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**New Hope Service Holdings Limited**

**新希望服務控股有限公司**

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

**(Stock Code: 3658)**

## **CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAPS FOR FRAMEWORK AGREEMENTS**

### **REVISION OF ANNUAL CAPS OF FRAMEWORK AGREEMENTS**

The Board announces that on 13 December 2021 (after trading hours), the Company has entered into the Supplemental Agreements to (i) revise the existing annual caps for the three years ending 31 December 2023 in respect of the transactions contemplated under the Master Dairy Products Purchase Agreement; (ii) revise the existing annual caps for the two years ending 31 December 2022 and 31 December 2023 in respect of the transactions contemplated under the Master Purchase Agreement; and (iii) revise the existing annual caps for the three years ending 31 December 2023 in respect of the transactions contemplated under the Master Sales Agreement and expand the existing scope to include gift box, alcohol and other farm and sideline products.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, New Hope Holdings is indirectly wholly owned by Mr. Liu, one of the Company's controlling shareholders. Hence, New Hope Holdings is an associate of Mr. Liu, and a connected person of the Company. New Hope Dairy is indirectly controlled by Ms. Liu Chang, one of the Company's controlling shareholders. Hence, New Hope Dairy is an associate of Ms. Liu Chang, and a connected person of the Company. Accordingly, the transactions contemplated under the Supplemental Master Dairy Products Purchase Agreement, the Supplemental Master Purchase Agreement, and the Supplemental Master Sales Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the revised annual caps under each of the Supplemental Agreements, are, on an annual basis, more than 0.1% but all of which are less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## BACKGROUND

Reference is made to the Prospectus in respect of, among other things, (1) the Master Dairy Products Purchase Agreement entered into between the Company and New Hope Dairy; (2) the Master Purchase Agreement and the Master Sales Agreement entered into between the Company and New Hope Holdings; and (3) the annual caps stipulated thereunder.

The Board found that the respective transaction amounts under the Master Dairy Products Purchase Agreement and the Master Sales Agreement are approaching their respective existing annual caps for the year ending 31 December 2021. The Board expects that the transaction amount in respect of each of the Master Dairy Products Purchase Agreement and the Master Sales Agreement will increase and the existing annual caps for the three years ending 31 December 2023 may not be sufficient to cover the same. Meanwhile, the Board expects the transaction amount in respect of the Master Purchase Agreement will increase and the existing annual caps for the two years ending 31 December 2022 and 31 December 2023 may not be sufficient. Therefore, on 13 December 2021 (after trading hours), the Company entered into the Supplemental Agreements with New Hope Holdings and New Hope Dairy respectively to (i) revise the existing annual caps for the three years ending 31 December 2023 in respect of the transactions contemplated under the Master Dairy Products Purchase Agreement; (ii) revise the existing annual caps for the two years ending 31 December 2022 and 31 December 2023 in respect of the transactions contemplated under the Master Purchase Agreement; and (iii) revise the existing annual caps for the three years ending 31 December 2023 in respect of the transactions contemplated under the Master Sales Agreement and expand the existing scopes to include gift box, alcohol and other farm and sideline products.

## REVISION OF ANNUAL CAPS FOR THE MASTER DAIRY PRODUCTS PURCHASE AGREEMENT

Under the Master Dairy Products Purchase Agreement, the Company has agreed to, among others, purchase from New Hope Dairy Group dairy products for a term commencing from the Listing Date to 31 December 2023. The Company will re-sell a substantial portion of such products to residents of properties the Group managed who place orders via online mobile application or offline convenience stores under its management. The Group also give away a small amount of such products to its employees as part of the Group's employee benefits.

In respect of such purchase, the approximate historical transaction amounts for the year ended 31 December 2020 and the 11 months ended 30 November 2021 are as follows:

	<b>Year ended 31 December 2020</b>	<b>11 months ended 30 November 2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(unaudited)
Historical transaction amount	3,600	3,973

The existing annual caps for the three years ending 31 December 2023 under the Master Dairy Products Purchase Agreement are revised as per below:

	<b>Year ending 31 December 2021 <i>RMB'000</i></b>	<b>Year ending 31 December 2022 <i>RMB'000</i></b>	<b>Year ending 31 December 2023 <i>RMB'000</i></b>
Original annual caps under the Master Dairy Products Purchase Agreement	4,200	4,900	5,600
Revised annual caps under the Supplemental Master Dairy Products Purchase Agreement	6,000	16,000	24,000

Save for such revision in the annual caps, other terms of the Master Dairy Products Purchase Agreement shall remain valid and in full force and effect.

Based on the Company's management accounts for the 11 months ended 30 November 2021, the actual transaction amount in respect of the purchase of dairy products under the Master Dairy Products Purchase Agreement amounted to approximately RMB3.97 million, representing approximately 95% of the existing annual cap for the year ending 31 December 2021. The Board confirms that as at the date of this announcement, the transaction amount for the Master Dairy Products Purchase Agreement has not exceeded the original annual cap for the year ending 31 December 2021.

The revised annual caps under the Supplemental Master Dairy Products Purchase Agreement were determined after taking into consideration the following principal factors:

- (1) the actual transaction amount in respect of the purchase of dairy products under the Master Dairy Products Purchase Agreement amounted to approximately RMB3.97 million for the 11 months ended 30 November 2021;
- (2) the number of properties managed by the Group has significantly increased by 79.70% as at 30 June 2021 compared to that as at 30 June 2020, which has increased the demand for the dairy products for the month ending 31 December 2021; and
- (3) the expected increasing demand on the purchase of dairy products of the Group by the residents and the employees of the Group and the expected increasing number of properties to be managed by the Group for the two years ending 31 December 2023.

## ***Reasons for and benefits of entering into the Supplemental Master Dairy Products Purchase Agreement***

As the Group has been purchasing the dairy products from New Hope Dairy Group, it is in the interests of the Group in terms of cost, time and stability to purchase additional dairy products for its re-sell business instead of finding new supplier for additional needs. Based on the current estimation by the Group, the original caps for the three years ending 31 December 2023 are not sufficient. In order for the Group to continue its re-sale of dairy products via online mobile application or offline convenience stores under its management, the Company has entered into the Supplemental Master Dairy Products Purchase Agreement to revise the annual caps for the three years ending 31 December 2023 under the Master Dairy Products Purchase Agreement.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Supplemental Master Dairy Products Purchase Agreement and the transactions contemplated thereunder (including the proposed revised annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

### **REVISION OF ANNUAL CAPS FOR MASTER PURCHASE AGREEMENT**

Under the Master Purchase Agreement, the Company has agreed to, among others, purchase from New Hope Holdings Group meat products and seasonings for a term commencing from the Listing Date to 31 December 2023. The Company will re-sell a substantial portion of such products to residents of properties the Group managed who place orders via online mobile application or offline convenience stores under its management. The Group also give away a small amount of such products to its employees as part of the Group's employee benefits and at the same time portions of meat products and seasonings are used in the canteen of the Group.

In respect of such purchase, the approximate historical transaction amounts for the year ended 31 December 2020 and the 11 months ended 30 November 2021 are as follows:

	<b>Year ended 31 December 2020</b>	<b>11 months ended 30 November 2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(unaudited)
Historical transaction amount	2,300	1,125

The existing annual caps for the two years ending 31 December 2022 and 31 December 2023 under the Master Purchase Agreement are revised as per below:

	<b>Year ending 31 December 2022</b>	<b>Year ending 31 December 2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Original annual caps under the Master Purchase Agreement	3,500	3,900
Revised annual caps under the Supplemental Master Purchase Agreement	20,000	26,000

Save for such revision in the annual caps, other terms of the Master Purchase Agreement shall remain valid and in full force and effect.

The revised annual caps under the Supplemental Master Purchase Agreement were determined after taking into consideration the following principal factors:

- (1) the actual transaction amount in respect of the purchase of meat products and seasonings under the Master Purchase Agreement amounted to approximately RMB1.12 million for the 11 months ended 30 November 2021;
- (2) the number of properties managed by the Group has significantly increased by 79.70% as at 30 June 2021 compared with 30 June 2020 which indicates an increasing demand of residents in the properties the Group managed for the meat products and seasonings.
- (3) the expected increasing demand on the purchase of such products of the Group with reference to the Group's future business development plan on the increasing number of properties managed.
- (4) the Group's business plan to expand its re-sale business of meat products and seasonings via online mobile application or offline convenience stores under its management which indicates an increasing demand of procurement of meat products and seasonings for the two years ending 31 December 2022 and 31 December 2023.

#### ***Reasons for and benefits of entering into the Supplemental Master Purchase Agreement***

As the Group has been purchasing the meat products and seasonings from New Hope Holding Group, it is in the interests of the Group in terms of cost, time and stability to purchase additional meat products and seasoning for its re-sell business instead of finding new supplier for additional needs. Based on the current estimation by the Group, the original caps for the two years ending 31 December 2022 and 31 December 2023 may not be sufficient. In order for the Group to continue its re-sell of meat products and seasoning via online mobile application or offline convenience stores under its management, the Company has entered into the Supplemental Master Purchase Agreement to revise the annual caps for the two years ending 31 December 2023 under the Master Purchase Agreement.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Supplemental Master Purchase Agreement and the transactions contemplated thereunder (including the proposed revised annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

#### **REVISION OF ANNUAL CAPS AND THE EXPANSION OF EXISTING SCOPES UNDER THE MASTER SALES AGREEMENT**

Under the Master Sales Agreement, the New Hope Holdings Group has agreed to, among others, purchase from the Group certain products, including but not limited to processed food, which will be provided to their employees as employee benefits or will be used in the marketing promotion activities of New Hope Holdings Group for a term commencing from the Listing Date to 31 December 2023.

In respect of such sale, the approximate historical transaction amounts for the year ended 31 December 2020 and the 11 months ended 30 November 2021 are as follows:

	<b>Year ended 31 December 2020</b>	<b>11 months ended 30 November 2021</b>
	<i>RMB'000</i> (audited)	<i>RMB'000</i> (unaudited)
Historical transaction amount	5,400	4,924

The existing annual caps for the three years ending 31 December 2023 under the Master Sales Agreement are revised as per below:

	<b>Year ending 31 December 2021</b>	<b>Year ending 31 December 2022</b>	<b>Year ending 31 December 2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Original annual caps under the Master Sales Agreement	5,900	6,900	7,900
Revised annual caps under the Supplemental Master Sales Agreement	8,500	19,800	25,300

In addition, having considered the business plan of the Group and the commercial needs of New Hope Holdings Group, the Company and New Hope Holdings have agreed to revise the scope of products to be purchased from the Group as below:

Original scope of products to be purchased from the Group:	certain products, including but not limited to processed food
Revised scope of products to be purchased from the Group:	certain products, including but not limited to processed food, gift box, alcohol and other farm and sideline products

Save for such revision in the annual caps and the expansion of existing scopes to include gift box, alcohol and other farm and sideline products, other terms of the Master Sales Agreement shall remain valid and in full force and effect.

Based on the Company's management accounts for the 11 months ended 30 November 2021, the actual transaction amount in respect of the sale of products under the Master Sales Agreement amounted to approximately RMB4.92 million, representing approximately 83% of the existing annual cap for the year ending 31 December 2021. The Board confirms that as at the date of this announcement, the transaction amount for the Master Sales Agreement has not exceeded the original annual cap for the year ending 31 December 2021.



The revised annual caps under the Supplemental Master Sales Agreement were determined after taking into consideration the following principal factors:

- (1) the actual transaction amount in respect of the sale of products under the Master Sales Agreement amounted to approximately RMB4.92 million for the 11 months ended 30 November 2021;
- (2) the scope of products to be purchased from the Group by New Hope Holdings Group will expand to gift box, alcohol and other farm and sideline products.
- (3) the expected increasing demand on the purchase of such products of the New Hope Holdings Group with reference to its future plan of employees benefits.

### ***Reasons for and benefits of entering into the Supplemental Master Sales Agreement***

The Group plan to focus on further developing its lifestyle services. Given that the Group have been cooperated with certain independent suppliers in the PRC for years, the Group can procure the products at a preferential price. The provision of products including processed food, gift box, alcohol and other farm and sideline products to New Hope Holdings Group would increase the revenue of the Group and enhance its lifestyle services business.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Supplemental Master Sales Agreement and the transactions contemplated thereunder (including the proposed revised annual caps therefor and the expansion of existing scopes to include gift box, alcohol and other farm and sideline products) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

## **PRICING POLICY AND INTERNAL CONTROL MEASURES**

### **Pricing policies**

During the term of each of the Framework Agreements (as supplemented by the Supplemental Agreements), members of the Group may from time to time enter into individual agreements with members or associates (as the case may be) of New Hope Holdings Group or New Hope Dairy Group for the transactions contemplated under each Framework Agreements (as supplemented by the Supplemental Agreements) in accordance with the principal terms thereof.

### ***Master Dairy Products Purchase Agreement and Master Purchase Agreement***

The purchase price to be charged by New Hope Dairy Group or New Hope Holdings Group shall be determined after arm's length negotiations with reference to the prevailing market price and the wholesale price the Group may obtain from the Independent Third Parties. The Group will closely monitor the prevailing and trend of market price of products to be purchased with similar quality and quantity taking into account including various conditions of the purchased products, including but not limited to the availability of products with similar quality and quantity in the open market to ensure the purchase fees paid/payable by the Group is no less favourable than those available from the Independent Third Parties.

## ***Master Sales Agreement***

The Group purchase certain products from Independent Third Party suppliers for its business operation of community retail and commercial procurement services. Given that the Group have been cooperated with certain independent suppliers in the PRC for years, the Group can procure the products at a preferential price. The purchase price payable by New Hope Holdings Group for the products shall be determined after arm's length negotiations with reference to the prevailing market price, the wholesale price the Group offered to Independent Third Party customers and its cost for the procurement of the products from Independent Third Party suppliers plus profit margin.

## **Internal control measures**

The Company has also established procedures for monitoring its continuing connected transactions in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. Regular checks will be conducted on a quarterly basis to review and assess whether the transactions contemplated under the Framework Agreements (as supplemented by Supplemental Agreements) are conducted in accordance with the terms of its respective agreement and the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy.

The independent non-executive Directors will continue to review the transactions contemplated under the Framework Agreements (as supplemented by Supplemental Agreements) and the auditors of the Company will also conduct an annual review on the pricing terms and annual cap of the relevant continuing connected transactions thereof.

## **INFORMATION ON THE PARTIES TO THE SUPPLEMENTAL AGREEMENTS**

The Group is a well-established comprehensive property management and lifestyle service operator in China, providing property management services, value-added services to non-property owners, commercial operational services and lifestyle services.

New Hope Dairy is a joint stock company established in the PRC with limited liability on 5 July 2006 which is principally engaged in dairy products supplying whose shares are listed on the Shenzhen Stock Exchange (stock code: 02946.SZ) and controlled by Ms. Liu Chang.

New Hope Holdings is a company established in the PRC with limited liability on 17 December 2019 which is principally engaged in investment holding and other businesses and is indirectly wholly owned by Mr. Liu, one of the Company's controlling shareholders.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, New Hope Holdings is indirectly wholly owned by Mr. Liu, one of the Company's controlling shareholders. Hence, New Hope Holdings is an associate of Mr. Liu, and a connected person of the Company. New Hope Dairy is indirectly controlled by Ms. Liu Chang, one of the Company's controlling shareholders. Hence, New Hope Dairy is an associate of Ms. Liu Chang, and a connected person of the Company. Accordingly, the transactions contemplated under the Supplemental Master Dairy Products Purchase Agreement, the Supplemental Master Purchase Agreement, and the Supplemental Master Sales Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.



None of the Directors has or is deemed to have a material interest in the Supplemental Agreements and are required to abstain from voting on the relevant Board resolutions approving the Supplemental Agreement.

As one or more of the applicable percentage ratios in respect of the revised annual caps under each of the Supplemental Agreements, are, on an annual basis, more than 0.1% but all of which are less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise.

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Company”	New Hope Service Holdings Limited (新希望服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 5 November 2020
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Framework Agreements”	the Master Dairy Products Purchase Agreement, the Master Purchase Agreement and the Master Sales Agreement
“Group”	the Company and its subsidiaries
“Independent Third Parties”	any entity or person who is not a connected person of the Company
“Listing”	the listing of the Shares on the Stock Exchange
“Listing Date”	25 May 2021, being the date of Listing,
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Dairy Products Purchase Agreement”	the master dairy products purchase agreement dated 6 May 2021 entered into between the Company and New Hope Dairy
“Master Purchase Agreement”	the master purchase agreement dated 6 May 2021 entered into between the Company and New Hope Holdings

“Master Sales Agreement”	the master sales agreement dated 6 May 2021 entered into between the Company and New Hope Holdings
“Mr. Liu”	Mr. Liu Yonghao (劉永好), one of the controlling shareholders of the Company
“Ms. Liu Chang”	Ms. Liu Chang (劉暢), one of the controlling shareholders of the Company
“New Hope Dairy”	New Hope Dairy Co., Ltd.* (新希望乳業股份有限公司), a joint stock company established in the PRC with limited liability on 5 July 2006 whose shares are listed on the Shenzhen Stock Exchange (stock code: 02946.SZ) and controlled by Ms. Liu Chang
“New Hope Dairy Group”	New Hope Dairy and its subsidiaries and/or associates
“New Hope Holdings”	New Hope Holdings Co., Ltd.* (新希望控股有限公司), a company established in the PRC with limited liability on 17 December 2019 and is indirectly wholly owned by Mr. Liu, one of the Company’s controlling shareholders
“New Hope Holdings Group”	New Hope Holdings and its subsidiaries and/or associates
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 11 May 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	the Supplemental Master Dairy Products Purchase Agreement, the Supplemental Master Purchase Agreement and the Supplemental Master Sales Agreement.
“Supplemental Master Dairy Products Purchase Agreement”	the Supplemental Master Dairy Products Purchase Agreement dated 13 December 2021 entered into between the Company and New Hope Dairy

“Supplemental Master Purchase Agreement”	the Supplemental Master Purchase Agreement dated 13 December 2021 entered into between the Company and New Hope Holdings
“Supplemental Master Sales Agreement”	the Supplemental Master Sales Agreement dated 13 December 2021 entered into between the Company and New Hope Holdings
“%”	per cent.

\* *For identification purpose only*

By Order of the Board  
**New Hope Service Holdings Limited**  
**Zhang Minggui**  
*Chairman*

Hong Kong, 14 December 2021

*As at the date of this announcement, the Board comprises Ms. Wu Min and Ms. Chen Jing as executive Directors, Mr. Zhang Minggui (chairman of the Board), Mr. Jiang Mengjun, Mr. Dong Li and Ms. Huang Kun as non-executive Directors and Mr. Cao Qilin, Mr. Yan Lap Kei Isaac and Mr. Li Zhengguo as independent non-executive Directors.*