

TARGET

Intelligence Report

VOLUME XXV No. 239

THURSDAY

November 9, 2023

MELBOURNE ENTERPRISES LTD: IS THIS ALL THAT ONE MIGHT EXPECT FROM A MULTI-BILLION-DOLLAR ENTERPRISE ?

Amongst the list of the oldest, publicly listed corporate entities, still fully operational in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), Melbourne Enterprises Ltd (萬邦投資有限公司) (Code: 158, Main Board, The Stock Exchange of Hongkong Ltd) must rank very highly.

Up until May 4, 2023, Mr Chung Ming Fai (鍾明輝) had been the 102-year-old Chairman and an Executive Director of the Company, he, having been one of the Founders of the Company.

Mr Chung Ming Fai had held onto his top post in the Company for some 56 years – since 1967, in fact – but his death, on or about Thursday, May 4, 2023, resulted in a number of new appointments to the managerial hierarchy in the Company, as well as finding the gentleman to be his successor.

(More about these corporate changes, et al, later on in this financial analysis.)

THE FINANCIALS OF MELBOURNE ENTERPRISES LTD

The '**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**' was presented on Page 33 of the 2022 Annual Report of Melbourne Enterprises Ltd with regard to the Financial Year, ended September 30, 2022, as follows:

	For The Financial Year, Ended September 30		Percentage Increase/(Decrease)*
	2022	2021	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	158,707	160,423	(1.07)
Gross Profit	122,849	111,399	10.28
Gross Profit Margin*	77.41 percent	69.44 percent	11.48
Profit/(Loss) Before Taxation	(109,283)	82,879	(231.86)
Profit/(Loss) Attributable To Shareholders Of The Company	(127,390)	66,863	(290.52)

Total Comprehensive Income/(Loss) Attributable To Shareholders Of The Company	(136,557)	78,849	(273.19)
Earnings/(Loss) Per Share	(\$HK5.10)	\$HK2.67	(291.01)

* These are **TARGET**'s calculations.

At the following Page 34, the '**CONSOLIDATED BALANCE SHEET**' indicated the following:

	<u>As at</u> <u>September 30, 2022</u>	<u>As At</u> <u>September 30, 2021</u>
<u>Under Current Assets</u>		
Cash and Bank Balances	\$HK244,429,000.00	\$HK250,110,000.00
<u>Net Current Assets</u>	\$HK204,451,000.00	\$HK202,702,000.00
<u>Net Assets</u> (Shareholders' Funds)	\$HK7,590,977,000.00	\$HK7,817,534,000.00

At Page 19 of the 2022 Annual Report, under the heading, '**GROUP RESULTS**,' one was informed of the following:

'The Group's performance has declined for the year ended 30 September 2022 compared to the year ended 30 September 2021 as a result of reduced market rent, rent concessions requested by tenants and increased vacancies. Loss attributable to equity holders for the year amounted to HK\$127.4 million (2021: Profit attributable to equity holders of HK\$66.9 million). The loss mainly resulted from the current year's increase in fair value loss of investment properties. The fair value loss of investment properties for the current year is HK\$220.8 million while the fair value loss of investment properties for the year of 2021 was HK\$16.3 million. After allowing for the effect of fair value changes of investment properties, the underlying operating profit from rental operations increased by 12.4% from HK\$99.2 million for 2021 to HK\$111.5 million for 2022. Revenue for the year amounted to HK\$158.7 million (2021: HK\$160.4 million), decreased by 1.1% year-on-year.'

The three principal investment properties of Melbourne Enterprises Ltd are as follows:

- Melbourne Plaza, a commercial/retail complex, measuring about 257,036 square feet. It is 100-percent-owned by Melbourne Enterprises Ltd;
- Kimley Commercial Building, a commercial/retail complex, measuring 49,003 square feet. It is 100-percent-owned by Melbourne Enterprises Ltd; and,
- On Hing Mansion, Shop 9B, a retail shop, measuring 270 square feet. It is owned as to 100-percent-owned by Melbourne Enterprises Ltd.

At Page Seven of the 2022 Annual Report, under the heading, ‘**CONTINUING CONNECTED TRANSACTION**,’ the following intelligence was forthcoming:

*‘On 30 July 2020, the Company as lessor and Fu Hop Investment Company Limited (富合置業有限公司) (“**Fu Hop**”) as lessee entered into a lease agreement, pursuant to which the lessee leased Rooms 2401-2411 on 24th floor of Melbourne Plaza, 33 Queen’s Road Central, Hong Kong (the “**Fu Hop Premises**”) from the lessor for a fixed term of two years from 1 August 2020 to 31 July 2022 at a monthly rental of HK\$302,976 with monthly air-conditioning charges and management fees of HK\$42,920.*

‘The lease agreement was renewed on 25 July 2022 for a fixed term of two years from 1 August 2022 to 31 July 2024 at a monthly rental of HK\$258,792 with monthly air-conditioning charges and management fee of HK\$42,920.

‘The Fu Hop ... [CLICK TO ORDER FULL ARTICLE](#)

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