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MELBOURNE ENTERPRISES LIMITED

萬邦投資有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 158)

INTERIM RESULTS ANNOUNCEMENT 2023/2024

The Board of Directors is pleased to announce the unaudited interim results of Melbourne Enterprises Limited and its subsidiary (the “**Group**”) for the six months ended 31 March 2024.

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 2024 (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	
		2024	2023
Notes		HK\$'000	HK\$'000
Revenue	2a	79,888	77,689
Operating costs		<u>(18,224)</u>	<u>(23,810)</u>
Gross profit		61,664	53,879
Other income		3,682	4,996
Administrative expenses		(7,664)	(10,104)
Decrease in fair values of investment properties		<u>(29,895)</u>	<u>(41,000)</u>
Profit before taxation	2b, 3	27,787	7,771
Income tax expenses	4	<u>(8,826)</u>	<u>(7,284)</u>
Profit for the period attributable to equity holders		<u>18,961</u>	<u>487</u>
Other comprehensive income			
<i>Item that will not be classified subsequently to profit or loss</i>			
Fair value gain on financial asset at fair value through other comprehensive income			
		<u>1,167</u>	<u>6,643</u>
Total comprehensive income attributable to equity holders		<u>20,128</u>	<u>7,130</u>
Earnings per share			
Basic and diluted	6	<u>HK\$0.76</u>	<u>HK\$0.02</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		31 March	30 September
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	7	133	155
Investment properties	7	7,039,000	7,064,000
Investment accounted for using equity method		–	–
Financial asset at fair value through other comprehensive income	8	73,794	72,627
Advances to an investee company		29,605	29,605
Deferred rent receivables	9	148	221
		<u>7,142,680</u>	<u>7,166,608</u>
Current assets			
Debtors, other receivables, deposits and prepayments	9	7,815	11,094
Cash and bank balances		242,435	254,113
		<u>250,250</u>	<u>265,207</u>
Current liabilities			
Creditors, accruals and deposits	10	38,636	40,378
Current tax payable		7,028	18,275
		<u>45,664</u>	<u>58,653</u>
Net current assets		<u>204,586</u>	<u>206,554</u>
Total assets less current liabilities		<u>7,347,266</u>	<u>7,373,162</u>
Non-current liabilities			
Provision for long service payments		14,015	15,363
Deferred tax liabilities		2,790	2,466
		<u>16,805</u>	<u>17,829</u>
Net assets		<u>7,330,461</u>	<u>7,355,333</u>
Equity			
Share capital		125,000	125,000
Fair value through other comprehensive income reserve		73,793	72,626
Retained profits		7,131,668	7,157,707
Total equity		<u>7,330,461</u>	<u>7,355,333</u>

NOTES TO THE FINANCIAL STATEMENTS

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 2023 (the “**2023 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 2023 Annual Financial Statements, except for the adoption of the following amendments to existing standards issued by the HKICPA:

HKFRS 17 and Amendments to HKFRS 17	Insurance Contract
Initial Application of HKFRS 17 and HKFRS 9	Comparative Information
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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 amendments to existing standards and interpretation which are not yet effective for the year ending 30 September 2024 and have not been early adopted by the Group. The Group will apply these amendments to existing standards and interpretation 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 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	
	2024	2023
	HK\$'000	HK\$'000
(a) Revenue		
Property investment		
Rental income	69,578	68,767
Property management fee income	10,310	8,922
	<u>79,888</u>	<u>77,689</u>
(b) Contribution to profit before taxation		
Property investment –		
Rental operations	57,682	48,771
Decrease in fair values of investment properties	(29,895)	(41,000)
	<u>27,787</u>	<u>7,771</u>

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

3. PROFIT BEFORE TAXATION

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

	Six months ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Crediting:		
Interest income	<u>3,592</u>	<u>3,769</u>
Charging:		
Depreciation	<u>22</u>	<u>42</u>

4. INCOME TAX EXPENSES

	Six months ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	8,826	7,284

For the six months ended 31 March 2024, 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%. The 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. DIVIDENDS

At a meeting held on 24 May 2024, the directors declared an interim dividend of HK\$1.8 per share (2023: HK\$1.8 per share) amounting to HK\$45,000,000 (2023: HK\$45,000,000). 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 2024.

During the period, the Group paid 2023 final dividend of HK\$1.8 per share (2023: 2022 final dividend of HK\$1.8 per share) amounting to HK\$45,000,000 (2023: HK\$45,000,000).

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to equity holders of HK\$18,961,000 (2023: profits for the period attributable to equity holders of HK\$487,000) and the 25,000,000 shares (2023: 25,000,000 shares) in issue throughout the six months ended 31 March 2024.

Diluted earnings per share equals basic earnings per share because there were no potential dilutive shares outstanding during the period.

7. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

	Investment properties	Property, plant and equipment	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net book value at 1 October 2023	7,064,000	155	7,064,155
Decrease in fair value	(29,895)	–	(29,895)
Addition	4,895	–	4,895
Depreciation	–	(22)	(22)
	<u>7,039,000</u>	<u>133</u>	<u>7,039,133</u>
Net book value at 31 March 2024			

The investment properties are held under long leases (over 50 years) in Hong Kong and were revalued on 31 March 2024 on an open market value basis by an independent professionally qualified valuer, CS Surveyors Limited.

8. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>HK\$'000</i>
At 1 October 2023	72,627
Change in fair value	<u>1,167</u>
At 31 March 2024	<u><u>73,794</u></u>

As at 31 March 2024 and 30 September 2023, 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.

9. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Balance included HK\$1,730,000 (30 September 2023: HK\$3,373,000) deferred rent receivables. Deferred rent receivables represent the accumulated difference between effective rental revenue and actual rental receipts. Deferred rent receivables amounted to HK\$148,000 (30 September 2023: HK\$221,000) 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 2024 <i>HK\$'000</i>	30 September 2023 <i>HK\$'000</i>
Trade debtors		
Within 30 days	800	2,283
31 to 60 days	732	969
61 to 90 days	559	550
Over 90 days	696	752
	<u>2,787</u>	<u>4,554</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 2024, no loss allowance on trade debtors (2023: 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 2024 HK\$'000	30 September 2023 HK\$'000
Trade creditors		
Within 30 days	1,398	1,843
More than 90 days	68	–
	<u>1,466</u>	<u>1,843</u>

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

INTERIM DIVIDEND

At a meeting held on 24 May 2024, the directors declared an interim dividend of HK\$1.8 per share (2023: HK\$1.8 per share). The dividend will be payable in cash. Dividend warrants will be posted to shareholders on or about Monday, 8 July 2024.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 24 June 2024 to Wednesday, 26 June 2024, 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 4:30 p.m. on Friday, 21 June 2024 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 improved for the six months ended 31 March 2024 compared to the corresponding period in 2023. Net profit for the six months ended 31 March 2024 amounted to HK\$18.96 million (2023: Net profit of HK\$0.5 million). The increase in profit mainly resulted from less decrease in the fair value of investment properties for the current period. The fair value loss of investment properties for the current period is HK\$29.9 million, while the fair value loss of investment properties for the corresponding period of 2023 was HK\$41.0 million. After allowing for the effect of fair value changes of the investment properties for the current period, the underlying operating profit from rental operations increased by 18% from HK\$41.5 million to HK\$48.9 million compared with the corresponding period of 2023, while revenue for the period increased by 3% to HK\$79.9 million (2023: HK\$77.7 million).

Significant Investments

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 91.6% and 85.0% let respectively as at 31 March 2024 (2023: approximately 92.8% and 81.3% let).

Liquidity and Financial Resources

The Group's working capital requirement was financed by its rental income. As at 31 March 2024, the Group had cash and bank balances totaling HK\$242.4 million (30 September 2023: HK\$254.1 million). During the period, the Group did not undertake any borrowings or overdraft facilities.

Employees and Remuneration Policies

The Group employs a total of 15 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.

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 2024. Neither the Company nor its subsidiary has purchased or sold any of the Company's shares during the six months ended 31 March 2024.

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 HKICPA. On 22 May 2024, the Audit Committee met with the management and the external auditor to review the Unaudited Condensed Consolidated Interim Financial Information.

CORPORATE GOVERNANCE CODE

During the financial period, the Company has fully complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 of the Listing Rules.

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 2023 included in this announcement of interim results 2023/2024 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 2023 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 the 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 2024.

By Order of the Board
Melbourne Enterprises Limited
Chung Yin Shu, Frederick
Executive Director

Hong Kong, 24 May 2024

As at the date of this announcement, the Board of the Company comprises (a) two executive directors, namely Mr. Chung Yin Shu, Frederick and Mr. Tsang On Yip, Patrick (Mr. Kenneth Lau as his alternate); (b) two non-executive directors, namely Mr. Chung Wai Shu, Robert and Mr. Wong Tak Wai, Alvin; and (c) three independent non-executive directors, namely Mr. Lo Pak Shiu, Mr. Yuen Sik Ming, Patrick and Ms. Ling Kit Sum, Imma.