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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 2020/2021

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 2021.

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 2021 (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	
	Note	2021	2020
		HK\$’000	HK\$’000
Revenue	2	85,332	105,781
Operating costs		(24,074)	(17,521)
		<hr/>	<hr/>
Gross profit		61,258	88,260
Other income		406	1,927
Administrative expenses		(7,255)	(7,458)
Decrease in fair values of investment properties		(131,100)	(1,195,800)
		<hr/>	<hr/>
Loss before taxation	3	(76,691)	(1,113,071)
Income tax expenses	4	(8,626)	(13,160)
		<hr/>	<hr/>
Loss and total comprehensive loss for the period attributable to equity holders		<hr/> <hr/>	<hr/> <hr/>
		(85,317)	(1,126,231)
		<hr/>	<hr/>
Loss per share			
Basic and diluted	6	(HK\$3.41)	(HK\$45.05)
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CONDENSED CONSOLIDATED BALANCE SHEET

	Note	31 March 2021 HK\$'000	30 September 2020 HK\$'000
Non-current assets			
Property, plant and equipment	7	350	616
Investment properties	7	7,388,700	7,519,800
Investment accounted for using equity method		-	-
Financial asset at fair value through other comprehensive income	8	86,287	86,287
Advances to an investee company		29,605	29,605
Deferred rent receivables	9	755	966
		7,505,697	7,637,274
Current assets			
Debtors, other receivables, deposits and prepayments	9	13,791	13,897
Cash and bank balances		243,471	290,398
		257,262	304,295
Current liabilities			
Creditors, accruals and deposits	10	43,262	46,045
Current tax payable		4,418	25,396
		47,680	71,441
Net current assets		209,582	232,854
Total assets less current liabilities		7,715,279	7,870,128
Non-current liabilities			
Provision for long service payments		14,663	14,195
Deferred tax liabilities		2,248	2,248
		16,911	16,443
Net assets		7,698,368	7,853,685
Equity			
Share capital		125,000	125,000
Fair value through other comprehensive income reserve		86,286	86,286
Retained profits		7,487,082	7,642,399
Total equity		7,698,368	7,853,685

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 2020 (the “2020 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 2020 Annual Financial Statements, except for the adoption of the following amendments to existing standards issued by the HKICPA:

HKAS 1 and HKAS 8 Amendment	Definition of Material
HKAS 39, HKFRS 7 and HKFRS 9 Amendment	Interest Rate Benchmark Reform – Phase 1
HKFRS 3 Amendment	Definition of a Business
HKFRS 16 Amendment	COVID-19 Related Concessions
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

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

The HKICPA has issued certain new standard, interpretation, amendments and improvements to existing standards which are not yet effective for the year ending 30 September 2021 and have not been early adopted by the Group. The Group will apply these new standard, interpretation, 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 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	
	2021	2020
	HK\$'000	HK\$'000
(a) Revenue		
Property investment		
Rental income	76,528	95,559
Property management fee income	8,804	10,222
	<u>85,332</u>	<u>105,781</u>
(b) Contribution to loss before taxation		
Property investment -		
Rental operations	54,409	82,729
Decrease in fair values of investment properties	(131,100)	(1,195,800)
	<u>(76,691)</u>	<u>(1,113,071)</u>

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

3. LOSS BEFORE TAXATION

Loss before taxation is stated after crediting and charging the following:

	Six months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Crediting:		
Interest income	<u>330</u>	<u>1,845</u>
Charging:		
Depreciation	266	283
Loss allowance on trade debtors (note 9)	-	56
	<u></u>	<u></u>

4. INCOME TAX EXPENSES

	Six months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Current income tax		
- Hong Kong profits tax	<u>8,626</u>	<u>13,160</u>

4. INCOME TAX EXPENSES (CONTINUED)

For the six months ended 31 March 2021 and 31 March 2020, 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 28 May 2021, the directors declared an interim dividend of HK\$1.8 per share (2020: HK\$2.3 per share) amounting to HK\$45,000,000 (2020: 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 2021.

6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period attributable to equity holders of HK\$85,317,000 (2020: HK\$1,126,231,000) and the 25,000,000 shares (2020: 25,000,000 shares) in issue throughout the six months ended 31 March 2021.

Diluted loss per share equals basic loss 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 2020	7,519,800	616	7,520,416
Decrease in fair value	(131,100)	-	(131,100)
Depreciation	-	(266)	(266)
	<u> </u>	<u> </u>	<u> </u>
Net book value at 31 March 2021	<u>7,388,700</u>	<u>350</u>	<u>7,389,050</u>

The investment properties are held under long leases (over 50 years) in Hong Kong and were revalued on 31 March 2021 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 2021 HK\$'000	30 September 2020 HK\$'000
Financial asset at fair value through other comprehensive income	86,287	86,287

As at 31 March 2021 and 30 September 2020, 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

Balance included HK\$8,132,000 (30 September 2020: HK\$7,277,000) deferred rent receivables. Deferred rent receivables represent the accumulated difference between effective rental revenue and actual rental receipts. Deferred rent receivables amounted to HK\$755,000 (30 September 2020: HK\$966,000) which are expected to be realised twelve months after the balance sheet date are classified as non-current assets.

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

	31 March 2021 HK\$'000	30 September 2020 HK\$'000
Trade debtors		
Within 30 days	2,142	2,457
31 to 60 days	720	1,260
61 to 90 days	529	584
Over 90 days	515	61
	<u>3,906</u>	<u>4,362</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 2021, no loss allowance on trade debtors (2020: HK\$56,274) 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 2021 HK\$'000	30 September 2020 HK\$'000
Trade creditors		
Within 30 days	2,438	1,012

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

INTERIM DIVIDEND

At a meeting held on 28 May 2021, the directors declared an interim dividend of HK\$1.8 per share (2020: HK\$2.3 per share). The dividend will be payable in cash. Dividend warrants will be posted to shareholders by Friday, 25 June 2021.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 15 June 2021 to Thursday, 17 June 2021, 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, 11 June 2021 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 has declined for the six months ended 31 March 2021 compared to the corresponding period in 2020 as a result of reduced market rent and rent concessions requested by tenants. Net loss for the six months ended 31 March 2021 amounted to HK\$85.3 million (2020: HK\$1,126.2 million). The loss mainly resulted from the current period's decrease in fair value of investment properties of HK\$131.1 million (2020: 1,195.8 million). After allowing for the effect of fair value changes of the investment properties, the underlying operating profit from rental operations decreased by 34.2% from HK\$82.7 million to HK\$54.4 million compared with the corresponding period of 2020, while revenue for the period decreased by 19.4% to HK\$85.3 million (2020: HK\$105.8 million).

Significant Investments

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 88.6% and 82.0% let respectively as at 31 March 2021 (2020: approximately 93.5% and 83.4% let).

Liquidity and Financial Resources

The Group's working capital requirement was financed by its rental income. As at 31 March 2021, the Group had cash and bank balances totaling HK\$243.5 million (30 September 2020: HK\$290.4 million). During the period, the Group did not undertake 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 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 2021. 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 Condensed Consolidated 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 26 May 2021, the Audit Committee met with the management and the external auditor to review the Unaudited Condensed Consolidated 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 2020 included in this announcement of interim results 2020/2021 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 2020 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 2021.

Chung Yin Shu, Frederick
Secretary

Hong Kong, 28 May 2021

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) four independent non-executive directors, namely Dr. Fong Yun Wah, G.B.S., J.P., Mr. Lo Pak Shiu, Mr. Yuen Sik Ming, Patrick and Mr. Wong Kai Tung, Tony.