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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 TRANSACTION
REVISION OF ANNUAL CAP FOR THE MASTER SALES AGREEMENT

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The Board found that the transaction amounts under the Master Sales Agreement are approaching its existing annual cap for the year ending 31 December 2022 and the Board expects that such existing annual cap may not be sufficient to cover the same. Therefore, on 18 November 2022 (after trading hours), the Company entered into the Supplemental Agreement with New Hope Holdings to revise the existing annual cap for the year ended 31 December 2022.

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. Accordingly the transactions contemplated under the Supplemental 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 Agreement and are required to abstain from voting on the relevant Board resolution approving the Supplemental Agreement.

Since both the Master Sales Agreement (as supplemented by the Supplemental Agreement) and the Centralized Supply Chain Service Framework Agreement are connected with New Hope Holdings and the nature of the transactions contemplated respectively thereunder are the same, the Directors consider that the transactions contemplated respectively thereunder shall be aggregated and treated as if they were one transaction pursuant to Rules 14A.81 to 14A.83 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the revised annual cap for the year ended 31 December 2022 under the Master Sales Agreement (as supplemented by the Supplemental Agreement) when aggregated with the highest annual cap under the Centralized Supply Chain Service Framework Agreement is more than 0.1% but all of which are less than 5%, the transactions contemplated under the Master Sales Agreement (as supplemented by the Supplemental Agreement) 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 and the announcement of the Company dated 14 December 2021, in respect of, among other things, the Master Sales Agreement entered into between the Company and New Hope Holdings and the annual caps stipulated thereunder.

The Board found that the transaction amounts under the Master Sales Agreement are approaching its existing annual cap for the year ending 31 December 2022 and the Board expects that such existing annual cap may not be sufficient to cover the same. Therefore, on 18 November 2022 (after trading hours), the Company entered into the Supplemental Agreement with New Hope Holdings to revise the existing annual cap for the year ended 31 December 2022.

REVISION OF ANNUAL CAP FOR 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, gift box, alcohol and other farm and sideline products, which will be provided to their employees as employee benefits or will be used in the marketing promotion activities of the 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 2021 and the ten months ended 31 October 2022 are as follows:

	Year ended 31 December 2021 <i>RMB million</i> (audited)	Ten months ended 31 October 2022 <i>RMB million</i> (unaudited)
Historical transaction amount	<u>7.3</u>	<u>18.8</u>

The existing annual cap for the year ending 31 December 2022 under the Master Sales Agreement is revised as per below:

	Year ending 31 December 2022 <i>RMB million</i>
Original annual cap under the Master Sales Agreement	19.8
Revised annual cap under the Supplemental Agreement	<u>23.0</u>

Save for such revision in the annual cap for the year ending 31 December 2022, 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 ten months ended 31 October 2022, the actual transaction amount in respect of the sale of products under the Master Sales Agreement amounted to approximately RMB18.8 million, representing approximately 95% of the existing annual cap for the year ending 31 December 2022. 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 2022.

The revised annual cap under the Supplemental 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 RMB18.8 million for the ten months ended 31 October 2022; and
- (2) the increasing demand on the purchase of such products of the New Hope Holdings Group for its employees benefits.

Reasons for and benefits of entering into the Supplemental Agreement

The Group plans to focus on further developing its lifestyle services. Given that the Group has 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 the 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 Agreement and the transactions contemplated thereunder (including the proposed revised annual cap therefore) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary and usual 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 the Master Sales Agreement (as supplemented by the Supplemental Agreement), 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 for the transactions contemplated under Master Sales Agreement (as supplemented by the Supplemental Agreement) in accordance with the principal terms thereof.

The Group purchases certain products from Independent Third Party suppliers for its business operation of community retail and commercial procurement services. Given that the Group has 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 the 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 Master Sales Agreement (as supplemented by the Supplemental Agreement) are conducted in accordance with the terms of its 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 Master Sales Agreement (as supplemented by the Supplemental Agreement) 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 AGREEMENT

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

New Hope Holdings is a company established in the PRC with limited liability 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. Accordingly, the transactions contemplated under the Supplemental 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 Agreement and are required to abstain from voting on the relevant Board resolution approving the Supplemental Agreement.

Since both the Master Sales Agreement (as supplemented by the Supplemental Agreement) and the Centralized Supply Chain Service Framework Agreement are connected with New Hope Holdings and the nature of the transactions contemplated respectively thereunder are the same, the Directors consider that the transactions contemplated respectively thereunder shall be aggregated and treated as if they were one transaction pursuant to Rules 14A.81 to 14A.83 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the revised annual cap for the year ended 31 December 2022 under the Master Sales Agreement (as supplemented by the Supplemental Agreement) when aggregated with the highest annual cap under the Centralized Supply Chain Service Framework Agreement is more than 0.1% but all of which are less than 5%, the transactions contemplated under the Master Sales Agreement (as supplemented by the Supplemental Agreement) 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
“Centralized Supply Chain Service Framework Agreement”	the centralized supply chain service framework agreement dated 24 May 2022 entered into between New Hope Service and New Hope Holdings as disclosed in the announcement of the Company dated 25 May 2022
“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
“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
“Group”	the Company and its subsidiaries
“Independent Third Parties”	any entity or person who is not a connected person of the Company
“Listing Date”	25 May 2021, being the date of the listing of the Shares on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Sales Agreement”	the master sales agreement dated 6 May 2021 entered into between the Company and New Hope Holdings as supplemented by a previous supplemental agreement dated 13 December 2021

“Mr. Liu”	Mr. Liu Yonghao (劉永好), one of the controlling shareholders of the Company
“New Hope Holdings”	New Hope Holdings Co., Ltd.* (新希望控股有限公司)
“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 Agreement”	the supplemental agreement dated 18 November 2022 to revise the annual cap under the Master Sales Agreement entered into between the Company and New Hope Holdings
“%”	per cent.

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

Hong Kong, 18 November 2022

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. Kong Chi Mo and Mr. Li Zhengguo as independent non-executive Directors.

* *For identification purpose only*