

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



MILAN STATION HOLDINGS LIMITED

米蘭站控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1150)

CONNECTED TRANSACTION – RENEWAL OF THE LEASE AGREEMENT

RENEWAL OF LEASE AGREEMENT

The Board announces that on 17 June 2022, Milan CWB, an indirectly wholly-owned subsidiary of the Company, as Lessee, agreed and finalised the terms of the New Lease Agreement with Excel Trend Limited, as Lessor, to renew the existing lease in respect of the Premises where Milan CWB agreed to lease from Excel Trend Limited commencing from 17 June 2022 to 16 June 2025 (both days inclusive) for retail use.

IMPLICATIONS OF THE LISTING RULES

Excel Trend is a company incorporated in Hong Kong with limited liability and the entire issued share capital of which is indirectly and beneficially wholly-owned by Mr. Yiu, being an associate of Mr. Gary Yiu. Mr. Gary Yiu, being the director of a subsidiary of the Group and the brother of Mr. Yiu. Excel Trend, being an associate of Mr. Yiu, is therefore a connected person of the Company under Rule 14A.07 of the Listing Rules.

Pursuant to HKFRS 16, as a result of the renewal of the lease agreement, the Group shall recognise the right-of-use asset in the consolidated financial statements of the Company, and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group in accordance with the Rule 14.04(1)(a) of the Listing Rules.

As the applicable percentage ratio (as defined under Rule 14.04(9) of the Listing Rules) in respect of the New Lease Agreement based on the value of the right-of-use asset recognised by the Group pursuant to HKFRS 16 exceeds 5% but less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is accordingly subject to the reporting and announcement requirements but is exempted from shareholders' approval requirement.

THE NEW LEASE AGREEMENT

The Board announces that on 17 June 2022, Milan CWB, as Lessee, entered into the New Lease Agreement with Excel Trend Limited, as lessor, the particulars of which are set out below:

Date:	17 June 2022
Lessee:	Milan CWB
Lessor:	Excel Trend Limited
Location:	Area E and F on the Ground Floor of the Percival House, No. 77-83 Percival Street, Causeway Bay, Hong Kong
Term:	Three (3) years commencing from 17 June 2022 to 16 June 2025.
Principal terms:	Excel Trend Limited will lease the Premises to Milan CWB for retail use.
Monthly rent:	Monthly rent of HK\$220,000 from 17 June 2022 to 16 June 2025 (exclusive of government rates and management fees).
Total consideration payable:	The total consideration payable under the New Lease Agreement including rent, service and management charges by the Lessee is approximately HK\$7.92 million
Deposit:	HK\$660,000

The terms (including the rent and management fee) of the New Lease Agreement were determined after arm's length negotiations between the Lessor and Lessee and with reference to the prevailing market rental for properties of similar type, age and location.

The rent is expected to be funded through the internal resources of the Group.

REASONS FOR AND BENEFITS OF THE NEW LEASE AGREEMENT

The Group is principally engaged in the retail of handbags, fashion accessories, embellishments and spa and wellness products in Hong Kong under the brand names of "Milan Station" and "THANN". The Group currently operates "Milan Station" retail stores, the "THANN" retail stores in Hong Kong as at the date of this announcement. The Board considered that entering into of the New Lease Agreement is in the interest of the Group to secure its profitability.

In addition, the terms (including the rent and management fee) of the New Lease Agreement were determined after arm's length negotiations between the Lessor and Lessee and with reference to the prevailing market rental for properties of similar type, age and location. The Directors consider that the terms of the New Lease Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

The Company was incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange. Milan CWB is principally engaged in the retailing of handbags, fashion accessories and embellishments and spa and wellness products and is an indirectly wholly-owned subsidiary of the Company.

Excel Trend is a company incorporated in Hong Kong with limited liability and indirectly beneficially wholly-owned by Mr. Yiu, being an associate of Mr. Gary Yiu.

Mr. Gary Yiu, being the director of a subsidiary of the Group and the brother of Mr. Yiu.

IMPLICATIONS OF THE LISTING RULES

Excel Trend is a company incorporated in Hong Kong with limited liability and the entire issued share capital of which is indirectly and beneficially wholly-owned by Mr. Yiu, being an associate of Mr. Gary Yiu. Mr. Gary Yiu, being the director of a subsidiary of the Group and the brother of Mr. Yiu. Excel Trend, being an associate of Mr. Yiu, is therefore a connected person of the Company under Rule 14A.07 of the Listing Rules.

Pursuant to HKFRS 16, as a result of the renewal of the lease agreement, the Group shall recognise an additional asset representing its right to use the Premises. As such, the transaction will be regarded as an acquisition of asset by the Group under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules. Based on preliminary estimation of the Company, the value of the right-of-use asset to be recognised by the Company under the New Lease Agreement shall amount to approximately HK\$7.6 million, which is the present value of aggregated lease payments, plus initial direct costs and estimated reinstatement cost with the lease in accordance with HKFRS 16. Discount rate is equivalent to the Company's incremental borrowing rate during the entire term of the New Lease Agreement, is applied to compute the present value of aggregate lease payments under the New Lease Agreement.

As the applicable percentage ratio (as defined under Rule 14.04(9) of the Listing Rules) in respect of the New Lease Agreement based on the value of the right-of-use asset recognised by the Group pursuant to HKFRS 16 exceeds 5% but less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is accordingly subject to the reporting and announcement requirements but is exempted from shareholders' approval requirement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following respective meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Milan Station Holdings Limited (米蘭站控股有限公司), 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
“Excel Trend”	Excel Trend Limited (卓風有限公司), a company incorporated in Hong Kong with limited liability and indirectly beneficially wholly-owned by Mr. Yiu
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Lessee”	Milan CWB
“Lessor”	Excel Trend Limited
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of the Growth Enterprise Market of the Stock Exchange (excluding the option market) and which stock market continues to be operated by the Stock Exchange in parallel with the Growth Enterprise Market of the Stock Exchange (for avoidance of doubt, the Main Board excludes the Growth Enterprise Market)

“Milan CWB”	Milan Station (Causeway Bay) Limited (米蘭站(銅鑼灣)有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Mr. Gary Yiu”	Mr. Yiu Kwan Wai, the director of a subsidiary of the Group and the brother of Mr. Yiu
“Mr. Yiu”	Mr. Yiu Kwan Tat, being an associate of Mr. Gary Yiu
“New Lease Agreement”	the lease agreement in relation to the Premises, the principal terms of which are set out in the section headed “RENEWAL OF THE LEASE AGREEMENT” in this announcement
“Premises”	the premises situated at Area E and F on the Ground Floor of the Percival House, No. 77-83 Percival Street, Causeway Bay, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
Milan Station Holdings Limited
Hu Bo
Director

Hong Kong, 17 June 2022

As at the date of this announcement, the Board comprises Mr. HU Bo, Mr. LI Zhongqi and Ms. LIN Mei Sze as Executive Directors; Mr. CHAN Chi Hung, Mr. TOU Kin Chuen and Mr. Choi Kam Yan Simon as Independent Non-executive Directors.