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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 TRANSACTIONS
TENANCY AGREEMENTS**

During the period between May 2003 and August 2008, the Company as landlord had entered into the Tenancy Agreements with the Connected Companies. As the Connected Companies are connected persons of the Company, the Tenancy Agreements constitute continuing connected transactions of the Company for the purpose of the Listing Rules.

The Tenancy Agreements are only subject to the reporting, announcement and annual review requirements under the Listing Rules but are exempted from the independent Shareholders' approval requirements under the Listing Rules.

THE TENANCY AGREEMENTS

During the period between May 2003 and August 2008, the Company as landlord had entered into the Tenancy Agreements with the Connected Companies which constitute exempt continuing connected transactions for the Company.

THE PR TENANCY AGREEMENTS

During the period between August 2004 and August 2008, the Company as landlord and Promising Realty as tenant had entered into the PR Tenancy Agreements in respect of the leasing of the PR Premises. The principal terms of such tenancy agreements are as follows:

Historical transactions

(a) Tenancy agreement dated 16 August 2004

- | | | |
|---------------|---|--|
| Tenancy term | : | 1 August 2004 to 31 July 2006 |
| Consideration | : | Rental of HK\$113,616 per month, exclusive of rates plus air-conditioning charges of HK\$16,411 per month and management fee of HK\$16,411 per month, all payable in advance on the first day of each calendar month |

(b) Tenancy agreement dated 1 August 2006

Tenancy term : 1 August 2006 to 31 July 2008

Consideration : Rental of HK\$132,552 per month, exclusive of rates plus air-conditioning charges of HK\$16,411 per month and management fee of HK\$16,411 per month, all payable in advance on the first day of each calendar month

Present on-going transaction

(c) Tenancy agreement dated 1 August 2008

Tenancy term : 1 August 2008 to 31 July 2010

Consideration : Rental of HK\$220,920 per month exclusive of rates plus air-conditioning charges of HK\$17,989 per month and management fee of HK\$17,989 per month, all payable in advance on the first day of each calendar month

According to the PR Tenancy Agreements, the Company may once every 12 months by one month's written notice increase the air-conditioning charges and/or management fees by not more than 10% of the original amount. The air-conditioning charges and management fee of the PR Premises has been adjusted to HK\$17,989 per month as from 1 January 2008.

The annual consideration payable to the Company under the PR Tenancy Agreements in respect of the years ended 30 September 2005, 2006, 2007 and 2008 were HK\$1,757,256, HK\$1,795,128, HK\$1,984,488 and HK\$2,189,628 respectively. Based on the monthly rental, air-conditioning charges and management fees payable under the tenancy agreement dated 1 August 2008 in respect of the PR Premises, the Company's right to increase the air-conditioning charges and/or management fees as well as additional air-conditioning charges in the event the tenant uses air-conditioning services after normal hours, it is expected that the aggregate amount payable under such tenancy agreement for the year ending 30 September 2009 and the 10 months period ending 31 July 2010 will be subject to the cap amounts of HK\$3,160,000 and HK\$2,640,000 respectively.

As the relevant applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual consideration payable to the Company under the PR Tenancy Agreements are more than 2.5% but less than 25% and the annual consideration are less than HK\$10,000,000, in accordance with Rule 14A.34(2) of the Listing Rules, the PR Tenancy Agreements are only subject to the reporting, announcement and annual review requirements under the Listing Rules but are exempted from the independent Shareholders' approval requirements under the Listing Rules.

THE FH TENANCY AGREEMENTS

During the period between May 2003 and March 2007, the Company as landlord and Foo Hang as tenant had entered into the FH Tenancy Agreements in respect of the leasing of the FH Premises. The principal terms of such tenancy agreements are as follows:

Historical transactions

(a) Tenancy agreement dated 10 May 2003

- Tenancy term : 1 March 2003 to 28 February 2005
- Consideration : Rental of HK\$75,284 per month exclusive of rates plus air-conditioning charges of HK\$12,358 per month and management fee of HK\$12,358 per month, all payable in advance on the first day of each calendar month
- Rent free period : From 1 March 2003 to 31 May 2003 and from 1 March 2004 to 31 May 2004

(b) Tenancy agreement dated 22 March 2005

- Tenancy term : 1 March 2005 to 28 February 2007
- Consideration : Rental of HK\$73,684 per month exclusive of rates plus air-conditioning charges of HK\$12,358 per month and management fee of HK\$12,358 per month, all payable in advance on the first day of each calendar month

Present on-going transaction

(c) Tenancy agreement dated 5 March 2007

- Tenancy term : 1 March 2007 to 28 February 2009
- Consideration : Rental of HK\$121,214 per month exclusive of rates plus air-conditioning charges of HK\$12,358 per month and management fee of HK\$12,358 per month, all payable in advance on the first day of each calendar month

According to the FH Tenancy Agreements, the Company may once every 12 months by one month's written notice increase the air-conditioning charges and/or management fees by not more than 10% of the original amount. The air-conditioning charges and management fee of the FH Premises has been adjusted to HK\$13,548 per month as from 1 January 2008.

The annual consideration payable to the Company under the FH Tenancy Agreements in respect of the years ended 30 September 2003, 2004, 2005, 2006, 2007 and 2008 were HK\$474,148, HK\$974,148, HK\$1,188,800, HK\$1,180,800, HK\$1,513,510 and HK\$1,772,580 respectively. Based on the monthly rental, air-conditioning charges and management fees payable under the tenancy agreement dated 5 March 2007 in respect of the FH Premises as well as additional air-conditioning charges in the event the tenant uses air-conditioning services after normal hours, it is expected that the aggregate amount payable under such tenancy agreement for the 5 months period ending 28 February 2009 will be subject to the cap amount of HK\$750,000.

THE WL TENANCY AGREEMENTS

During the period between May 2003 and March 2007, the Company as landlord and Wah Lai as tenant had entered into the WL Tenancy Agreements in respect of the leasing of the WL Premises. The principal terms of such tenancy agreements are as follows:

Historical transactions

(a) Tenancy agreement dated 10 May 2003

- Tenancy term : 1 March 2003 to 28 February 2005
- Consideration : Rental of HK\$60,226 per month exclusive of rates plus air-conditioning charges of HK\$9,887 per month and management fee of HK\$9,887 per month, all payable in advance on the first day of each calendar month
- Rent free period : From 1 March 2003 to 31 May 2003 and from 1 March 2004 to 31 May 2004

(b) Tenancy agreement dated 22 March 2005

- Tenancy term : 1 March 2005 to 28 February 2007
- Consideration : Rental of HK\$58,926 per month exclusive of rates plus air-conditioning charges of HK\$9,887 per month and management fee of HK\$9,887 per month, all payable in advance on the first day of each calendar month

Present on-going transaction

(c) Tenancy agreement dated 5 March 2007

- Tenancy term : 1 March 2007 to 28 February 2009
- Consideration : Rental of HK\$96,956 per month exclusive of rates plus air-conditioning charges of HK\$9,887 per month and management fee of HK\$9,887 per month, all payable in advance on the first day of each calendar month

According to the WL Tenancy Agreements, the Company may once every 12 months by one month's written notice increase the air-conditioning charges and/or management fees by not more than 10% of the original amount. The air-conditioning charges and management fee of the WL Premises has been adjusted to HK\$10,836 per month as from 1 January 2008.

The annual consideration payable to the Company under the WL Tenancy Agreements in respect of the years ended 30 September 2003, 2004, 2005, 2006, 2007 and 2008 were HK\$379,322, HK\$779,322, HK\$950,900, HK\$944,400, HK\$1,210,610 and HK\$1,417,842 respectively. Based on the monthly rental, air-conditioning charges and management fees payable under the tenancy agreement dated 5 March 2007 in respect of the WL Premises as well as additional air-conditioning charges in the event the tenant uses air-conditioning services after normal hours, it is expected that the aggregate amount payable under such tenancy agreement for the 5 months period ending 28 February 2009 will be subject to the cap amount of HK\$600,000.

As the relevant applicable percentage ratios calculated under Rule 14.07 of the current Listing Rules in respect of the aggregate annual consideration payable to the Company under the FH Tenancy Agreements and WL Tenancy Agreements for the financial year ended 30 September 2004 and for the 5 months ending 28 February 2009 are more than 0.1% but less than 2.5% and the aggregate annual consideration payable to the Company under the FH Tenancy Agreements and WL Tenancy Agreements for the financial years ended 30 September 2005 to 2008 are more than 2.5% but less than 25% and the annual consideration are less than HK\$10,000,000, in accordance with Rule 14A.34 of the Listing Rules, the FH Tenancy Agreements and the WL Tenancy Agreements are only subject to the reporting, announcement and annual review requirements under the Listing Rules but are exempted from the independent Shareholders' approval requirements under the Listing Rules.

REASONS FOR ENTERING INTO THE TENANCY AGREEMENTS

As the Connected Companies are associates of certain Directors of the Company, the Company would prefer to rent the premises to such companies which the Company is familiar with and which it can ensure punctual payment of rental and related charges.

The terms of the Tenancy Agreements were negotiated on an arm's length basis and the rental chargeable under the Tenancy Agreements were determined by reference to the then rental of similar buildings in the vicinity.

The Directors (including the independent non-executive Directors) consider that the Tenancy Agreements are entered into in the ordinary and usual course of business of the Company, and their terms are on normal commercial terms and both the Tenancy Agreements and the cap amounts set out above are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Promising Realty is a company which shares are ultimately owned by two executive Directors, namely Mr Chung and Mr Frederick Chung and a non-executive Director, namely Mr Robert Chung, and their associates; Foo Hang is a company which shares are owned by the associates of Mr Lo, an independent non-executive Director; and Wah Lai is a company which shares are ultimately owned by Mr Lo and his associates. Accordingly, each of the Connected Companies is a connected person of the Company under the Listing Rules and the Tenancy Agreements constitute continuing connected transactions of the Company for the purpose of the Listing Rules. Brief summary of the tenancies relating to the PR Premises and the FH Premises had been disclosed in note 20 of the financial statements contained in the Company's annual reports for the years 2003, 2004 and 2005 respectively as well as disclosed in note 25 of the financial statements contained in the Company's annual reports for the years 2006 and 2007 respectively. No other announcement was made by the Company in relation to the Tenancy Agreements due to inadvertent oversight. As no annual caps in respect of the Tenancy Agreements for the financial year ended 30 September 2008 was disclosed by the Company in previous announcements, the Company was informed by its auditors that they will not be able to confirm the matter as required under Rule 14A.38(4) of the Listing Rules.

The Tenancy Agreements are only subject to the reporting, announcement and annual review requirements under the Listing Rules but are exempted from the independent Shareholders' approval requirements under the Listing Rules.

GENERAL

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

The principal activity of Promising Realty is building management, the principal activity of Foo Hang is diamond and jewellery wholesale and retail and the principal activity of Wah Lai is property investment.

DEFINITIONS

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

“associates”	has the meaning 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 Companies”	Foo Hang, Promising Realty and Wah Lai
“Directors”	the directors of the Company
“FH Premises”	Rooms 1806 – 1814 on the 18 th Floor of Melbourne Plaza, 33 Queen’s Road Central, Hong Kong
“FH Tenancy Agreements”	the three tenancy agreements dated 10 May 2003, 22 March 2005 and 5 March 2007 respectively all entered into between the Company as landlord and Foo Hang as tenant in relation to the leasing of the FH Premises by Foo Hang from 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
“Mr Chung”	Mr Chung Ming Fai, an executive Director
“Mr Frederick Chung”	Mr Chung Yin Shu, Frederick, an executive Director
“Mr Lo”	Mr Lo Pak Shui, an independent non-executive Director
“Mr Robert Chung”	Mr Chung Wai Shu, Robert, a non-executive Director

“PR Premises”	Rooms 2401 – 2411 on the 24 th Floor of Melbourne Plaza, 33 Queen’s Road Central, Hong Kong
“PR Tenancy Agreements”	the three tenancy agreements dated 16 August 2004, 1 August 2006 and 1 August 2008 respectively all entered into between the Company as landlord and Promising Realty as tenant in relation to the leasing of the PR Premises by Promising Realty from the Company
“Promising Realty”	Promising Realty Limited, a company which shares are ultimately owned by Mr Chung, Mr Frederick Chung and their associates
“Shareholders”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreements”	the FH Tenancy Agreements, the PR Tenancy Agreements and the WL Tenancy Agreements
“Wah Lai”	Wah Lai Investment Company Limited, a company which shares are ultimately owned by Mr Lo and his associates
“WL Premises”	Rooms 1801 – 1805 on the 18 th Floor of Melbourne Plaza, 33 Queen’s Road Central, Hong Kong
“WL Tenancy Agreements”	the three tenancy agreements dated 10 May 2003, 22 March 2005 and 5 March 2007 respectively all entered into between the Company as landlord and Wah Lai as tenant in relation to the leasing of the WL Premises by Wah Lai from the Company
“%”	per cent.

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

Hong Kong, 6 January 2009

As at the date of this announcement, the board of the Company comprises (a) three executive Directors, namely Dato’ Dr Cheng Yu Tung, Mr Chung Ming Fai and Mr Chung Yin Shu, Frederick, (b) 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.