

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.



Hygeia Healthcare Holdings Co., Limited

海吉亚医疗控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6078)

CONTINUING CONNECTED TRANSACTION THE PROCUREMENT AGREEMENTS WITH HANDAN RENHE HOSPITAL AND KAIYUAN JIEHUA HOSPITAL

THE PROCUREMENT AGREEMENTS

The Board hereby announces that on September 14, 2021 (after trading hours), (i) Qihai Medicine, a wholly-owned subsidiary of the Company, entered into the Medicine Procurement Agreements with Handan Renhe Hospital and Kaiyuan Jiehua Hospital, respectively; and (ii) Jiangsu Supply Chain, a wholly-owned subsidiary of the Company, entered into the Medical Consumables Procurement Agreements with Handan Renhe Hospital and Kaiyuan Jiehua Hospital, respectively. Pursuant to the Procurement Agreements, each of Qihai Medicine and Jiangsu Supply Chain agreed to supply, as required for the daily operation needs of hospitals from time to time and within the scope of operation permit of Qihai Medicine and Jiangsu Supply Chain, the Medicine (including, but not limited to, oncology medicine and antibiotics) and the Medical Consumables (including, but not limited to, infusion consumables and blood purification consumables) to Handan Renhe Hospital and Kaiyuan Jiehua Hospital, respectively, in accordance with the terms and conditions contained therein.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Xiangshang Investment, which is wholly-owned by Mr. Zhu and Ms. Zhu, the Controlling Shareholders of the Company, as to 40% and 60%, respectively, holds (a) 30% organizer's interest in Handan Renhe Hospital, and (b) 30% equity interest in Kaiyuan Jiehua Hospital. Each of Handan Renhe Hospital and Kaiyuan Jiehua Hospital is an associate of Mr. Zhu and Ms. Zhu and therefore, a connected person of the Company. Accordingly, the transactions contemplated under the Procurement Agreements constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) exceeds 0.1% but is less than 5% on an aggregated basis, the transactions contemplated under the Procurement Agreements are subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board hereby announces that on September 14, 2021 (after trading hours), (i) Qihai Medicine, a wholly-owned subsidiary of the Company, entered into the Medicine Procurement Agreements with Handan Renhe Hospital and Kaiyuan Jiehua Hospital, respectively; and (ii) Jiangsu Supply Chain, a wholly-owned subsidiary of the Company, entered into the Medical Consumables Procurement Agreements with Handan Renhe Hospital and Kaiyuan Jiehua Hospital, respectively. Pursuant to the Procurement Agreements, each of Qihai Medicine and Jiangsu Supply Chain agreed to supply, as required for the daily operation needs of hospitals from time to time and within the scope of operation permit of Qihai Medicine and Jiangsu Supply Chain, the Medicine (including, but not limited to, oncology medicine and antibiotics) and the Medical Consumables (including, but not limited to, infusion consumables and blood purification consumables) to Handan Renhe Hospital and Kaiyuan Jiehua Hospital, respectively, in accordance with the terms and conditions contained therein.

I. THE RENHE MEDICINE PROCUREMENT AGREEMENT

The principal terms of the Renhe Medicine Procurement Agreement are as follows:

Date: September 14, 2021

Parties: (1) Qihai Medicine
(2) Handan Renhe Hospital

Term: From September 14, 2021 to December 31, 2023

Pricing Policy: The purchase prices for the Medicine shall be on normal commercial terms and determined after arm's length negotiations between the parties. Such terms and conditions shall be determined on the following principles:

- (a) by reference to the relevant Medicine Catalogue for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (基本醫療保險、工傷保險和生育保險藥品目錄), rules and regulations promulgated by local pricing authority(ies) and to the prevailing market prices of comparable products; and
- (b) in any event no more favorable than the terms and conditions (including payment terms) offered by Qihai Medicine to independent third parties for supply of the same products in the same period (if any).

Payment Terms: Handan Renhe Hospital shall settle the payment within 90 days following the date of receipt of the Medicine purchased. The payment for the Medicine will be settled by bank transfers or other payment methods as agreed by the parties.

Proposed Annual Caps for the Three Years Ending December 31, 2023

The annual caps for the transactions contemplated under the Renhe Medicine Procurement Agreement for the three years ending December 31, 2023 are expected to be as follows:

(Unit: RMB million)

Transactions	Year ending December 31, 2021	Year ending December 31, 2022	Year ending December 31, 2023
Amounts to be paid by Handan Renhe Hospital to Qihai Medicine in respect of the procurement of the Medicine	1.2	5.8	7.0

Having considered that no historical amount available in respect of the procurement of the Medicine as Qihai Medicine has not entered into any transactions in respect of the procurement of the Medicine with Handan Renhe Hospital, the above annual caps for the transactions contemplated under the Renhe Medicine Procurement Agreement were determined with reference to (i) the historical amount of actual use of the Medicine by Handan Renhe Hospital; (ii) the anticipated demand for the Medicine by Handan Renhe Hospital within the term of the agreement; (iii) the prevailing market prices of the Medicine; and (iv) a buffer in preparation of the potential prices fluctuations.

II. THE KAIYUAN MEDICINE PROCUREMENT AGREEMENT

The principal terms of the Kaiyuan Medicine Procurement Agreement are as follows:

Date: September 14, 2021

Parties: (1) Qihai Medicine
(2) Kaiyuan Jiehua Hospital

Term: From September 14, 2021 to December 31, 2023

Pricing Policy: The purchase prices for the Medicine shall be on normal commercial terms and determined after arm's length negotiations between the parties. Such terms and conditions shall be determined on the following principles:

- (a) by reference to the relevant Medicine Catalogue for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (基本醫療保險、工傷保險和生育保險藥品目錄), rules and regulations promulgated by local pricing authority(ies) and to the prevailing market prices of comparable products; and
- (b) in any event no more favorable than the terms and conditions (including payment terms) offered by Qihai Medicine to independent third parties for procurement of the same products in the same period (if any).

Payment Terms: Kaiyuan Jiehua Hospital shall settle the payment within 90 days following the date of receipt of the Medicine purchased. The payment for the Medicine will be settled by bank transfers or other payment methods as agreed by the parties.

Proposed Annual Caps for the Three Years Ending December 31, 2023

The annual caps for the transactions contemplated under the Kaiyuan Medicine Procurement Agreement for the three years ending December 31, 2023 are expected to be as follows:

(Unit: RMB million)

Transactions	Year ending December 31, 2021	Year ending December 31, 2022	Year ending December 31, 2023
Amounts to be paid by Kaiyuan Jiehua Hospital to Qihai Medicine in respect of the procurement of the Medicine	3.9	19.6	24.5

Having considered that no historical amount available in respect of the procurement of the Medicine as Qihai Medicine has not entered into any transactions in respect of the procurement of the Medicine with Kaiyuan Jiehua Hospital, the above annual caps for the transactions contemplated under the Kaiyuan Medicine Procurement Agreement were determined with reference to (i) the historical amount of actual use of the Medicine by Kaiyuan Jiehua Hospital; (ii) the anticipated demand for the Medicine by Kaiyuan Jiehua Hospital within the term of the agreement; (iii) the prevailing market prices of the Medicine; and (iv) a buffer in preparation of the potential prices fluctuations.

III. THE RENHE MEDICAL CONSUMABLES PROCUREMENT AGREEMENT

The principal terms of the Renhe Medical Consumables Procurement Agreement are as follows:

Date: September 14, 2021

Parties: (1) Jiangsu Supply Chain
(2) Handan Renhe Hospital

Term: From September 14, 2021 to December 31, 2023

Pricing Policy: The purchase prices for the Medical Consumables shall be on normal commercial terms and determined after arm's length negotiations between the parties. Such terms and conditions shall be determined on the following principles:

- (a) by reference to the relevant Medicine Consumables Catalogue for Basic Medical Insurance (基本醫療保險醫用耗材目錄), rules and regulations promulgated by local pricing authority(ies) and the prevailing market prices of comparable products; and
- (b) in any event no more favorable than the terms and conditions (including payment terms) offered by Jiangsu Supply Chain to independent third parties for procurement of the same products in the same period (if any).

Payment Terms: Handan Renhe Hospital shall settle the payment within 90 days following the date of receipt of the Medical Consumables purchased. The payment for the Medical Consumables will be settled by bank transfers or other payment methods as agreed by the parties.

Proposed Annual caps for the three years ending December 31, 2023

The annual caps for the transactions contemplated under the Renhe Medical Consumables Procurement Agreement for the three years ending December 31, 2023 are expected to be as follows:

(Unit: RMBmillion)

Transactions	Year ending December 31, 2021	Year ending December 31, 2022	Year ending December 31, 2023
Amounts to be paid by Handan Renhe Hospital to Jiangsu Supply Chain in respect of the procurement of the Medical Consumables	1.6	5.8	6.9

Having considered that no historical amount available in respect of the procurement of the Medical Consumables as Jiangsu Supply Chain has not entered into any transactions in respect of the procurement of the Medical Consumables with Handan Renhe Hospital, the above annual caps for the transactions contemplated under the Renhe Medical Consumables Procurement Agreement were determined with reference to (i) the historical amount of actual use of the Medical Consumables by Handan Renhe Hospital; (ii) the anticipated demand for the Medical Consumables by Handan Renhe Hospital within the term of the agreement; (iii) the prevailing market prices of the Medical Consumables; and (iv) a buffer in preparation of the potential prices fluctuations.

IV. THE KAIYUAN MEDICAL CONSUMABLES PROCUREMENT AGREEMENT

The principal terms of the Kaiyuan Medical Consumables Procurement Agreement are as follows:

Date: September 14, 2021

Parties: (1) Jiangsu Supply Chain
(2) Kaiyuan Jiehua Hospital

Term: From September 14, 2021 to December 31, 2023

Pricing Policy: The purchase prices for the Medical Consumables shall be on normal commercial terms and determined after arm’s length negotiations between the parties. Such terms and conditions shall be determined on the following principles:

- (a) by reference to the relevant Medicine Consumables Catalogue for Basic Medical Insurance (基本醫療保險醫用耗材目錄), rules and regulations promulgated by local pricing authority(ies) and the prevailing market prices of comparable products; and
- (b) in any event no more favorable than the terms and conditions (including payment terms) offered by Jiangsu Supply Chain to independent third parties for procurement of the same products in the same period (if any).

Payment Terms: Kaiyuan Jiehua Hospital shall settle the payment within 90 days following the date of receipt of the Medical Consumables purchased. The payment for the Medical Consumables will be settled by bank transfers or other payment methods as agreed by the parties.

Proposed Annual Caps for the Three Years Ending December 31, 2023

The annual caps for the transactions contemplated under the Kaiyuan Medical Consumables Procurement Agreement for the three years ending December 31, 2023 are expected to be as follows:

(Unit: RMB million)

Transactions	Year ending December 31, 2021	Year ending December 31, 2022	Year ending December 31, 2023
Amounts to be paid by Kaiyuan Jiehua Hospital to Jiangsu Supply Chain in respect of the procurement of the Medical Consumables	0.4	2.5	3.4

Having considered that no historical amount available in respect of the procurement of the Medical Consumables as Jiangsu Supply Chain has not entered into any transactions in respect of the procurement of the Medical Consumables with Kaiyuan Jiehua Hospital, the above annual caps for the transactions contemplated under the Kaiyuan Medical Consumables Procurement Agreement were determined with reference to (i) the historical amount of actual use of the Medical Consumables by Kaiyuan Jiehua Hospital; (ii) the anticipated demand for the Medical Consumables by Kaiyuan Jiehua Hospital within the term of the agreement; (iii) the prevailing market prices of the Medical Consumables; and (iv) a buffer in preparation of the potential prices fluctuations.

REASONS FOR AND BENEFITS OF THE PROCUREMENT AGREEMENTS

Qihai Medicine and Jiangsu Supply Chain, being wholly-owned subsidiaries of the Company, are principally engaged in the wholesale of medicine and medical consumables. The Directors are of the view that the entering of the Procurement Agreements between Qihai Medicine and Jiangsu Supply Chain, on the one hand, and Handan Renhe Hospital and Kaiyuan Jiehua Hospital, on the other hand, are commercially beneficial to the Group and its in-network hospitals as the entering of the Procurement Agreements centralizes the procurement and provides a stable supply of medicine and medical consumables to such hospitals, which promotes operational efficiency and enhances service level provided by the Group to the in-network hospitals as compared to purchasing from other external third-party suppliers. The entering of the Procurement Agreements will also improve the service quality of in-network hospitals, and satisfy the increasing demands of patients.

Apart from Mr. Zhu, the chairman of the Board, an executive Director and one of the Controlling Shareholders, and Mr. Ren Ai (being the spouse of Ms. Zhu), an executive Director, who are considered to have a material interest and have abstained from voting at the relevant board resolutions approving such transactions, none of the Directors has any material interest in the above transactions.

The Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions contemplated under the Procurement Agreements were entered into on normal commercial terms in the ordinary and usual course of business of the Group, the terms and conditions therein as well as the proposed annual caps for the continuing connected transactions contemplated thereunder are fair and reasonable as well as in the interests of the Company and its Shareholders as a whole.

INTERNAL CONTROL MEASURES

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

- (a) the financial department and other relevant departments of the Company will continuously inspect and regularly collect and evaluate the pricing policies, transaction terms and actual transaction amounts under the Procurement Agreements to ensure that the transactions thereunder are conducted on normal commercial terms or on terms no more favorable than those available to independent third parties, and that the total transaction value of procurement of the Medicine and Medical Consumables will not exceed the relevant annual cap before the relevant approval procedures; and
- (b) the Company's auditors and the independent non-executive Directors will conduct annual review on the pricing policies, transaction terms and the annual caps under the Procurement Agreements.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Xiangshang Investment, which is wholly-owned by Mr. Zhu and Ms. Zhu, the Controlling Shareholders of the Company, as to 40% and 60%, holds (a) 30% organizer's interest in Handan Renhe Hospital, and (b) 30% equity interest in Kaiyuan Jiehua Hospital. Each of Handan Renhe Hospital and Kaiyuan Jiehua Hospital is an associate of Mr. Zhu and Ms. Zhu and therefore, a connected person of the Company. Accordingly, the transactions contemplated under the Procurement Agreements constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) exceeds 0.1% but is less than 5% on an aggregated basis, the transactions contemplated under the Procurement Agreements are subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION OF THE PARTIES

The Company

The Company was incorporated in Cayman Islands as an exempted company with limited liability on September 12, 2018, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the provision of healthcare services in the PRC. As an oncology-focused healthcare group, the Group endeavors to make healthcare services more accessible and affordable (讓醫療更溫暖), addressing unmet demand of oncology patients in China.

Qihai Medicine

Qihai Medicine is a limited liability company established in the PRC on August 11, 2021 and a wholly-owned subsidiary of the Company. Qihai Medicine is principally engaged in the wholesale of medicine.

Jiangsu Supply Chain

Jiangsu Supply Chain is a limited liability company established in the PRC on November 21, 2017 and a wholly-owned subsidiary of the Company. Jiangsu Supply Chain is principally engaged in the wholesale of medical consumables.

Handan Renhe Hospital

Handan Renhe Hospital is a private not-for-profit general hospital established under the laws of the PRC, whose organizer's interest is held by the Company and Xiangshang Investment as to 70% and 30%, respectively. It is one of the hospitals managed by the Group.

Kaiyuan Jiehua Hospital

Kaiyuan Jiehua Hospital is a limited liability company established in the PRC on May 31, 2021 and currently operates a private for-profit hospital whose predecessor is one of the private not-for-profit hospitals managed by the Group. Its equity interest is held by the Company and Xiangshang Investment as to 70% and 30%, respectively.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Chairman”	the Chairman of the Board
“China” or the “PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only, references herein to “China” and the “PRC” do not apply to Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Company”	Hygeia Healthcare Holdings Co., Limited (海吉亞醫療控股有限公司), an exempted company with limited liability incorporated under the laws of Cayman Islands on September 12, 2018, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company together with its subsidiaries
“Handan Renhe Hospital”	Handan Renhe Hospital* (邯鄲仁和醫院), a private not-for-profit hospital established under the laws of the PRC which the Group acquired on July 31, 2011 and one of the hospitals managed by the Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiangsu Supply Chain”	Jiangsu Hygeia Supply Chain Management Co., Ltd.* (江蘇海吉亞供應鏈管理有限公司), a limited liability company established in the PRC on November 21, 2017, and a wholly-owned subsidiary of the Company

“Kaiyuan Jiehua Hospital”	Kaiyuan Jiehua Hospital Co., Ltd.* (開遠解化醫院有限公司), a limited liability Company established in the PRC on May 31, 2021, a non-wholly owned subsidiary of the Company
“Kaiyuan Medical Consumables Procurement Agreement”	the Medical Consumables Procurement Framework Agreement (醫療耗材採購框架協議) entered into by Jiangsu Supply Chain and Kaiyuan Jiehua Hospital on September 14, 2021
“Kaiyuan Medicine Procurement Agreement”	the Medicine Procurement Framework Agreement (藥品採購框架協議) entered into by Qihai Medicine and Kaiyuan Jiehua Hospital on September 14, 2021
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Medicine”	the medicine as required for the daily operation needs of hospitals from time to time and within the scope of operation permit of Qihai Medicine, including, but not limited to, oncology medicine and antibiotics
“Medicine Procurement Agreements”	the Renhe Medicine Procurement Agreement and Kaiyuan Medicine Procurement Agreement
“Medical Consumables”	the medical consumables as required for the daily operation needs of hospitals from time to time and within the scope of operation permit of Jiangsu Supply Chain, including, but not limited to, infusion consumables and blood purification consumables
“Medical Consumables Procurement Agreements”	the Renhe Medical Consumables Procurement Agreement and Kaiyuan Medical Consumables Procurement Agreement
“Mr. Zhu”	Mr. Zhu Yiwen (朱義文), father of Ms. Zhu, the founder, Chairman and executive Director of the Group as well as one of the Controlling Shareholders
“Ms. Zhu”	Ms. Zhu Jianqiao (朱劍喬), daughter of Mr. Zhu and one of the Controlling Shareholders

“Procurement Agreements”	the Renhe Medicine Procurement Agreement, the Kaiyuan Medicine Procurement Agreement, the Renhe Medical Consumables Procurement Agreement and the Kaiyuan Medical Consumables Procurement Agreement
“Qihai Medicine”	Qihai (Chongqing) Medicine Limited* (棲海(重慶)醫藥有限公司), a limited liability company established in the PRC on August 11, 2021, and a wholly-owned subsidiary of the Company
“Renhe Medical Consumables Procurement Agreement”	the Medical Consumables Procurement Framework Agreement (醫療耗材採購框架協議) entered into by Jiangsu Supply Chain and Handan Renhe Hospital on September 14, 2021
“Renhe Medicine Procurement Agreement”	the Medicine Procurement Framework Agreement (藥品採購框架協議) entered into by Qihai Medicine and Handan Renhe Hospital on September 14, 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xiangshang Investment”	Shanghai Xiangshang Investment Development Co., Ltd. (上海向上投資發展有限公司), a limited liability company established in the PRC on September 1, 2015 and owned by Mr. Zhu and Ms. Zhu as to 40% and 60%, respectively
“%”	per cent

* For identification purpose only

By order of the Board
Hygeia Healthcare Holdings Co., Limited
Mr. Zhu Yiwen
Chairman

Hong Kong, September 14, 2021

As of the date of this announcement, the Board comprises Mr. Zhu Yiwen as chairman and executive Director, Mr. Fang Min as non-executive Director, Ms. Cheng Huanhuan, Mr. Ren Ai, Mr. Zhang Wenshan and Ms. Jiang Hui as executive Directors, and Mr. Liu Yanqun, Mr. Chen Penghui and Mr. Ye Changqing as independent non-executive Directors.