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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)

EXEMPT CONTINUING CONNECTED TRANSACTION

TENANCY AGREEMENT

On 25 February 2010, the Company as landlord and Foo Hang as tenant entered into the New Tenancy Agreement in respect of the leasing of the Premises.

Foo Hang is deemed a connected person of the Company under the Listing Rules and the New Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As the revenue ratio calculated under Rule 14.07 of the Listing Rules in respect of the expected annual maximum amount payable to the Company under the remaining term of the Previous Tenancy Agreements and the New Tenancy Agreement for the year ending 30 September 2010 and under the New Tenancy Agreement for the year ending 30 September 2011 is more than 2.5% but less than 25% and such annual consideration is less than HK\$10,000,000, in accordance with Rule 14A.34 of the Listing Rules, the New Tenancy Agreement is only subject to the reporting, announcement and annual review requirements but is exempted from the independent shareholders' approval requirements under the Listing Rules.

The Company had on 26 February 2009 entered into the Previous Tenancy Agreements in respect of the Premises pursuant to which the Company as landlord rented Rooms 1806 – 1814 on the 18th Floor of Melbourne Plaza to Foo Hang and rented Rooms 1801 – 1805 on the 18th Floor of Melbourne Plaza to Wah Lai. Particulars of the Previous Tenancy Agreements were disclosed in the announcement of the Company dated 1 March 2009. As the Previous Tenancy Agreements are due to expire on 28 February 2010, the Company had on 25 February 2010 entered into the New Tenancy Agreement in respect of the lease of the Premises to Foo Hang.

THE NEW TENANCY AGREEMENT

On 25 February 2010, the Company as landlord and Foo Hang as tenant entered into the New Tenancy Agreement in respect of the leasing of the New Premises. The principal terms of the New Tenancy Agreement are as follows:

Parties	:	the Company as landlord and Foo Hang as tenant
Premises	:	Rooms 1801 – 1814 on the 18th Floor of Melbourne Plaza
Tenancy term	:	1 March 2010 to 29 February 2012
Consideration	:	Rental of HK\$281,232 per month exclusive of rates plus air-conditioning charges of HK\$24,384 per month and management fee of HK\$24,384 per month, all payable in advance on the first day of each calendar month

According to the New Tenancy Agreement, the Company may once every 12 months by one month's written notice increase the air-conditioning charges and/or management fee by not more than 10% of the original amount.

Based on the monthly rental, air-conditioning charges and management fee payable under the Previous Tenancy Agreements and the New Tenancy Agreement as well as additional air-conditioning charges in the event the tenant uses air-conditioning services after normal hours and also taking into account any increment in the air-conditioning charges and management fees, it is expected that the aggregate annual maximum amount payable under the remaining term of the Previous Tenancy Agreements and the New Tenancy Agreement for the year ending 30 September 2010 and the annual maximum amount payable under the New Tenancy Agreement for each of the two years ending 30 September 2011 and 30 September 2012 should not exceed HK\$4,170,000, HK\$4,080,000 and HK\$1,700,000 respectively.

REASONS FOR ENTERING INTO THE NEW TENANCY AGREEMENT

As Foo Hang is connected to Mr Lo, an independent non-executive Director, in the manner set out below, the Company would prefer to rent the Premises to such company which the Company is familiar with and which it can ensure punctual payment of rental and related charges. Since the Previous Tenancy Agreements are due to expire on 28 February 2010, due to the reason set out above and as requested by Mr. Lo, the Company has agreed to lease the entire Premises to Foo Hang instead of leasing part of the Premises to Foo Hang and part of the Premises to Wah Lai as with the arrangements under the Previous Tenancy Agreements and had accordingly entered into the New Tenancy Agreement with Foo Hang.

The terms of the New Tenancy Agreement were negotiated on an arm's length basis and the rental chargeable under the New Tenancy Agreement was determined by reference to the rental of other premises of Melbourne Plaza as agreed among the Company and other tenants recently.

The Directors (including the independent non-executive Directors) consider that the New Tenancy Agreement is entered into in the ordinary and usual course of business of the Company, and its terms are on normal commercial terms and are fair and reasonable, and the entering into of the New Tenancy Agreement is in the interest of the Company and the shareholders of the Company as a whole.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Foo Hang is a company which shares are owned by the associates of Mr Lo, an independent non-executive Director. Accordingly, Foo Hang is deemed a connected person of the Company under the Listing Rules and the New Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the revenue ratio calculated under Rule 14.07 of the Listing Rules in respect of the expected

annual maximum amount payable to the Company under the remaining term of the Previous Tenancy Agreements and the New Tenancy Agreement for the year ending 30 September 2010 and under the New Tenancy Agreement for the year ending 30 September 2011 is more than 2.5% but less than 25% and such annual consideration is less than HK\$10,000,000, in accordance with Rule 14A.34 of the Listing Rules, the New Tenancy Agreement is only subject to the reporting, announcement and annual review requirements but is exempted from the independent shareholders' approval requirements under the Listing Rules.

GENERAL

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

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

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“associate”	has the same meaning as ascribed thereto in the Listing Rules
“Company”	Melbourne Enterprises Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the same meaning as ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Foo Hang”	Foo Hang Jewellery, Limited, a company which shares are owned by the associates of Mr Lo
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Melbourne Plaza”	the building know as Melbourne Plaza located at 33 Queen's Road Central, Hong Kong
“Mr Lo”	Mr Lo Pak Shiu, an independent non-executive Director
“New Tenancy Agreement”	the tenancy agreement dated 25 February 2010 entered into between the Company as landlord and Foo Hang as tenant in relation to the leasing of the Premises by Foo Hang from the Company
“Premises”	Rooms 1801 – 1814 on the 18th Floor of Melbourne Plaza, 33 Queen's Road Central, Hong Kong

“Previous Tenancy Agreements”	the tenancy agreement dated 26 February 2009 entered into between the Company as landlord and Foo Hang as tenant in relation to the leasing of Rooms 1806 – 1814 on the 18th Floor of Melbourne Plaza by the Company to Foo Hang and the tenancy agreement dated 26 February 2009 entered into between the Company as landlord and Wah Lai as tenant in relation to the leasing of Rooms 1801 – 1805 on the 18th Floor of Melbourne Plaza by the Company to Wah Lai
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wai Lai”	Wah Lai Investment Company Limited, a company which shares are ultimately owned by Mr Lo and his associates
“%”	per cent.

By Order of the board of Directors
MELBOURNE ENTERPRISES LIMITED
Chung Yin Shu, Frederick
Director

Hong Kong, 25 February 2010

As at the date of this announcement, the board of Directors comprises (a) three executive Directors, namely Dato’ Dr Cheng Yu Tung, Mr Chung Ming Fai and Mr Chung Yin Shu, Frederick, one non-executive Director, namely Mr Chung Wai Shu, Robert and (c) four independent non-executive Directors, namely Mr Yuen Pak Yiu, Philip, Dr Fong Yun Wah, Mr Lo Pak Shiu and Mr Yuen Sik Ming, Patrick.