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ANNUAL RESULTS ANNOUNCEMENT 2021/2022

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 2022 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2022

	Note	2022 HK\$'000	2021 HK\$'000
Revenue	2	158,707	160,423
Operating costs		(35,858)	(49,024)
Gross profit		122,849	111,399
Other income		1,108	616
Administrative expenses		(12,440)	(12,836)
Decrease in fair values of investment properties		(220,800)	(16,300)
(Loss)/profit before taxation	3	(109,283)	82,879
Income tax expenses	4	(18,107)	(16,016)
(Loss)/profit for the year attributable to equity holders		(127,390)	66,863
Other comprehensive (loss)/income			
<i>Item that will not be classified subsequently to profit or loss</i>			
Fair value (loss)/gain on financial asset at fair value through other comprehensive income		(9,167)	11,986
Total comprehensive (loss)/income attributable to equity holders		(136,557)	78,849
(Loss)/earnings per share			
Basic and diluted	6	(HK\$5.10)	HK\$2.67

CONSOLIDATED BALANCE SHEET

At 30 September 2022

	Note	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property, plant and equipment	7	55	84
Investment properties	7	7,282,700	7,503,500
Investment accounted for using the equity method		-	-
Financial asset at fair value through other comprehensive income	8	89,106	98,273
Advances to an investee company		29,605	29,605
Deferred rent receivables	9	2,228	505
		<u>7,403,694</u>	<u>7,631,967</u>
Current assets			
Debtors, other receivables, deposits and prepayments	9	9,448	9,109
Cash and bank balances		244,429	250,110
		<u>253,877</u>	<u>259,219</u>
Current liabilities			
Creditors, accruals and deposits	10	40,602	44,753
Current tax payable		8,824	11,764
		<u>49,426</u>	<u>56,517</u>
Net current assets		<u>204,451</u>	<u>202,702</u>
Total assets less current liabilities		<u>7,608,145</u>	<u>7,834,669</u>
Non-current liabilities			
Provision for long service payments		14,756	14,843
Deferred tax liabilities		2,412	2,292
		<u>17,168</u>	<u>17,135</u>
Net assets		<u>7,590,977</u>	<u>7,817,534</u>
Equity			
Share capital		125,000	125,000
Fair value through other comprehensive income reserve		89,105	98,272
Retained profits		7,376,872	7,594,262
Total equity		<u>7,590,977</u>	<u>7,817,534</u>

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 financial asset at fair value through other comprehensive income, which have been measured at fair value.

(a) ADOPTION OF AMENDMENTS TO EXISTING STANDARDS

The Group has adopted the following amendments to existing standards that are mandatory and relevant to the Group’s operation for the financial year ended 30 September 2022:

Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

(b) NEW STANDARD, INTERPRETATION, AMENDMENTS AND IMPROVEMENTS TO EXISTING STANDARDS WHICH ARE NOT YET EFFECTIVE

The following new standard, interpretation, amendments and improvement to existing standards are mandatory for accounting periods beginning on or after 1 October 2022 or later periods but which the Group has not early adopted:

HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current
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 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRSs Amendments	Annual Improvements to HKFRSs 2018-2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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 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 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 in Hong Kong as the sole operating segment of the Group.

	2022 HK\$'000	2021 HK\$'000
(a) Revenue		
Property investment		
Rental income	140,864	142,656
Property management fee income	17,843	17,767
	<u>158,707</u>	<u>160,423</u>
(b) Contribution to (loss)/profit before taxation		
Property investment – Rental operations	111,517	99,179
Decrease in fair values of investment properties	(220,800)	(16,300)
	<u>(109,283)</u>	<u>82,879</u>

Revenue (representing turnover) comprises 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:

	2022 HK\$'000	2021 HK\$'000
Crediting:		
Interest income	973	457
	<u>973</u>	<u>457</u>
Charging:		
Outgoings in respect of investment properties	34,536	47,558
Directors' emoluments	2,527	2,528
Auditor's remuneration	999	965
Depreciation	108	532
Staff costs (excluding Directors' emoluments)		
Salaries and other emoluments (note)	5,393	5,215
Long service payments	260	668
Contributions to mandatory provident fund scheme	120	133
	<u>33,833</u>	<u>56,691</u>

Note:

For the year ended 30 September 2022, wages subsidies of HK\$346,000 (2021: HK\$270,000) from the Employment Support Scheme ("ESS") under the Anti-epidemic Fund of the Hong Kong Government are net off in salaries and other emoluments. The ESS aims to retain employment and combat the coronavirus disease 2019 ("COVID-19").

4. INCOME TAX EXPENSES

	2022 HK\$'000	2021 HK\$'000
Current income tax		
- Hong Kong profits tax	17,973	15,992
- Under/(over)-provision in respect of prior year	14	(20)
	<u>17,987</u>	<u>15,972</u>
Deferred income tax	120	44
	<u>18,107</u>	<u>16,016</u>

For the years ended 30 September 2022 and 2021, 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 will be taxed at 8.25%, and assessable profits above HK\$2 million of the qualifying corporation will be 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 will continue to be taxed at the flat rate of 16.5%.

5. DIVIDENDS

	2022 HK\$'000	2021 HK\$'000
Interim dividend paid of HK\$1.80 (2021: HK\$1.80) per share	45,000	45,000
Final dividend proposed of HK\$1.80 (2021: HK\$1.80) per share	45,000	45,000
	<u>90,000</u>	<u>90,000</u>

At a meeting held on 16 December 2022, the Directors recommended a final dividend of HK\$1.80 per share. This proposed dividend will be accounted for as an appropriation of retained profits for the year ending 30 September 2023.

6. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity holders of HK\$127,390,000 (2021: profit attributable to equity holders of HK\$66,863,000) and the 25,000,000 shares in issue throughout the years ended 30 September 2022 and 2021.

Diluted (loss)/earnings per share equals basic (loss)/earnings per share because there were no potential dilutive shares outstanding during the years ended 30 September 2022 and 2021.

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 2021	7,503,500	84	7,503,584
Additions	-	79	79
Decrease in fair value	(220,800)	-	(220,800)
Depreciation	-	(108)	(108)
	<u>7,282,700</u>	<u>55</u>	<u>7,282,755</u>

The investment properties are held under long leases (over 50 years) in Hong Kong and were revalued at 30 September 2022 and 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

	HK\$'000
At 1 October 2021	98,273
Change in fair value	(9,167)
At 30 September 2022	<u>89,106</u>

As at 30 September 2022 and 2021, the financial asset at fair value through other comprehensive income represents the Group's 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

	2022 HK\$'000	2021 HK\$'000
Trade debtors	2,747	2,988
Deferred rent receivables (note)	3,827	4,105
Prepayment and deposits	1,890	1,457
Other receivables	984	559
	<u>9,448</u>	<u>9,109</u>

Note:

Deferred rent receivables represent the accumulated difference between effective rental revenue and actual rental receipts. Deferred rent receivables of HK\$2,228,000 (2021: HK\$505,000) 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:

	2022 HK\$'000	2021 HK\$'000
Trade debtors		
Within 30 days	1,532	1,871
31 to 60 days	578	591
61 to 90 days	293	313
Over 90 days	344	213
	<u>2,747</u>	<u>2,988</u>

The Group normally does not grant credit period to trade debtors. For the year ended 30 September 2022, no trade debtors (2021: Nil) were written-off.

10. CREDITORS, ACCRUALS AND DEPOSITS

	2022 HK\$'000	2021 HK\$'000
Trade creditors	1,144	1,577
Accruals and deposits	39,458	43,176
	<u>40,602</u>	<u>44,753</u>

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

	2022 HK\$'000	2021 HK\$'000
Trade creditors		
Within 30 days	1,122	1,577
More than 90 days	22	-
	<u>1,144</u>	<u>1,577</u>

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

BUSINESS REVIEW

Group Results

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 decreased 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 decrease in fair value 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.

Significant Investments

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 91% and 74% let as at 30 September 2022 respectively (2021: approximately 90% and 78% let respectively).

Liquidity and Financial Resources

The Group's working capital requirement was financed by its rental income. As at 30 September 2022, the Group had cash and bank balances totaling HK\$244.4 million (2021: HK\$250.1 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 16 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 2022 AGM

Book close dates (both days inclusive) : Tuesday, 17 January 2023 to Friday, 20 January 2023

Latest time to lodge transfers with Share Registrar : 4:30 p.m. on Monday, 16 January 2023

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 Tuesday, 31 January 2023

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 Thursday, 9 February 2023

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 policies of risk management, the systems of internal control and the financial statements for the year ended 30 September 2022. 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 2022 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Company's draft consolidated financial statements for the year ended 30 September 2022. 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 2022 and 30 September 2021 included in this preliminary announcement of annual results of 2021/2022 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 2021 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 2022 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/melbournweb and the Stock Exchange’s website at www.hkexnews.hk on or before 20 January 2023.

Chung Yin Shu, Frederick
Executive Director

Hong Kong, 16 December 2022

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 Mr. Lo Pak Shiu, Mr. Yuen Sik Ming, Patrick and Mr. Wong Kai Tung, Tony.