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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)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
(1) THE CMBL LOGISTICS SERVICES FRAMEWORK AGREEMENT;
AND
(2) THE CMQHW TRANSPORTATION FRAMEWORK AGREEMENT

THE AGREEMENTS

The Board announces that, on 12 April 2024 (after trading hours): (i) CIAO International (a wholly-owned subsidiary of the Company) and CMBL entered into the CMBL Logistics Services Framework Agreement in relation to the provision of customs clearance, warehousing and related logistics services by CMBL to CIAO International for its goods from 12 April 2024 to 31 December 2026; and (ii) CIAO International and CMQHW entered into the CMQHW Transportation Framework Agreement in relation to the provision of land transportation services of goods between Shenzhen and Hong Kong and other related supporting services by CMQHW to CIAO International from 12 April 2024 to 31 December 2026.

LISTING RULES IMPLICATIONS

As CMHT, a substantial shareholder of the Company, and both CMBL and CMQHW are indirect subsidiaries of CMG, each of CMBL and CMQHW is considered as an associate of CMHT, and therefore a connected person of the Company as defined under the Listing Rules. As such, the entering into of (i) the CMBL Logistics Services Framework Agreement between CIAO International and CMBL and (ii) the CMQHW Transportation Framework Agreement between CIAO International and CMQHW, and the respective transactions contemplated thereunder will become continuing connected transactions of the Company under the Listing Rules.

The CMBL Annual Cap and the CMQHW Annual Cap have been aggregated for the purpose of calculating the relevant percentage ratios under the Listing Rules. As one or more applicable percentage ratios in respect of the Annual Caps exceeds 0.1% but is less than 5%, the Transactions and the Annual Caps are subject to the reporting, announcement and annual review requirements, but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. BACKGROUND

The Board announces that, on 12 April 2024 (after trading hours): (i) CIAO International (a wholly-owned subsidiary of the Company) and CMBL entered into the CMBL Logistics Services Framework Agreement in relation to the provision of customs clearance, warehousing and related logistics services by CMBL to CIAO International for its goods from 12 April 2024 to 31 December 2026; and (ii) CIAO International and CMQHW entered into the CMQHW Transportation Framework Agreement in relation to the provision of land transportation services of goods between Shenzhen and Hong Kong and other related supporting services by CMQHW to CIAO International from 12 April 2024 to 31 December 2026.

2. THE AGREEMENTS

CMBL Logistics Services Framework Agreement

The principal terms of the CMBL Logistics Services Framework Agreement are summarized as follows:

Date	:	12 April 2024
Parties	:	(1) CIAO International; and (2) CMBL
Term	:	12 April 2024 to 31 December 2026

Subject matter : CIAO International and CMBL agree that (i) CMBL shall provide customs clearance, warehousing and related logistics services to CIAO International for its goods, and (ii) CIAO International shall appoint CMBL as its sole customs clearance service provider in Shenzhen Qianhai Comprehensive Bonded Zone (深圳前海綜合保稅區) (the “**CMBL Transactions**”).

Service fees and pricing principle : CIAO International shall pay service fees to CMBL. The service fees under the CMBL Logistics Service Framework Agreement shall be determined based on the service content, including but not limited to, the weight and amount of cargo to be stored and delivered, the complexity of the logistics and supply chain solutions (such as transportation costs, duration of storage, packaging costs, and fees for customs clearance) and other service specifications.

The service fees are stated in the fee scale set out in the CMBL Logistics Service Framework Agreement, which is calculated by multiplying the number of goods involved, tonnage of goods to be stored and the number of vehicles involved at a unit rate determined with reference to the prevailing market rate by comparing quotations from other independent service providers for such services and analysing such market information and after arm’s length negotiation between CIAO International and CMBL.

Payment terms : CIAO International shall pay CMBL an operation deposit of RMB3,000,000 (which may be adjusted depending on the size of the operation volume) within 10 days after the date of the CMBL Logistics Services Framework Agreement. The deposit shall be returned to CIAO International without interest upon termination of the CMBL Logistics Services Framework Agreement.

CMBL will, by the 5th day of each month, provide an invoice setting out details of the service fees incurred for the previous calendar month to CIAO International, after receipt of which CIAO International should pay such service fees to CMBL within 30 days.

CMQHW Transportation Framework Agreement

The principal terms of the CMQHW Transportation Framework Agreement are set out below:

- Date : 12 April 2024
- Parties : (1) CIAO International; and
(2) CMQHW
- Term : 12 April 2024 to 31 December 2026
- Subject matter : CIAO International and CMQHW agree that CMQHW shall provide land transportation services of goods between Shenzhen and Hong Kong and other supporting services to CIAO International (the “**CMQHW Transactions**”).
- Service fees and pricing principle : CIAO International shall pay service fees to CMQHW. The services fees under the CMQHW Transportation Framework Agreement shall be determined based on the service content, including but not limited to, the timing of transportation, the number of vehicles required, the weight and number of cargo to be transported.
- The service fees are stated in the fee scale set out in the CMQHW Transportation Framework Agreement, which is calculated by multiplying the number of cargo to be transported at a unit rate determined with reference to the prevailing market rate by comparing quotations from other independent service providers for the transportation service for the same itinerary and analysing such market information and after arm’s length negotiation between CIAO International and CMQHW.
- Payment terms : CMQHW will, by the 10th day of each month, provide an invoice setting out details of the service fees incurred for the previous calendar month to CIAO International, after receipt of which CIAO International should pay such service fees to CMQHW within 30 days.

3. ANNUAL CAPS OF THE AGREEMENTS AND BASIS OF DETERMINATION

There are no historical transaction amounts with respect to the Transactions.

The table below sets out the Annual Caps of the Transactions for the period from the Effective Date to 31 December 2024, and the two years ending 31 December 2026:

	For the period from the Effective Date to 31 December 2024 HK\$'000	For the year ending 31 December 2025 HK\$'000	For the year ending 31 December 2026 HK\$'000
CMBL Transactions	12,956	22,527	22,527
CMQHW Transactions	5,687	7,582	7,582

In determining the CMBL Annual Cap, the Board has considered generally (i) the expected level of services for the CMBL Transactions and the amount of goods that may be cleared and stored in the warehouse facilities provided by CMBL; (ii) the expansion and development plan of the Group; and (iii) the cost inflation trend.

In determining the CMQHW Annual Cap, the Board has considered generally (i) the expected level of services for the CMQHW Transactions and the amount of goods that may be transported from the warehouse facilities provided by CMBL in Shenzhen to Hong Kong; (ii) the expansion and development plan of the Group; and (iii) the cost inflation trend.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

Given that CMPH is a leading provider of bonded logistics in the PRC in particular in Shenzhen, the Group can leverage on the cooperation with CMPH and CMPH's bonded logistics services to manage the logistics and transportation of the Group's products more efficiently. This collaboration grants the Group access to reliable and cost-effective supply chain solutions in Mainland China, especially when the Group is tackling the current labor shortage while simultaneously expanding its retail operations in Hong Kong.

Based on the aforesaid, the Board (including the independent non-executive Directors but excluding Ms. Chan Yuen Sau Kelly as she is also an independent non-executive director of CMPH) is of the view that the transactions under each of the Agreements are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of each of the Agreements and the respective Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. LISTING RULES IMPLICATIONS

As CMHT, a substantial shareholder of the Company, and both CMBL and CMQHW are indirect subsidiaries of CMG, each of CMBL and CMQHW is considered as an associate of CMHT, and therefore a connected person of the Company as defined under the Listing Rules. As such, the entering into of (i) the CMBL Logistics Services Framework Agreement between CIAO International and CMBL and (ii) the CMQHW Transportation Framework Agreement between CIAO International and CMQHW, and the respective transactions contemplated thereunder will become continuing connected transactions of the Company under the Listing Rules.

The CMBL Annual Cap and the CMQHW Annual Cap have been aggregated for the purpose of calculating the relevant percentage ratios under the Listing Rules. As one or more applicable percentage ratios in respect of the Annual Caps exceeds 0.1% but is less than 5%, the Transactions and the Annual Caps are subject to the reporting, announcement and annual review requirements, but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Ms. Chan Yuen Sau Kelly, an independent non-executive Director, has abstained from voting on the relevant resolution(s) of the Board to approve the entering into of the Agreements as she is also an independent non-executive director of CMPH. Save as disclosed above, none of the Directors has any interest in the transactions contemplated under the Agreements and none of them has abstained from voting on the relevant resolution(s) of the Board.

6. INTERNAL CONTROL MEASURES

In order to effectively implement the Agreements, the Group has adopted the following internal control measures:

- (i) relevant members of staff of the business department of the Company (or its subsidiaries) have been designated to review the market price of the services provided under the Agreements by obtaining quotations of similar services from other third party suppliers on a monthly basis;
- (ii) the financial department of the Group will monitor the Transactions under the Agreements on a monthly basis to ensure that the amount of each of the Transactions will not exceed the respective Annual Cap. If the amount of any of the Transactions is close to the respective Annual Cap, the management of the Company will renew the relevant Annual Cap or suspend the relevant Transaction, as appropriate;

- (iii) the Company’s external auditors will conduct an annual review of the Transactions to ensure that the amount of each of the Transactions is within the respective Annual Cap and that such Transactions are conducted in accordance with the terms set out in the Agreements;
- (iv) the independent non-executive Directors will conduct an annual review of the status of the Transactions to ensure that the Company has complied with the internal approval procedures, the terms of the Agreements and the relevant requirements under the Listing Rules; and
- (v) the financial department of the Group will, from time to time, review and conduct sample checks on the relevant transaction documents and ensure that the pricing principles, the bases of determination of the Annual Caps, and the internal control procedures are complied with.

7. INFORMATION ON THE PARTIES

CIAO International

CIAO International, an indirect wholly-owned subsidiary of the Company, is principally engaged in the retailing of food and beverage, household and personal care products under the “Best Mart 360°” and “FoodVille” brand stores in Hong Kong.

The Company

The Company is a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 2360). The Company is an investment holding company and its subsidiaries are leisure food retailers operating chain retail stores under the brands “Best Mart 360°” and “FoodVille” in Hong Kong and Macau. The Group offers wide selection of imported pre-packaged leisure foods and other grocery products principally from overseas, which can be broadly categorized into (i) chocolates and confectioneries; (ii) nuts and dried fruits; (iii) packaged bakery products and snacks; (iv) biscuits and pastries; (v) cereals and milk; (vi) beverages and wine; (vii) rice, noodles and groceries; (viii) frozen and chilled food; and (ix) other products, such as personal care products, daily items and anti-epidemic products.

CMBL and CMQHW

CMBL is a company incorporated in the PRC and its principal activity is provision of bonded logistics services. CMBL is a 60%-owned subsidiary of CMPH and 40%-owned by China Merchants Port Group Co., Ltd. (招商局港口集團股份有限公司), a substantial shareholder of CMPH.

CMQHW is a company incorporated in the PRC and an indirect 60%-owned subsidiary of CMPH. Its principal activity is the provision of transportation, warehousing and integrated logistics services.

CMPH is an investment holding company incorporated in Hong Kong and whose shares are listed on the Main Board of the Stock Exchange (stock code: 144). As the ultimate controlling shareholder of CMPH is CMG, CMPH is a fellow subsidiary of CMHT, a substantial shareholder of the Company.

CMG is a state wholly-owned enterprise established under the laws of the PRC on 14 October 1986 under the direct control of the SASAC. It mainly provides services in three sectors, including transportation and related infrastructure, financial investment and asset management, and industry park and property development and management.

8. DEFINITIONS

Unless otherwise stated, the following expressions have the following meanings in this announcement:

“Agreements”	collectively, the CMBL Logistics Services Framework Agreement and the CMQHW Transportation Framework Agreement
“Annual Caps”	collectively, the CMBL Annual Cap and the CMQHW Annual Cap
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“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
“CMBL”	China Merchants Bonded Logistics Co., Limited* (招商局保稅物流有限公司), a company incorporated in the PRC held by CMPH as to 60% and China Merchants Port Group Co., Ltd as to 40%, which is a substantial shareholder of CMPH
“CMBL Annual Cap”	the maximum annual transaction amount payable by CIAO International in respect of the CMBL Transactions
“CMBL Logistics Services Framework Agreement”	the logistics services framework agreement dated 12 April 2024 entered into between CIAO International and CMBL
“CMBL Transactions”	has the meaning ascribed to it under the section headed “The Agreements – CMBL Logistics Services Framework Agreement – Subject matter”

“CMG”	China Merchants Group Limited (招商局集團有限公司), state wholly-owned enterprise established under the laws of the PRC on 14 October 1986 under the direct control of the SASAC, being the ultimate controlling shareholder of CMBL, CMQHW, CMPH, CMHT and the Company
“CMHT”	China Merchants Hoi Tung Trading Company Limited (招商局海通貿易有限公司), a company incorporated in Hong Kong with limited liability which is an indirect wholly-owned subsidiary of CMG and a substantial shareholder of the Company
“CMPH”	China Merchants Port Holdings Company Limited (招商局港口控股有限公司), a company incorporated in Hong Kong and whose shares are listed on the Main Board of the Stock Exchange (stock code: 144)
“CMQHW”	China Merchants Qian Hai Wan (Shenzhen) Supply Chain Management Co., Ltd.* (招商前海灣(深圳)供應鏈管理有限公司), a company incorporated in the PRC indirectly held by CMPH as to 60% and China Merchants Port Group Co., Ltd. as to 40%, which is a substantial shareholder of CMPH
“CMQHW Annual Cap”	the maximum annual transaction amount payable by CIAO International to CMQHW in respect of the CMQHW Transactions
“CMQHW Transactions”	has the meaning ascribed to it under the section headed “The Agreements – CMQHW Transportation Framework Agreement – Subject matter”
“CMQHW Transportation Framework Agreement”	the transportation framework agreement dated 12 April 2024 entered into between CIAO International and CMQHW

“Company”	Best Mart 360 Holdings Limited (優品360控股有限公司), a company incorporated in the Cayman Islands with limited liability and whose securities are listed on the Main Board of the Stock Exchange (stock code: 2360)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Effective Date”	12 April 2024
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macao Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holder(s) of the share(s) of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Transactions”	collectively, the CMBL Transactions and the CMQHW Transactions
“%”	per cent.

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

Hong Kong, 12 April 2024

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