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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 TRANSACTIONS SETTING OF NEW ANNUAL CAPS FOR HANDAN RENHE HOSPITAL MANAGEMENT AGREEMENT

In view of the continuous business arrangement with Handan Renhe Hospital under the Handan Renhe Hospital Management Agreement, the Board has, on December 28, 2022, resolved to set the new annual caps for the maximum aggregate annual amount of fees receivable by Gamma Star Tech from Handan Renhe Hospital under the Handan Renhe Hospital Management Agreement at the New Annual Caps for the three years ending December 31, 2023, 2024 and 2025, respectively.

As at the date of this announcement, Handan Renhe Hospital is a private not-for-profit hospital in which Xiangshang Investment (owned by Mr. Zhu and Ms. Zhu as to 40% and 60%, respectively) holds 30% organizer's interest (舉辦人權益), and hence an associate of Mr. Zhu and Ms. Zhu. Accordingly, Handan Renhe Hospital is a connected person of the Company under the Listing Rules and the transactions contemplated under the Handan Renhe Hospital Management Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the New Annual Caps for the three years ending December 31, 2023, 2024 and 2025 exceed 0.1% but are less than 5%, the New Annual Caps are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

SETTING OF THE NEW ANNUAL CAPS

Reference is made to the section headed “Connected Transactions” in the Prospectus which provides that Gamma Star Tech entered into the Handan Renhe Hospital Management Agreement with Handan Renhe Hospital for a term of 40 years from July 31, 2011.

In view of the continuous business arrangement with Handan Renhe Hospital under the Handan Renhe Hospital Management Agreement, the Board has, on December 28, 2022, resolved to set the new annual caps for the maximum aggregate annual amount of fees receivable by Gamma Star Tech from Handan Renhe Hospital under the Handan Renhe Hospital Management Agreement at the New Annual Caps for the three years ending December 31, 2023, 2024 and 2025, respectively.

Historical Transaction Amounts

The historical transaction amounts in relation to the provision of management services paid by Handan Renhe Hospital to the Group under the Handan Renhe Hospital Management Agreement for each of the two years ended December 31, 2020, 2021 and the eleven months ended November 30, 2022 was approximately RMB2.5 million, nil¹ and RMB2.6 million, respectively.

New Annual Caps

Since the services provided by Handan Renhe Hospital to the Group under the Handan Renhe Hospital Management Agreement for the period from January 1, 2023 to December 31, 2025 are expected to remain the same, the Board resolved to set the new annual caps for the maximum aggregate annual amount receivable by Gamma Star Tech under the Handan Renhe Hospital Management Agreement at RMB4 million, RMB5.2 million and RMB6.8 million for the three years ending December 31, 2023, 2024 and 2025, respectively.

The New Annual Caps are determined with reference to: (i) the historical performance of Handan Renhe Hospital in 2020, 2021 and the first eleven months of 2022; (ii) the expected growth of revenue of Handan Renhe Hospital in 2023, 2024 and 2025 owing to the business recovery after the relaxed control of the pandemic and estimated increase in the service capacity and patient visits as a result of the upgrade and development plan of Handan Renhe Hospital; and (iii) further investment in the oncology department and the relevant basic medical subjects.

¹ The management fee to be paid by Handan Renhe Hospital to the Group under the Handan Renhe Hospital Management Agreement for the year ended December 31, 2021 was waived in order to mitigate the negative impact resulting from the prolonged outbreak of coronavirus disease (COVID-19) pandemic.

REASONS FOR AND BENEFITS OF SETTING THE NEW ANNUAL CAPS FOR HANDAN RENHE HOSPITAL MANAGEMENT AGREEMENT

The transactions contemplated under the Handan Renhe Hospital Management Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of businesses of the Group and Handan Renhe Hospital.

The Board has been carefully monitoring the historical transaction amounts of the transactions contemplated under the Handan Renhe Hospital Management Agreement. The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Handan Renhe Hospital Management Agreement are on normal commercial terms and the terms of the Handan Renhe Hospital Management Agreement and the New Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Zhu and Mr. Ren Ai (the husband of Ms. Zhu) are considered to have a material interest in the transactions contemplated under the Handan Renhe Hospital Management Agreement, so they have abstained from voting on the relevant resolutions approving the New Annual Caps. None of the other Directors has any material interest in the transactions contemplated under the Handan Renhe Hospital Management Agreement.

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.

Gamma Star Tech

Gamma Star Tech is a limited liability company established in the PRC on May 20, 2004 and a wholly-owned subsidiary of the Company. It is also the manufacturer and intellectual property owner of the Group's SRT equipment.

Handan Renhe Hospital

Handan Renhe Hospital is a private not-for-profit hospital established under the laws of the PRC and managed by the Group. It is held by Xiangshang Investment (owned by Mr. Zhu and Ms. Zhu as to 40% and 60%, respectively) as to 30% organizer’s interest (舉辦人權益), which is regarded as an associate of Mr. Zhu and Ms. Zhu, and hence a connected person of the Company under the Listing Rules.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Handan Renhe Hospital is a private not-for-profit hospital in which Xiangshang Investment (owned by Mr. Zhu and Ms. Zhu as to 40% and 60%, respectively) holds 30% organizer’s interest (舉辦人權益), and hence an associate of Mr. Zhu and Ms. Zhu. Accordingly, Handan Renhe Hospital is a connected person of the Company under the Listing Rules and the transactions contemplated under the Handan Renhe Hospital Management Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the New Annual Caps for the three years ending December 31, 2023, 2024 and 2025 exceed 0.1% but are less than 5%, the New Annual Caps are subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China” or “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 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 to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	director(s) of the Company
“Gamma Star Tech”	Shanghai Gamma Star Technology Development Co., Ltd. (上海伽瑪星科技發展有限公司), a limited liability company established in the PRC on May 20, 2004 and a wholly-owned subsidiary of the Company
“Group”	the Company together with its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of the Company
“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 and managed by the Group
“Handan Renhe Hospital Management Agreement”	the hospital management agreement entered into by Gamma Star Tech with Handan Renhe Hospital on July 31, 2011
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“New Annual Caps”	the maximum total amount of fees receivable by Gamma Star Tech from Handan Renhe Hospital under the Handan Renhe Hospital Management Agreement the three years ending December 31, 2023, 2024 and 2025
“Mr. Zhu”	Mr. Zhu Yiwen (朱義文), father of Ms. Zhu, the Group’s founder, chairman of the Board, executive Director and one of the Controlling Shareholders
“Ms. Zhu”	Ms. Zhu Jianqiao (朱劍喬), daughter of Mr. Zhu and one of the Controlling Shareholders
“oncology”	the branch of medicine that deals with cancer
“percentage ratio”	the applicable percentage ratios under Rule 14.07 of the Listing Rules
“Prospectus”	the prospectus of the Company published on June 16, 2020

“radiotherapy”	a treatment that uses high energy to kill malignant cancer cells or other benign tumor cells
“RMB”	the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.0001 each before share subdivision and with nominal value of US\$0.00001 each after share subdivision
“Shareholder”	holder(s) of the Shares
“SRT”	stereotactic radiotherapy, namely, a type of external beam radiotherapy that uses special equipment to stereoscopically position the lesion and precisely deliver high doses of radiation to the tumor through short course of treatment
“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

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

Hong Kong, December 28, 2022

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