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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)

CONTINUING CONNECTED TRANSACTION

TENANCY AGREEMENT

On 23 February 2012, 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 a company which is owned as to more than 50% by the associates of Mr Lo, an independent non-executive Director. Accordingly, Foo Hang is 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 expected annual maximum amount payable to the Company under the Previous Tenancy Agreement and the New Tenancy Agreement for the year ending 30 September 2012 and under the New Tenancy Agreement for each of the two years ending 30 September 2013 and 30 September 2014 exceed HK\$1,000,000 and represent more than 0.1% but less than 5% of the applicable percentage ratios calculated under Rule 14.07 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 NEW TENANCY AGREEMENT

The Company had on 25 February 2010 entered into the Previous Tenancy Agreement in respect of the Premises pursuant to which the Company as landlord rented the Premises to Foo Hang. Particulars of the Previous Tenancy Agreement was disclosed in the announcement of the Company dated 25 February 2010. As the Previous Tenancy Agreement is due to expire on 29 February 2012, the Company had on 23 February 2012 entered into the New Tenancy Agreement in respect of the lease of the Premises to Foo Hang. The principal terms of the New Tenancy Agreement are as follows:

Parties : the Company as landlord and Foo Hang as tenant

Premises being leased : Rooms 1801 – 1814 on the 18th Floor of Melbourne Plaza

Tenancy term	:	1 March 2012 to 28 February 2014
Rental	:	Rental of HK\$336,954 per month exclusive of rates, air-conditioning charges and management fee
Air-conditioning charges and management fees	:	Air-conditioning charges of HK\$26,523 per month and management fee of HK\$26,523 per month

The rental, air-conditioning charges and management fees are 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 Agreement 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 fee, it is expected that the aggregate annual maximum amount payable under the Previous Tenancy Agreement and the New Tenancy Agreement for the year ending 30 September 2012 and the annual maximum amount payable under the New Tenancy Agreement for each of the two years ending 30 September 2013 and 30 September 2014 should not exceed HK\$4,540,000, HK\$4,870,000 and HK\$2,030,000 respectively (collectively, the "Annual Caps").

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 Agreement is due to expire on 29 February 2012 and due to the reason set out above, the Company has agreed to continue leasing the Premises to Foo Hang 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 amongst 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 both the terms of the New Tenancy Agreement and the Annual Caps 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.

CONTINUING CONNECTED TRANSACTIONS

Foo Hang is a company which is owned as to more than 50% by the associates of Mr Lo, an independent non-executive Director. Accordingly, Foo Hang is 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. In light of the interests of the associates of Mr Lo in Foo Hang as set out above, Mr Lo has abstained from voting on the resolutions proposed at the board meeting of the Company to approve the New Tenancy Agreement and the transactions contemplated thereunder and the Annual Caps.

As the expected annual maximum amount payable to the Company under the Previous Tenancy Agreement and the New Tenancy Agreement for the year ending 30 September 2012 and under the New Tenancy Agreement for each of the two years ending 30 September 2013 and 30 September 2014 exceed HK\$1,000,000 and represent more than 0.1% but less than 5% of the applicable percentage ratios calculated under Rule 14.07 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 is 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 of Hong Kong Limited
“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 as to more than 50% 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”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr Lo”	Mr Lo Pak Shiu, an independent non-executive Director
“New Tenancy Agreement”	the tenancy agreement dated 23 February 2012 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 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 the Company to Foo Hang

“%”

per cent.

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

Hong Kong, 23 February 2012

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, (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