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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 2019/2020

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 2020.

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 2020 (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

	Note	Six months ended 31 March	
		2020 HK\$’000	2019 HK\$’000
Revenue	2	105,781	113,438
Operating costs		(17,521)	(19,338)
		<hr/>	<hr/>
Gross profit		88,260	94,100
Other income		1,927	779
Administrative expenses		(7,458)	(7,117)
(Decrease)/increase in fair values of investment properties		(1,195,800)	10,000
		<hr/>	<hr/>
(Loss)/profit before taxation	3	(1,113,071)	97,762
Income tax expenses	4	(13,160)	(14,163)
		<hr/>	<hr/>
(Loss)/profit and total comprehensive (loss)/income for the period attributable to equity holders		<u>(1,126,231)</u>	<u>83,599</u>
(Loss)/earnings per share			
Basic and diluted	6	<u>(HK\$45.05)</u>	<u>HK\$3.34</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		31 March 2020 HK\$'000	30 September 2019 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	7	900	1,177
Investment properties	7	7,641,200	8,837,000
Financial asset at fair value through other comprehensive income	8	109,081	109,081
Advances to an investee company		29,605	29,605
		7,780,786	8,976,863
Current assets			
Debtors, other receivables, deposits and prepayments	9	6,229	7,643
Cash and bank balances		282,332	300,581
		288,561	308,224
Current liabilities			
Creditors, accruals and deposits	10	46,881	50,997
Current tax payable		13,479	28,331
		60,360	79,328
Net current assets		228,201	228,896
Total assets less current liabilities		8,008,987	9,025,759
Non-current liabilities			
Provision for long service payments		14,023	14,564
Deferred tax liabilities		1,778	1,778
		15,801	16,342
Net assets		7,993,186	9,189,417
Equity			
Share capital		125,000	125,000
Fair value through other comprehensive income reserve		109,080	109,080
Retained profits		7,759,106	8,955,337
Total equity		7,993,186	9,189,417

1. BASIS OF PREPARATION

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 2019 (the “2019 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 2019 Annual Financial Statements, except for the adoption of the following new standard, interpretation, amendments and improvements to existing standards issued by the HKICPA:

HKAS 19 Amendment	Plan amendment, curtailment or settlement
HKAS 28 Amendment	Long-term interests in associates and joint ventures
HKFRS 9 Amendment	Prepayment features with negative compensation
HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty over income tax treatments
Annual Improvement Projects	Annual Improvements 2015-2017 Cycle

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

The Group leases out various properties under non-cancellable operating lease arrangements and classified these leases as operating leases. The accounting policies applicable to the Group as a lessor in the comparative period are not different from HKFRS 16. The Group is not required to make any adjustments on transition to HKFRS 16 for leases in which it acts as a lessor.

The HKICPA has issued certain new standard and amendments to existing standards which are not yet effective for the year ending 30 September 2020 and have not been early adopted by the Group. The Group will apply these new standard and amendments 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.

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	
	2020	2019
	HK\$'000	HK\$'000
(a) Revenue		
Property investment		
Rental income	95,559	102,832
Property management fee income	10,222	10,606
	<u>105,781</u>	<u>113,438</u>
(b) Contribution to (loss)/profit before taxation		
Property investment -		
Rental operations	82,729	87,762
(Decrease)/increase in fair values of investment properties	(1,195,800)	10,000
	<u>(1,113,071)</u>	<u>97,762</u>

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

3. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is stated after crediting and charging the following:

	Six months ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Crediting:		
Interest income	<u>1,845</u>	<u>689</u>
Charging:		
Depreciation	283	284
Loss allowance on trade debtors (note 9)	56	-
	<u>339</u>	<u>284</u>

4. INCOME TAX EXPENSES

	Six months ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Current income tax		
- Hong Kong profits tax	<u>13,160</u>	<u>14,163</u>

4. INCOME TAX EXPENSES (CONTINUED)

For the six months ended 31 March 2020 and 2019, the provision for Hong Kong profits tax has been calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of a qualifying corporation of the Group is taxed at 8.25%, and assessable profits above HK\$2 million of the qualifying corporation are taxed at 16.5%. The assessable profits of the other entity of the Group in Hong Kong not qualifying for the two-tiered profits tax rates regime continues to be taxed at the flat rate of 16.5%.

5. INTERIM DIVIDEND

At a meeting held on 22 May 2020, the directors declared an interim dividend of HK\$2.3 per share (2019: HK\$2.3 per share) amounting to HK\$57,500,000 (2019: 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 2020.

6. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss for the period attributable to equity holders of HK\$1,126,231,000 (2019: profit for the period attributable to equity holder of HK\$83,599,000) and the 25,000,000 shares (2019: 25,000,000 shares) in issue throughout the six months ended 31 March 2020.

Diluted (loss)/earnings per share equals basic (loss)/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 2019	8,837,000	1,177	8,838,177
Addition	-	6	6
Decrease in fair value	(1,195,800)	-	(1,195,800)
Depreciation	-	(283)	(283)
Net book value at 31 March 2020	<u>7,641,200</u>	<u>900</u>	<u>7,642,100</u>

The investment properties are held under long leases (over 50 years) in Hong Kong and were revalued on 31 March 2020 on an open market value basis by an independent professionally qualified valuer, C S Surveyors Limited.

8. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 March 2020 HK\$'000	30 September 2019 HK\$'000
Financial asset at fair value through other comprehensive income	109,081	109,081

As at 31 March 2020 and 2019, financial asset at fair value through other comprehensive income represents equity interest in an unlisted company, Billion Park Investment Limited which invests in a project for the construction of commercial and residential properties and the operation of a golf course in Foshan through its associated companies.

9. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The ageing analysis of the trade debtors based on invoice date is as follows:

	31 March 2020 HK\$'000	30 September 2019 HK\$'000
Trade debtors		
Within 30 days	2,525	3,501
31 to 60 days	1,170	1,115
61 to 90 days	428	446
	<u>4,123</u>	<u>5,062</u>

Trade debtors mainly represent rental and service income receivable. The Group normally does not grant credit to trade debtors.

For the six months ended 31 March 2020, a loss allowance on trade debtors of HK\$56,274 (2019: nil) was recognised in the condensed consolidated statement of comprehensive income.

10. CREDITORS, ACCRUALS AND DEPOSITS

The ageing analysis of the trade creditors based on invoice date is as follows:

	31 March 2020 HK\$'000	30 September 2019 HK\$'000
Trade creditors		
Within 30 days	845	1,098
31 to 60 days	-	48
61 to 90 days	-	-
Over 90 days	196	234
	<u>1,041</u>	<u>1,380</u>

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

INTERIM DIVIDEND

At a meeting held on 22 May 2020, the directors declared an interim dividend of HK\$2.3 per share (2019: HK\$2.3 per share). The dividend will be payable in cash. Dividend warrants will be posted to shareholders by Thursday, 18 June 2020.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 9 June to Thursday, 11 June 2020, 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 Friday, 5 June 2020 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

The Group's performance was inevitably affected by the social unrest in Hong Kong and the outbreak of Coronavirus Disease 2019. Net loss for the six months ended 31 March 2020 amounted to HK\$1,126.2 million (2019: net profit of HK\$83.6 million). The loss mainly resulted from the current period's decrease in fair value of investment properties of HK\$1,195.8 million compared with the HK\$10.0 million fair value gain for the corresponding period of 2019. After allowing for the effect of fair value changes of the investment properties, the underlying operating profit from rental operations decreased 5.8% from HK\$87.8 million to HK\$82.7 million compared with the corresponding period of 2019, while revenue for the period decreased by 6.7% to HK\$105.8 million (2019: HK\$113.4 million).

The Group will continue to closely monitor impact of the above issues to the economy and make rental policy adjustments accordingly, in order to minimize the impact on the Group.

Significant Investments

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 93.5% and 83.4% let respectively as at 31 March 2020 (2019: approximately 97.7% and 84.6% let).

Liquidity and Financial Resources

The Group's working capital requirement was financed by its rental income. As at 31 March 2020, the Group had cash and bank balances totaling HK\$282.3 million (30 September 2019: HK\$300.6 million). During the period, the Group did not undertake 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 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 2020. 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 20 May 2020, 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 2019 included in this announcement of interim results 2019/2020 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 2019 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 2020.

Chung Yin Shu, Frederick
Secretary

Hong Kong, 22 May 2020

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 (Mr. Kenneth Lau as his alternate); (b) one non-executive director, namely Mr. Chung Wai Shu, Robert; and (c) three independent non-executive directors, namely Dr. Fong Yun Wah, G.B.S., J.P., Mr. Lo Pak Shiu and Mr. Yuen Sik Ming, Patrick.