

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



MELBOURNE ENTERPRISES LIMITED

萬邦投資有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 158)

SUPPLEMENTAL ANNOUNCEMENT

**CONTINUING CONNECTED TRANSACTION
IN RELATION TO TENANCY AGREEMENT**

Reference is made to the Announcement in relation to the New Tenancy Agreement entered into between the Company as landlord and Foo Hang as tenant in respect of the leasing of the Premises for the period from 1 March 2019 to 28 February 2021. Pursuant to written requests from Foo Hang, the Company had agreed to reduce the Monthly Total Amounts payable by Foo Hang under the New Tenancy Agreement for the period from 1 November 2019 to 31 August 2020.

As Foo Hang is owned by Mr. Lo, an independent non-executive Director, and certain of his family members and relatives, Foo Hang is a deemed connected person of the Company under the Listing Rules and the transactions contemplated under the New Tenancy Agreement, as revised by the Rental Revisions, constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Revised Annual Cap Amounts all exceed HK\$3,000,000 and some of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules are more than 0.1% but all applicable percentage ratios are less than 5%, the transactions contemplated under the New Tenancy Agreement, as revised by the Rental Revisions, is subject to the reporting, announcement and annual review requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 26 February 2019 in relation to the New Tenancy Agreement entered into between the Company as landlord and Foo Hang as tenant in respect of the leasing of the Premises for the period from 1 March 2019 to 28 February 2021 (the “**Announcement**”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as defined in the Announcement.

REVISION OF AMOUNTS PAYABLE UNDER THE NEW TENANCY AGREEMENT

Pursuant to written requests from Foo Hang, the Company had by way of letters issued to Foo Hang on 10 October 2019, 28 February 2020 and 15 May 2020 (which letters were countersigned by Foo Hang) agreed to reduce the monthly rental, air-conditioning charges and management fee (collectively the “**Monthly Total Amounts**”) payable by Foo Hang under the New Tenancy Agreement for the period from 1 November 2019 to 31 August 2020 (the “**Rental Revisions**”) as follows:

Monthly Total Amounts payable pursuant to the New Tenancy Agreement	HK\$510,000 per month (inclusive of HK\$451,820 rental fee, HK\$29,090 air-conditioning charges and HK\$29,090 management fee)
Monthly Total Amounts payable pursuant to the New Tenancy Agreement as revised by the Rental Revisions on 10 October 2019	From 1 November 2019 to 30 April 2020: HK\$464,818 per month (inclusive of rental fee, air-conditioning charges and management fees)
Monthly Total Amounts payable pursuant to the New Tenancy Agreement as further revised by the Rental Revisions on 28 February 2020	From 1 March 2020 to 31 May 2020: HK\$419,636 per month (inclusive of rental fee, air-conditioning charges and management fees)
Monthly Total Amounts payable pursuant to the New Tenancy Agreement as further revised by the Rental Revisions on 15 May 2020	From 1 June 2020 to 31 August 2020: HK\$419,636 per month (inclusive of rental fee, air-conditioning charges and management fees)

Save for the Rental Revisions as set out above, all other terms and conditions of the New Tenancy Agreement remain unchanged, and the New Tenancy Agreement as revised by the Rental Revisions continues to be effective and binding on the Company and Foo Hang.

Based on the Rental Revisions and also taking into account any increment in the air-conditioning charges and management fee and catering for additional air-conditioning charges which may be payable by Foo Hang to the Company in the event that Foo Hang uses air-conditioning services outside of normal hours, it is expected that the annual maximum amount payable to the Company under the New Tenancy Agreement (1) for the financial year ending 30 September 2020:

- (a) as revised by the Rental Revisions on 10 October 2019 will not exceed HK\$5,880,000;
- (b) as further revised by the Rental Revisions on 28 February 2020 will not exceed HK\$5,695,000;
and
- (c) as further revised by the Rental Revisions on 15 May 2020 will not exceed HK\$5,405,000

(collectively, the “**Revised Annual Cap Amounts**”) and (2) for the financial year ending 30 September 2021 will remain unchanged.

REASONS FOR AND BASIS OF THE RENTAL REVISIONS

In light of the economic downturn brought about by the continuous social incidents in Hong Kong since June 2019 and the ongoing novel coronavirus (“COVID-19”) outbreak, the Company had from time to time received requests for rental reduction from its tenants. Although the Company will not spontaneously offer rental reductions, if a tenant approaches it to request for rental reduction, the Company, like other landlords in Hong Kong, will engage in discussions/negotiations with such tenants to reduce the rent payable for a fixed period to allow them to cope with the recent decline of their businesses. The Company considers that granting rental reductions to its tenants would assist such tenants to sustain their business and to continue to pay the rent on time, thereby ensuring the continuation of the stable income generated by the leasing out of properties by the Company.

The rental reduction granted to each tenant was determined on a case by case basis. In arriving at a percentage of reduction, the Company would take into account factors such as the type of business of the tenant and the extent of impact of the social incidents, COVID-19 outbreak and recent economic condition on the tenant’s business. Further, when considering the rental reduction for its retail business tenants, the Company will also make reference to the statistics released by the Census and Statistics Department with respect to the percentage decline in the value of total retail sales as well as the percentage decline in sales of different types of retail outlets, and the Rental Revisions have reflected such decline. As at the date of this announcement, the Company had granted rental reduction to more than 170 tenants of Melbourne Plaza and in general, the rental reduction granted by the Company to its tenants ranges from 10% to 50%. The Rental Revisions are within such range and had been negotiated and arrived at on an arm’s length basis and in accordance with normal commercial terms after taking into account the factors mentioned above.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Rental Revisions and the Revised Annual Cap Amounts are fair and reasonable, and the Rental Revisions are in the interests of the Company and the shareholders of the Company as a whole. In view of the interests of Mr. Lo and his family members and relatives in Foo Hang and Mr. Lo being a director of Foo Hang, Mr. Lo had abstained from voting in respect of the resolutions proposed at the meeting of the Board to approve the Rental Revisions and the Revised Annual Cap Amounts.

LISTING RULES IMPLICATIONS

As Foo Hang is owned by Mr. Lo, an independent non-executive Director, and certain of his family members and relatives, Foo Hang is a deemed connected person of the Company under the Listing Rules and the transactions contemplated under the New Tenancy Agreement, as revised by the Rental Revisions, constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Revised Annual Cap Amounts all exceed HK\$3,000,000 and some of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules are more than 0.1% but all applicable percentage ratios are less than 5%, the transactions contemplated under the New Tenancy Agreement, as revised by the Rental Revisions, is subject to the reporting, announcement and annual review requirements but is exempt from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. However, due to inadvertent oversight, no announcements were issued by the Company at the time of issue of the letters agreeing to the Rental Revisions on 10 October 2019, 28 February 2020 and 15 May 2020.

GENERAL

The principal activities of the Company are property investment and investment holding in Hong Kong.

The principal activity of Foo Hang is diamond and jewellery wholesale and retail.

By Order of the Board
MELBOURNE ENTERPRISES LIMITED
萬邦投資有限公司
Chung Yin Shu, Frederick
Director

Hong Kong, 12 June 2020

As at the date of this announcement, the Board 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, Mr. Lo Pak Shiu and Mr. Yuen Sik Ming, Patrick.