounts due to an associate	316	345
	49,296	44,829

Trade creditors of HK$559,000 are within 30 days and HK$226,000 are over 90 days.

BUSINESS REVIEW

Group Results

Profit attributable to equity holders for the year amounted to HK$2,298.6 million (2017: HK$1,515.4 million). The increase in profit mainly resulted from the current year's increase in fair value of investment properties of HK$2,149.5 million compared with the HK$1,361.5 million fair value gain in 2017. Revenue for the year amounted to HK$220.1 million (2017: HK$232.3 million), down 5.3% year-on-year. The rental operation contributed HK$178.1 million (2017: HK$184.2 million) to the operating profit, representing a decrease of 3.3% as compared to last year.

Significant Investments

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 97% and 77% let as at 30 September 2018 respectively (2017: approximately 96% and 73% let respectively).

Liquidity and Financial Resources

The Group's working capital requirement was financed by its rental income. As at 30 September 2018, the Group had cash and bank balances totalling HK$274.0 million (2017: HK$246.5 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 17 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 investments accounted for using the equity method during the year. There are no other plans for material capital investments or future developments.

BOOK CLOSE DATES FOR 2018 AGM

Book close dates (both days inclusive)	:	Tuesday, 29 January 2019 to Friday, 1 February 2019
Latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Monday, 28 January 2019
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 transfers with Share Registrar	:	4:30 p.m. on Wednesday, 13 February 2019
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 Friday, 22 February 2019

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 2018. 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 2018 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 2018 and 30 September 2017 included in this preliminary announcement of annual results of 2017/2018 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 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 and will deliver the financial statements for the year ended 30 September 2018 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/melbourneweb and the Stock Exchange's website at www.hkexnews.hk on or before 1 February 2019.

Chung Yin Shu, Frederick
Executive Director

Hong Kong, 14 December 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.