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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
CENTRALIZED SUPPLY CHAIN SERVICE FRAMEWORK AGREEMENT
AND CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING**

THE FRAMEWORK AGREEMENT

On 24 May 2022 (after trading hours), New Hope Service, a wholly-owned subsidiary of the Company, entered into the Framework Agreement with New Hope Holdings, pursuant to which, the New Hope Holdings Group has agreed to place order on the supply chain platform of the New Hope Service Group for the Products, and the New Hope Service Group has agreed to supply such Products for a term from 24 May 2022, being the date of Framework Agreement to 31 December 2023.

LISTING RULES IMPLICATION

As at the date of this announcement, New Hope Holdings is indirectly and 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.

Since both the Framework Agreement and the Master Sales Agreement (as supplemented) 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 highest annual caps under the Framework Agreement when aggregated with that under the Master Sales Agreement (as supplemented) is more than 0.1% but all of which are less than 5%, the transactions contemplated under the Framework 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.

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

Having considered the reasons for change in use of proceeds from the Global Offering, the Board hereby announces that it resolved to change the proposed use of Net Proceeds.

THE FRAMEWORK AGREEMENT

On 24 May 2022 (after trading hours), New Hope Service, a wholly-owned subsidiary of the Company, entered into the Framework Agreement with New Hope Holdings, pursuant to which, the New Hope Holdings Group has agreed to place order on the supply chain platform of the New Hope Service Group for the Products, and the New Hope Service Group has agreed to supply Products for a term from 24 May 2022, being the date of Framework Agreement to 31 December 2023.

The principal terms of the Framework Agreement are summarized as below:

- Date:** 24 May 2022 (after trading hours)
- Parties:** (i) New Hope Service; and
(ii) New Hope Holdings
- Term:** From 24 May 2022 to 31 December 2023
- Subject matter:** The New Hope Holdings Group has agreed to place order on the supply chain platform of the New Hope Service Group for the Products.

During the term of the Framework Agreement, members of the New Hope Holdings Group shall enter into individual agreements (if required by the relevant laws and regulations in the PRC) with members of the New Hope Service Group for the transactions contemplated under the Framework Agreement in accordance with the principal terms thereof.

- Scope of the Products:** Office supplies, electrical appliances, office computers, home improvement and building materials, daily necessities, office furniture and clothing.

- Pricing policy:** The New Hope Service Group will source Independent Third Party suppliers for the Products ordered by the New Hope Holdings Group. Given that the New Hope Service Group have been cooperated with certain suppliers in the PRC for years, the New Hope Service Group can procure the Products at a preferential price.

The New Hope Service Group shall then supply the requisite Products to the New Hope Holdings Group on terms which are equivalent to those the New Hope Service Group offers to the Independent Third Parties. The prices for the Products are determined based on the price list compiled and displayed on the website of the supply chain platform of the New Hope Service Group offered to all its customers including the Independent Third Parties and the New Hope Holdings Group. Such prices offered to both the Independent Third Parties and the New Hope Holdings Group will be determined with reference to the prevailing market price for the Products, the size of orders and other technical conditions. Hence, the terms of the sales offered by the New Hope Service Group to the New Hope Holdings Group will be no more favourable than those made available to Independent Third Parties.

PROPOSED ANNUAL CAPS CONTEMPLATED UNDER THE FRAMEWORK AGREEMENT

Pursuant to Chapter 14A of the Listing Rules, the Company is required to set annual caps for the transactions contemplated under the Framework Agreement, details of which are set out in the table below.

	From 24 May 2022 to 31 December 2022 RMB	From 1 January 2023 to 31 December 2023 RMB
Proposed annual caps	20.7 million	20.7 million

The above proposed annual caps were determined after taking into account of the following:

- (i) no historical amount is available as the New Hope Service Group has not entered into any transaction through its supply chain platform to supply the Products to the New Hope Holdings Group previously;
- (ii) the expected demand of the New Hope Holdings Group for the Products for the two years ending 31 December 2023; and
- (iii) the unit price for the Products as displayed on the website of the supply chain platform of the New Hope Service Group.

REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

The entering into the Framework Agreement with New Hope Holdings will enable the Group: (i) to build quality of its supply chain platform that better caters for the procurement needs of corporate customers of the Group. Through its online supply chain platform system, the competition and marketing ability of the Company in the field of lifestyle services will be enhanced by the better quality of supply chain service and competitive commodity price of the Group; and (ii) to increase the revenue of the Company from the business segment of lifestyle services through the consolidation effect of online supply chain platform which combined the Group's professional advantage in supply chain management, bargaining power with upstream suppliers and quality control, which will bring more value for the Shareholders.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps) 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.

INTERNAL CONTROL

To enable the Group to review and assess whether the individual transactions will be conducted within the framework of the Framework Agreement and in accordance with the aforesaid pricing policy to ensure that the actual prices for the continuing connected transactions of the Group are on normal commercial terms and on terms no more favourable than those provided to Independent Third Parties, the Group has adopted the following measures:

- (i) the general manager of the business department and finance department will closely monitor the transactions to ensure that the transaction amount does not exceed the annual cap of the Framework Agreement;
- (ii) the implementation of individual agreements (if required) shall be subject to the appropriate approval of the general manager of the business department, finance department, legal department and management of the Group to ensure that the agreements are in line with the pricing policy and principal terms of the Framework Agreement;
- (iii) the price list for the Products displayed on the website of the supply chain platform of the New Hope Service Group is reviewed regularly with reference to the prevailing market conditions, the size of orders and other technical conditions, and be approved by the general manager of the business department;
- (iv) the auditors of the Company shall conduct annual reviews on pricing and annual caps of such continuing connected transactions to ensure that the transactions amount is within the annual caps and that the transactions are conducted on the principal terms of the Framework Agreement; and
- (v) the independent non-executive Directors would continue to review the management's annual review reports on the transactions contemplated under the Framework Agreement to ensure that such transactions are conducted on normal commercial terms and are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Group and New Hope Service

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 Service is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in the provision of property management service.

New Hope Holdings

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 IMPLICATION

As at the date of this announcement, New Hope Holdings is indirectly and 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.

On 6 May 2021 and 13 December 2021, the Company and New Hope Holdings entered into the Master Sales Agreement and the Supplemental Master Sales Agreement, pursuant to which 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.

Since both the Framework Agreement and the Master Sales Agreement (as supplemented) 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 highest annual cap under the Framework Agreement when aggregated with that under the Master Sales Agreement (as supplemented) is more than 0.1% but all of which are less than 5%, the transactions contemplated under the Framework 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.

BOARD APPROVAL

At the Board meeting held to approve the Framework Agreement, Ms. Wu Min as executive Director, Mr. Zhang Minggui, Mr. Jiang Mengjun, Ms. Huang Kun and Mr. Dong Li as non-executive Directors are considered as having a material interest in the transaction contemplated under the Framework Agreement due to their respective management positions held in subsidiaries of New Hope Holdings. As such, Mr. Zhang Minggui, Mr. Jiang Mengjun, Ms. Wu Min, Ms. Huang Kun and Mr. Dong Li have abstained from voting on the Board resolution approving the Framework Agreement and the transaction contemplated thereof (including annual caps).

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the Prospectus. The Net Proceeds (including the partial exercise of the over-allotment option), after deducting the underwriting commission and other estimated expenses in connection with the Listing, amounted to approximately HK\$790.0 million. On 24 May 2022, the Board resolved to change the proposed use of Net Proceeds.

Details of the original allocation and the revised allocation of the Net Proceeds are set out as follows:

Major Categories	Sub-categories	Planned use of Net Proceeds as set out in the Prospectus (HK\$ ten thousand)	Utilised Net Proceeds as at the date of this announcement (HK\$ ten thousand)	Unutilised Net Proceeds as at the date of this announcement (HK\$ ten thousand)	Revised Allocation (HK\$ ten thousand)
Strategic acquisition and investment		55,300	0	55,300	43,450
	– Acquire and invest in other property management companies	48,740	0	48,740	N/A
	– Acquire and invest in other companies providing lifestyle services	6,560	0	6,560	N/A
Upgrade information system and equipment		11,850	3,111	8,739	8,739
	– Middleground system	2,370	627	1,743	1,743
	– Property management support system	237	49	188	188
	– Lifestyle service support system	1,501	584	917	917
	– Corporate infrastructural operation system	1,106	470	636	636
	– Intelligent community pilot projects	4,266	1,156	3,110	3,110
	– Human resources to support information technology upgrades	2,370	225	2,145	2,145
Talent recruitment and team building		3,950	980	2,970	2,970
Development of lifestyle services		N/A	N/A	N/A	7,900
Working capital		7,900	7,900	0	3,950
Total		79,000	11,991	67,009	67,009

Reason for the change in use of Net Proceeds

The scale growth is one of the development focuses in the future. The Group continues to expand its business in the metropolitan areas and urban agglomerations in China, especially the first-tier, new first-tier and second-tier cities in the Chengdu-Chongqing urban agglomeration and the Eastern China region, and continue to consolidate our market position in these areas through market expansion, persisting in seeking investment opportunities and developing its lifestyle services. Given the above considerations and the following reasons, in order to enhance the use efficiency of the funds raised, capture market opportunities for business development in a timely manner, and strike a more reasonable balance in the use of funds, the Board proposes to adjust the original scope of use and allocation proportion of the proceeds from the Global Offering in the Prospectus as follows:

1. *Consolidate the scope of two sub-categories under the major category “strategic acquisition and investment” and reduce the portion of Net Proceeds for “strategic acquisition and investment”*

Since the Listing, the Company has actively pursued potential opportunities of acquisition, and investment in, property management companies and companies providing lifestyle services available in the market. Having involved in such course of action for over a year, the Company realized that the original split in the intended use of Net Proceeds may restricts the Company from being timely responsive to opportunities of acquisition of prime target companies engaged in either property management or providing lifestyle services available in the markets. For the purpose of better utilising Net Proceeds and capturing more favourable investment opportunities, the Company proposed to cancel the original two split sub-categories of “acquire and invest in other property management companies” and “acquire and invest in other companies providing lifestyle services” and to consolidate their scope into one major category “strategic acquisition and investment”.

In addition, upon investigation and research, after the acquisition of Chengdu Mingyu Global Business Management Co., Ltd.* (成都明宇環球商業管理有限公司) as disclosed in the announcement of the Company dated 11 April 2022, the Company continues to actively capture the potential opportunities of acquisition, and investment in, property management companies and companies providing lifestyle services available in the market. As at the date of this announcement, the Company has not yet identified any suitable acquisition targets from domestic and overseas market that is in line with merge and acquisition strategy of the Company, resulting in a low efficiency of the capital use. Thus the Board has resolved to reallocate a portion of Net Proceeds from the category “strategic acquisition and investment” to increase the portion for “working capital” and fund the new category “development of lifestyle service”.

2. *Increase the portion of Net Proceeds for “working capital”*

With the rapid expansion of its business, the GFA of diversified types of properties under the management of the Group has been increasing significantly. The Company would need to channel more suitable human resources and develop the Group’s business to achieve synergistic effect. In light of the aforesaid, the Company believes deploying adequate working capital would be necessary. This extra need of working capital is the cause for the discrepancy between the original estimation for the working capital required from the Net Proceeds as stated in the Prospectus and the current need of the Company. Therefore the Company believes that it has to allocate additional portion of the Net Proceeds as working capital in response to the above needs.

3. *Newly allocation of Net Proceeds for the “development of lifestyle services”*

Lifestyle services is one of key strategies of the Group to develop its businesses, which is also the core competitiveness of the Group. With the significant increase of GFA under the management of the Group, the demand for lifestyle services has also increased, thus the productivity and marketing ability for lifestyle services of the Group also need to be improved. In order to meet such increasing demand and further develop its lifestyle service, the Company has decided to newly allocate a portion of Net Proceeds from “strategic acquisition and investment” to fund (i) the product design and development, further expanding the offerings of community living services and improving penetration rate; (ii) invest more to group meal service, including but not limited to canteen decoration and facilities upgrade, design and development of customized products of meal delivery; and (iii) expand the construction of community asset management service team and stores.

The Board believes that there has not been any material change in its business and expansion plans as stated in its Prospectus. The revised allocation of the Net Proceeds would allow the Group to deploy the Net Proceeds more efficiently for identifying suitable target companies and would allow the Company have sufficient financial recourse to consolidate the business of the Group and achieve the synergic effect for its expansion. The newly allocation of the Net Proceeds for the development of lifestyle services is in line with the business strategy of the Group and will not materially affect the operation and business of the Group and is in the best interest of the Company and the Shareholders as a whole.

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”	the board of the 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
“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 Agreement”	the centralized supply chain service framework agreement dated 24 May 2022 entered into between New Hope Service and New Hope Holdings
“Global Offering”	has its meanings ascribed to it in the Prospectus
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	any entity or person who is not a connected person of the Company
“Listing”	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 entered into between the Company and New Hope Holdings dated 6 May 2021 as disclosed in the Prospectus
“Mr. Liu”	Mr. Liu Yonghao (劉永好), one of controlling shareholders of the Company
“Net Proceeds”	the net proceeds raised from the Global Offering (including the partial exercise of an over-allotment option)
“New Hope Holdings”	New Hope Holdings Group Co., Ltd.* (新希望控股集團有限公司), formerly known as 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

“New Hope Service”	New Hope Property Service Group Co., Ltd.* (新希望物業服務集團有限公司)
“New Hope Service Group”	New Hope Service and its subsidiaries
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Products”	products such as office supplies, electrical appliances, office computers, home improvement and building materials, daily necessities, office furniture and clothing to be supplied by the New Hope Service Group to the New Hope Holdings Group under the Framework Agreement
“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 Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Master Sales Agreement”	the supplemental agreement dated 13 December 2021 to the Master Sales Agreement as disclosed in the announcement of the Company dated 14 December 2021
“GFA”	gross floor area
“%”	per cent.

* For identification purpose only

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

Hong Kong, 25 May 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.