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**Best Mart 360 Holdings Limited**

**優品360控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2360)**

**CONNECTED TRANSACTIONS  
AND  
CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO  
TENANCY AGREEMENTS**

The Board announces that, on 14 September 2023, Ciao International (as tenant) has entered into: (i) the On Yam Estate Tenancy Agreement with Glorious Supreme (as landlord) for a term of three years for the lease of the On Yam Estate Property; and (ii) the Shek Wai Kok Estate Tenancy Agreement with King Worldwide (as landlord) for a term of three years for the lease of the Shek Wai Kok Estate Property respectively.

In accordance with HKFRS 16 “Leases”, the Group is required to recognize an additional asset representing its right to use On Yam Estate Property and Shek Wai Kok Estate Property, and as a result, the entering into the On Yam Estate Tenancy Agreement and the Shek Wai Kok Estate Tenancy Agreement and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group for the purpose of the Listing Rules. The Variable Turnover Rent under the On Yam Estate Tenancy Agreement and the Shek Wai Kok Estate Tenancy Agreement will be recognized as expenses of the Group over the term of the On Yam Estate Tenancy Agreement and the Shek Wai Kok Estate Tenancy Agreement respectively.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, all of the issued shares of Glorious Supreme and King Worldwide are wholly-owned by Mr Lin, a substantial shareholder of the Company and an executive Director. Accordingly, each of Glorious Supreme and King Worldwide is a connected person of the Company under the Listing Rules. Hence, the transactions contemplated under the Tenancy Agreements, the payment of Fixed Base Rents under the Tenancy Agreements will be regarded as one-off connected transactions, whereas the payment of the Variable Turnover Rents under the Tenancy Agreements will be regarded as continuing connected transactions under Rule 14A.31 of the Listing Rules.

Given that the On Yam Estate Tenancy Agreement and the Shek Wai Kok Estate Tenancy Agreement were entered into within a 12-month period and the landlords under the On Yam Estate Tenancy Agreement and the Shek Wai Kok Estate Tenancy Agreement are wholly owned by the same connected person, the transactions under the On Yam Estate Tenancy Agreement and the Shek Wai Kok Estate Tenancy Agreement are required to be aggregated pursuant to Rules 14A.81 to 14A.83 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Aggregated Value of Right-of-Use Assets under the Tenancy Agreements is more than 0.1% but less than 5% and the Aggregated Value of Right-of-Use Assets is more than HK\$3,000,000, the connected transactions contemplated under the Tenancy Agreements are subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

According to Rule 14A.31 of the Listing Rules, the payment of Variable Turnover Rents under the Tenancy Agreements will be regarded as continuing connected transactions. As all the applicable percentage ratios in respect of the aggregated Annual Caps for the payment of Variable Turnover Rents are less than 5% and less than HK\$3,000,000, such continuing connected transactions under the Tenancy Agreements are exempted from the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board announces that, on 14 September 2023 (after trading hours), Ciao International (as tenant) has entered into the following tenancy agreements with Glorious Supreme and King Worldwide:

## PRINCIPAL TERMS OF THE TENANCY AGREEMENTS

### On Yam Estate Tenancy Agreement

Date:	14 September 2023
Parties:	(i) Glorious Supreme (as landlord) (ii) Ciao International (as tenant)
Leased property:	On Yam Estate Property
Term:	3 years commenced from 18 September 2023 and expiring on 17 September 2026 (both days inclusive)
Monthly Rental:	(i) monthly base rent of HK\$50,000 (“ <b>On Yam Property Fixed Base Rent</b> ”); and (ii) a turnover rent of 5% monthly gross receipts exceeding the On Yam Property Fixed Base Rent (“ <b>On Yam Property Variable Turnover Rent</b> ”), exclusive of government rates, management charge, air-conditioning charge and other outgoings and inclusive of government rent
Deposit:	HK\$178,047
User:	the operation of a retail store under the name of “Best Mart 360° (優品360°)”

## Shek Wai Kok Estate Tenancy Agreement

Date:	14 September 2023
Parties:	(i) King Worldwide (as landlord) (ii) Ciao International (as tenant)
Leased property:	Shek Wai Kok Estate Property
Term:	3 years commenced from 16 October 2023 and expiring on 15 October 2026 (both days inclusive)
Monthly Rental:	(i) monthly base rent of HK\$50,000 (“ <b>Shek Wai Kok Property Fixed Base Rent</b> ”); and (ii) a turnover rent of 5% monthly gross receipts exceeding the Shek Wai Kok Property Fixed Base Rent (“ <b>Shek Wai Kok Property Variable Turnover Rent</b> ”), exclusive of government rates, management charge, air-conditioning charge and other outgoings and inclusive of government rent
Deposit:	HK\$189,099
User:	the operation of a retail store under the name of “Best Mart 360° (優品360°)”

The Fixed Rental Payments and the Variable Turnover Rents will be financed by the internal resources of the Group.

### AGGREGATED VALUE OF RIGHT-OF-USE ASSETS

In accordance with HKFRS 16 “Leases”, the Group is required to recognize an additional asset representing its right to use On Yam Estate Property and Shek Wai Kok Estate Property, and as a result, the entering into the On Yam Estate Tenancy Agreement and the Shek Wai Kok Estate Tenancy Agreement and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group for the purpose of the Listing Rules. Based on the present value of the aggregated Fixed Rental Payments for the entire terms of the Tenancy Agreements as discounted using a discount rate which is equivalent to the Company’s incremental borrowing rate, the Aggregated Value of Right-of-Use Assets of the Tenancy Agreements recognised by the Company in accordance with HKFRS 16 amounted to approximately HK\$3,077,654.93 (unaudited).

## THE ANNUAL CAPS

The Variable Turnover Rents under the On Yam Estate Tenancy Agreement and the Shek Wai Kok Estate Tenancy Agreement will be recognized as expenses of the Group over the term of the respective Tenancy Agreement. The payment of Variable Turnover Rents will constitute continuing connected transactions pursuant to the Listing Rules. The annual caps proposed by the Company (“**Annual Caps**”) for the payment of Variable Turnover Rents are estimated as follows:

<b>Annual Cap for the year ending 31 December</b>	<b>On Yam Estate Tenancy Agreement</b>	<b>Shek Wai Kok Estate Tenancy Agreement</b>
2023	HK\$250,000	HK\$250,000
2024	HK\$1,000,000	HK\$1,000,000
2025	HK\$1,000,000	HK\$1,000,000
2026	HK\$750,000	HK\$750,000

The Annual Caps are determined based on various major factors and assumptions:

- (i) the expected growth in sales turnover generated from the purchasing power and daily needs and necessities from the local community;
- (ii) the Group’s capability in continuously sourcing comprehensive collection of products with quality and competitive prices that are attractive to customers; and
- (iii) a buffer for any unanticipated fluctuations of sales turnover affecting the normal operation of the retail stores at the On Yam Estate Property and Shek Wai Kok Estate Property.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE ON YAM ESTATE TENANCY AGREEMENT AND THE SHEK WAI KOK ESTATE TENANCY AGREEMENT**

Currently, the Group operates a total of 155 chain retail stores in Hong Kong. The Group’s lease of the On Yam Estate Property and Shek Wai Kok Estate Property to operate the “Best Mart 360°” brand retail stores is conducted after comprehensive market research and assessment, and shall optimize the Group’s retail store-location strategy and enhance the Group’s overall performance.

The terms of the Tenancy Agreements (including the Fixed Rental Payments and the Variable Turnover Rents) were determined after arm’s lengths’ negotiations between Ciao International and each of Glorious Supreme and King Worldwide, with reference to the prevailing market rates of similar properties in the vicinity of such properties.

Given that the terms of the Tenancy Agreements have been negotiated on an arm’s length basis and the Tenancy Agreements are entered into on normal commercial terms and in the ordinary and usual course of business of the Group, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Tenancy Agreements, the transactions contemplated under the Tenancy Agreements and the Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

As Mr Lin has material interests in the transactions contemplated under the Tenancy Agreements due to his shareholdings in Glorious Supreme and King Worldwide respectively, Mr Lin had abstained from voting on the resolutions passed by the Board to approve the Tenancy Agreements, the transactions contemplated under the Tenancy Agreements and the Annual Caps. Save as disclosed, none of the Directors has a material interest in the transactions contemplated under the Tenancy Agreements or is required to abstain from voting on the Board resolutions in relation to the Tenancy Agreements, the transactions contemplated under the Tenancy Agreements and the Annual Caps.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, all of the issued shares of Glorious Supreme and King Worldwide are wholly-owned by Mr Lin, a substantial shareholder of the Company and an executive Director. Accordingly, each of Glorious Supreme and King Worldwide is a connected person of the Company under the Listing Rules. Hence, the transactions contemplated under the Tenancy Agreements, the payment of Fixed Base Rents under the Tenancy Agreements will be regarded as one-off connected transactions, whereas the payment of the Variable Turnover Rents under the Tenancy Agreements will be regarded as continuing connected transactions under Rule 14A.31 of the Listing Rules.

Given that the On Yam Estate Tenancy Agreement and the Shek Wai Kok Estate Tenancy Agreement were entered into within a 12-month period and the landlords under the On Yam Estate Tenancy Agreement and the Shek Wai Kok Estate Tenancy Agreement are wholly owned by the same connected person, the transactions under the On Yam Estate Tenancy Agreement and the Shek Wai Kok Estate Tenancy Agreement are required to be aggregated pursuant to Rules 14A.81 to 14A.83 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Aggregated Value of Right-of-Use Assets under the Tenancy Agreements is more than 0.1% but less than 5% and the Aggregated Value of Right-of-Use Assets is more than HK\$3,000,000, the connected transactions contemplated under the Tenancy Agreements are subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

According to Rule 14A.31 of the Listing Rules, the payment of Variable Turnover Rents under the Tenancy Agreements will be regarded as continuing connected transactions. As all the applicable percentage ratios in respect of the aggregated Annual Caps for the payment of Variable Turnover Rents are less than 5% and less than HK\$3,000,000, such continuing connected transactions under the Tenancy Agreements are exempted from the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INFORMATION OF THE GROUP**

The Group is a leisure food retailer operating chain retail stores under the brand "Best Mart 360° (優品360°)" in Hong Kong, Macau and Mainland China.

Ciao International, an indirect wholly-owned subsidiary of the Company, is principally engaged in the operation of chain retail stores in Hong Kong.

## **INFORMATION OF GLORIOUS SUPREME AND KING WORLDWIDE**

Both of Glorious Supreme and King Worldwide are principally engaged in property investment.

To the best of the Directors' information and belief, having made all reasonable enquiries, as at the date of this announcement all of the issued shares of Glorious Supreme and King Worldwide are wholly-owned by Mr Lin, a substantial shareholder of the Company and an executive Director. Accordingly, each of Glorious Supreme and King Worldwide is a connected person of the Company under the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Aggregated Value of Right-of-Use Assets”	being the unaudited present value of the aggregated Fixed Rental Payment for the entire terms of the Tenancy Agreements as discounted and recognised by the Company in accordance with HKFRS 16 for the right to use of On Yam Estate Property and Shek Wai Kok Estate Property
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Ciao International”	CIAO International Limited (彩鷗國際有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Company”	Best Mart 360 Holdings Limited (stock code: 2360), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Fixed Rental Payment”	Collectively, the On Yam Property Fixed Base Rent and the Shek Wai Kok Property Fixed Base Rent
“Glorious Supreme”	Glorious Supreme Limited (輝萃有限公司), a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr Lin, and accordingly a connected person of the Company

“Group”	the Company and its Subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“King Worldwide”	King Worldwide Holdings Limited (景灝集團有限公司), a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Lin, and accordingly a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“Mr Lin”	Mr Lin Tsz Fung, an executive Director and a substantial shareholder of the Company (as defined in the Listing Rules) as at the date of this announcement
“On Yam Estate Property”	the property located at Shop Nos. 102-102A on the First Floor, Commercial Centre (also known as On Yam Shopping Centre), Commercial/Car Park Block (forming part of Commercial/Car Park Accommodation), On Yam Estate, No.7 On Chuk Street, Kwai Chung, New Territories, Hong Kong
“On Yam Estate Tenancy Agreement”	the tenancy agreement dated 14 September 2023 entered into between Ciao International and Glorious Supreme in relation to the On Yam Estate Property for a term of three years commenced from 18 September 2023 and expiring on 17 September 2026
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shek Wai Kok Estate Property”	the property located at Shop No.328 on the Second Floor, Shopping Centre 1 (forming part of Commercial Block) (also known as Shek Wai Kok Shopping Centre), Shek Wai Kok Estate, 3 Shek Wai Kok Road, Tsuen Wan, New Territories, Hong Kong
“Shek Wai Kok Estate Tenancy Agreement”	the tenancy agreement dated 14 September 2023 entered into between Ciao International and King Worldwide in relation to the Shek Wai Kok Estate Property for a term of three years commencing from 16 October 2023 and expiring on 15 October 2026

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiaries”	has the same meaning as in Section 15 of the Companies Ordinance (Cap 622) of the Laws of Hong Kong and if the context requires, for the purpose of the Listing Rules only, has the meaning ascribed to it under Rule 1.01 of the Listing Rules;
“Tenancy Agreements”	the On Yam Estate Tenancy Agreement and the Shek Wai Kok Estate Tenancy Agreement
“Variable Turnover Rents”	Collectively, the On Yam Property Variable Turnover Rent and the Shek Wai Kok Property Variable Turnover Rent
“%”	per cent.

By order of the Board  
**Best Mart 360 Holdings Limited**  
**Li Guanpeng**  
*Chairman*

Hong Kong, 14 September 2023

*As at the date of this announcement, the executive Directors are Mr. Li Guanpeng, Ms. Cui Qian, Mr. Lu Rong, Mr. Liu Yunfeng, Mr. Huang Shengchao, Ms. Wang Kanglin, Mr. Lin Tsz Fung and Ms. Hui Ngai Fan; and the independent non-executive Directors are Mr. Sze Irons, Ms. Choy So Yuk, Mr. Lee Ka Lun and Ms. Chan Yuen Sau Kelly.*