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New Century Healthcare Holding Co. Limited

新世紀醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1518)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

2016 ANNUAL RESULTS HIGHLIGHTS

- Total revenue for the year ended December 31, 2016 amounted to RMB490.9 million, representing a YoY increase of 90.1% as compared to RMB258.2 million for the year ended December 31, 2015.
- Profit for the year ended December 31, 2016 amounted to RMB137.0 million, representing a YoY increase of 103.8% as compared to RMB67.2 million for the year ended December 31, 2015.
- Basic earnings per share attributable to owners of the Company for the year ended December 31, 2016 amounted to RMB0.35 (FY2015: RMB0.15).
- The Board does not recommend a final dividend for the year ended December 31, 2016.

The Board of Directors of New Century Healthcare Holding Co. Limited is pleased to announce the audited consolidated financial results of the Group for the year ended December 31, 2016 together with the comparative figures for the year ended December 31, 2015 as set out below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended December 31,	
		2016	2015
	Note	RMB'000	RMB'000
Revenue	3	490,933	258,196
Cost of revenue	3	(247,921)	(117,686)
Gross profit		243,012	140,510
Selling expenses		(19,003)	(10,612)
Administrative expenses		(102,318)	(38,312)
Other income		612	238
Other gains/(losses) – net	4	52,721	(113)
Operating profit		175,024	91,711
Finance income		658	316
Finance expenses		(1,584)	(43)
Profit before income tax		174,098	91,984
Income tax expense	5	(37,137)	(24,789)
Profit for the year		136,961	67,195
Other comprehensive income		–	–
Total comprehensive income		136,961	67,195
Profit and total comprehensive income attributable to:			
Owners of the Company		98,635	40,903
Non-controlling interests		38,326	26,292
		136,961	67,195
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
Basic earnings per share	6(a)	0.35	0.15
Diluted earnings per share	6(b)	0.11	0.15

CONSOLIDATED BALANCE SHEET

		As of December 31,	
		2016	2015
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		106,510	114,359
Intangible assets		249,984	255,367
Deferred income tax assets		28,844	36,225
Total non-current assets		385,338	405,951
Current assets			
Inventories		6,449	4,625
Trade receivables	7	18,810	12,193
Other receivables, deposits and prepayments		13,120	6,985
Amounts due from related parties		24,069	21,078
Cash and cash equivalents		188,963	81,231
Total current assets		251,411	126,112
Total assets		636,749	532,063
EQUITY			
Equity attributable to owners of the Company			
Share capital		66	—
Share premium		1,538,280	—
Reserves		(1,519,709)	(32,956)
Retained earnings/(accumulated losses)		60,548	(10,545)
		79,185	(43,501)
Non-controlling interests		55,336	11,107
Total equity/(deficit)		134,521	(32,394)

		As of December 31,	
		2016	2015
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings		–	19,980
Convertible preferred shares		169,695	–
Deferred income tax liabilities		38,196	39,609
Other non-current liabilities		80,122	339,361
Total non-current liabilities		288,013	398,950
Current liabilities			
Trade payables	8	16,844	13,336
Accruals, other payables and provisions		119,815	103,909
Deferred revenue		28,519	6,907
Current income tax liabilities		3,283	2,280
Amounts due to related parties		25,774	29,055
Borrowings		19,980	10,020
Total current liabilities		214,215	165,507
Total liabilities		502,228	564,457
Total equity and liabilities		636,749	532,063

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended December 31,	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities		
Cash generated from operations	146,370	102,951
Interest paid	(1,584)	–
Interest received	478	316
Income tax paid	(30,166)	(24,196)
	<u>115,098</u>	<u>79,071</u>
Net cash generated from operating activities		
Cash flows from investing activities		
Business combination, net of cash acquired	–	(13,296)
Purchases of property, plant and equipment	(11,789)	(5,694)
Purchases of intangible assets	(423)	(133)
Proceeds from disposals of property, plant and equipment	130	1
	<u>(12,082)</u>	<u>(19,122)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from issuance of convertible preferred shares	215,834	–
Capital withdrawn by the controlling shareholder	–	(5,000)
Proceeds from borrowings	–	30,000
Capital contribution by shareholders	66	200,000
Deemed distribution to the controlling shareholder	(200,000)	(24,740)
Transaction with non-controlling interests	6,900	–
Prepayments in relation to listing expenses	(1,187)	–
Repayment from related parties	17,924	–
Repayment to related parties	–	(180,799)
Repayment of borrowings	(10,020)	–
Dividends paid to the controlling shareholder	(1,783)	(90,253)
Dividends paid to the non-controlling interests	(23,018)	(28,565)
	<u>4,716</u>	<u>(99,357)</u>
Net cash generated from/(used in) financing activities		
Net increase/(decrease) in cash and cash equivalents	<u>107,732</u>	<u>(39,408)</u>
Cash and cash equivalents at the beginning of the year	81,231	120,639
Cash and cash equivalents at the end of the year	<u><u>188,963</u></u>	<u><u>81,231</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

New Century Healthcare Holding Co. Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) are principally engaged in provision of pediatrics and obstetrics and gynecology speciality services in Beijing, the People’s Republic of China (the “**PRC**”). The Group also provides hospital consulting services to Beijing Jiahua Likang Health Investment Co., Ltd. (“**Jiahua Likang**”), a related party of the Group, relating to the for-profit private hospitals owned by Jiahua Likang, all of which are outside Beijing.

The Company is a limited liability company incorporated in the Cayman Islands on July 31, 2015. The address of its registered office is c/o Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.

The ordinary shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on January 18, 2017. The medical services and the hospital consulting services are collectively referred to as the “**Listing Business**”.

The financial statements are presented in Renminbi (“**RMB**”) and rounded to nearest thousand yuan, unless otherwise stated.

2 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”) and requirements of the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after January 1, 2016:

- Accounting for acquisitions of interests in joint operations – Amendments to HKFRS 11
- Clarification of acceptable methods of depreciation and amortization – Amendments to HKAS 16 and HKAS 38
- Annual improvements to HKFRSs 2012–2014 cycle
- Disclosure initiative – amendments to HKAS 1

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) *New standards and interpretations not yet adopted*

The following new standards, amendments and interpretations to existing standards which have been issued but are effective for the fiscal year beginning on or after January 1, 2017 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 7	Disclosure Initiative	January 1, 2017
Amendments to HKAS 12	Recognition of deferred tax	January 1, 2017
HKFRS 9	Financial Instruments	January 1, 2018
HKFRS 15	Revenue from contracts with customers	January 1, 2018
HKFRS 16	Leases	January 1, 2019

3 Segment information

Mr. Jason ZHOU in his role as the executive director and chairman of the Company upon completion of the Reorganization of the Group, serves as the chief operating decision-maker (the “**CODM**”) of the Group. Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The CODM considers the business from both the service and product perspective and reviews the Group’s business performance by service line rather than legal entities. The Group aggregates businesses that have similar economic characteristics, such as: (i) the nature of the products and services; (ii) the nature of the production processes; (iii) the type or class of customers for their products and services; (iv) the methods used to distribute their products or provide their services; and (v) if applicable, the nature of the regulatory environment.

In the view of the CODM, the Group is principally engaged in four distinct segments: (i) pediatric services, (ii) obstetrics and gynecology services, (iii) hospital consulting services and (iv) others, which are subject to different business risks and economic characteristics.

The Group was mainly engaged in the provision of pediatric services through Beijing New Century International Children's Hospital Co., Ltd. ("**BNC Children's Hospital**") and Beijing New Century Harmony Clinic Co., Ltd. ("**BNC Harmony Clinic**"). After the acquisition of Beijing New Century Women's and Children's Hospital Co., Ltd. ("**BNC Women's and Children's Hospital**") in November 2015, the Group integrated the pediatric business acquired from BNC Women's and Children's Hospital with its original pediatric business. For example, management has leveraged its resources across its pediatric business, such as the secondment of certain medical professionals and the referral of patients from BNC Children's Hospital to BNC Women's and Children's Hospital, where appropriate, to improve the overall business performance in pediatric segment and to achieve synergy effects. Therefore, the CODM manages the pediatric business carried out by BNC Children's Hospital, BNC Harmony Clinic and BNC Woman's and Children's Hospital as one operating segment and allocates resources and evaluates the performance of the segment accordingly.

Management is of the view that pediatric services and obstetric and gynecologic services are different in terms of the nature of businesses, including but not limited to different customers, different medical personnel involved, different medical procedures and different financial performance. Management recognizes revenue and identifiable direct cost and expenses in relation to pediatric services and obstetric and gynecologic services in the Group's business and accounting systems separately. Management uses a reasonable and consistent basis with reference to some historical information, e.g. areas occupied, in determining those common costs and expenses incurred in pediatric services and obstetric and gynecologic services to be attributable to each segment and prepare discrete financial information for the CODM to review. As a result, discrete segmental financial information is available for the creation and disclosure of segment reports for the different services provided by the Group.

The Group's operating and reportable segments for segment reporting purpose are as follows:

(a) Pediatrics

Revenue derived from specialized pediatric services is contributed by BNC Children's Hospital, BNC Harmony Clinic and BNC Women's and Children's Hospital.

(b) Obstetrics and gynecology

Revenue derived from specialized obstetric and gynecologic services is mainly contributed by BNC Women's and Children's Hospital.

(c) *Hospital consulting services*

The Group provides hospital consulting services to Jiahua Likang and its hospital subsidiaries under hospital consulting service agreements. The Group receives hospital consulting fees from Jiahua Likang.

(d) *Others*

The Group provides marketing services and operates canteens, gift and groceries shops in its own hospitals.

The accounting policies of the operating segments are the same as the Group's accounting policies.

For the purposes of monitoring segment performances and allocating resources between segments, segment results represent the profit before tax earned by each segment, without allocation of finance income, finance expense, other income, other losses – net and listing expense that not directly related to the respective segments, which represent the internally generated financial information regularly reviewed by the CODM. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Assets and liabilities dedicated to a particular segment's operations are included in that segment's total assets and liabilities. Segment assets include all tangible and intangible assets, except for cash and cash equivalents, deferred income tax assets and other assets that not directly related to the respective segment. Segment liabilities exclude borrowings, tax payable and other liabilities that not directly related to the respective segment.

No geographical information is presented as all of the Group's revenue is derived from activities in the PRC, and all of the Group's operations and non-current assets are mainly located in the PRC.

Revenues of RMB29.2 million are derived from a single external customer. These revenues are attributable to the hospital consulting services segment (2015: RMB1.8 million).

	Pediatrics <i>RMB'000</i>	Obstetrics and Gynecology <i>RMB'000</i>	Hospital consulting services <i>RMB'000</i>	Others <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended						
December 31, 2016						
Revenue	366,848	88,569	29,204	6,312	–	490,933
Cost of revenue	178,294	50,582	13,561	5,484	–	247,921
Segment results	134,690	16,553	11,790	827	–	163,860
Unallocated income					54,081	54,081
Unallocated cost					(43,843)	(43,843)
Profit before income tax	134,690	16,553	11,790	827	10,238	174,098
Income tax expense					(37,137)	(37,137)
Profit after income tax						136,961
As of December 31, 2016						
Assets						
Segment assets	226,097	69,219	24,496	–	–	319,812
Goodwill	86,779	10,903	–	–	–	97,682
Unallocated assets				–	219,255	219,255
Total assets	312,876	80,122	24,496	–	219,255	636,749
Total liabilities	85,342	47,303	2,027	–	367,556	502,228
Other segment information						
Addition to non-current assets	5,590	2,579	38	–	–	8,207
Depreciation and amortization	(13,978)	(7,241)	–	–	–	(21,219)
Losses on disposal of property, plant and equipment, net	(90)	–	–	–	–	(90)

	Pediatrics	Obstetrics and Gynecology	Hospital consulting services	Others	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
For the year ended						
December 31, 2015						
Revenue	247,111	4,416	1,751	4,918	–	258,196
Cost of revenue	112,000	3,014	277	2,395	–	117,686
Segment results	96,642	(1,625)	1,474	2,523	–	99,014
Unallocated income					554	554
Unallocated cost					(7,584)	(7,584)
Profit before income tax	96,642	(1,625)	1,474	2,523	(7,030)	91,984
Income tax expense					(24,789)	(24,789)
Profit after income tax						<u>67,195</u>
As of December 31, 2015						
Assets						
Segment assets	223,305	70,888	1,751	–	–	295,944
Goodwill	86,779	10,903	–	–	–	97,682
Unallocated assets					138,437	138,437
Total assets	310,084	81,791	1,751	–	138,437	<u>532,063</u>
Total liabilities	75,880	45,656	278	–	442,643	<u>564,457</u>
Other segment information						
Addition to non-current assets	3,123	124	–	–	–	3,247
Depreciation and amortization	(3,985)	(713)	–	–	–	(4,698)
Losses on disposal of property, plant and equipment, net	<u>(113)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(113)</u>

4 Other gains/(losses) – net

	Year ended December 31,	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Losses on disposal of property, plant and equipment	(90)	(113)
Fair value changes of convertible preferred shares and other non-current liabilities	37,534	–
Gains on liability settlement by equity instrument	15,277	–
	<u>52,721</u>	<u>(113)</u>

5 Income tax expense

Subsidiaries established and operating in Mainland China are subject to PRC corporate income tax at the standard rate of 25% for the year ended December 31, 2016.

	Year ended December 31,	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Current income taxation:		
– PRC corporate income tax	31,169	25,081
Deferred income tax	5,968	(292)
	<u>37,137</u>	<u>24,789</u>

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the standard taxation rate of PRC, the principal place of the Group's operations, as follows:

	Year ended December 31,	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax	174,098	91,984
Calculated at a taxation rate of 25%	43,525	22,996
Income not subject to tax	(13,026)	–
Expenses not tax deductible	6,035	1,075
Tax effect of tax losses not recognized	714	718
Utilization of previously unrecognized tax loss	(111)	–
Income tax expense	37,137	24,789

(a) *Cayman Islands income tax*

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) *Hong Kong profits tax*

Hong Kong profits tax rate is 16.5% for the year ended December 31, 2016. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the year ended December 31, 2016.

As of December 31, 2016, deferred income tax liabilities of RMB3.1 million, have not been recognized for the withholding tax that would be payable on the unremitted earnings of PRC subsidiaries. Management expects to be reinvested such amount in these subsidiaries in the foreseeable future. Unremitted earnings of these subsidiaries as of December 31, 2016 amounted to RMB30.6 million.

6 Earnings per share (“EPS”)

(a) Basic

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year ended December 31, 2016.

	Year ended December 31,	
	2016	2015
Profit attributable to owners of the Company (RMB'000)	<u>92,136</u>	<u>40,903</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>262,434</u>	<u>272,883</u>
Basic EPS (in RMB)	<u><u>0.35</u></u>	<u><u>0.15</u></u>

The EPS presented above is calculated by using the weighted average number of ordinary shares during the year ended December 31, 2016. In determining the weighted average number of ordinary shares, the one share issued upon incorporation, the 9,999 sub-divided shares on February 18, 2016 and the 83,605,734 ordinary shares issued on February 18, 2016 are treated as if have been in issue since January 1, 2015.

The Company capitalized an amount of USD24,969 standing to the credit of its share premium account in paying up in full at par 249,690,254 shares, which were allotted and issued to the shareholders of the Company in accordance with their respective shareholding (“**Capitalization Issue**”). The EPS as presented above has taken into account of the Capitalization Issue, which is effective on January 18, 2017, the listing date of the Company. Accordingly, the weighted average number of ordinary shares in issue has been adjusted retrospectively as if it was effective on January 1, 2015.

(b) Diluted

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares before the Capitalization Issue: 7,542,002 convertible preferred shares (“**Group B Preferred Shares**”) and 3,560,993 ordinary shares redesignated as other non-current liabilities, which were granted the same rights of Group B Preferred Shares. The convertible preferred shares and other non-current liabilities are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the impact of fair value change of convertible preferred shares and other non-current liabilities.

	Year ended December 31,	
	2016	2015
Profit attributable to owners of the Company (RMB'000)	92,136	40,903
Fair value gains of the convertible preferred share and other non-current liabilities (RMB'000)	(58,845)	—
Profit used to determine diluted EPS (RMB'000)	33,291	40,903
Weighted average number of ordinary shares in issue (in thousands)	262,434	272,883
Adjusted for:		
– Assumed conversion of convertible preferred shares and other non-current liabilities (in thousands)	31,384	—
Weighted average number of ordinary shares for diluted EPS (in thousands)	293,818	272,883
Diluted EPS (in RMB)	0.11	0.15

The calculation of basic EPS in 2016 has not considered the 6,548,602 ordinary shares, before the Capitalization Issue, with liquidation preference from February 18, 2016 as these shares are not considered as ordinary shares that are subordinated to all other class of equity instrument. The profit attributable to those shares is also excluded from the calculation from February 18, 2016. These shares are not included in the calculation of diluted EPS as they do not have dilutive effect.

Both the calculation of basic EPS and diluted EPS in 2016 have not considered the 2,757,744 shares which were issued under the restricted share award scheme (“**RSA Scheme**”) as no shares have been granted or agreed to be granted by the Company pursuant to the RSA Scheme up to the date of this announcement.

7 Trade receivables

	As of December 31,	
	2016	2015
	<i>RMB’000</i>	<i>RMB’000</i>
Trade receivables	18,832	12,276
Less: allowance for impairment of trade receivables	(22)	(83)
Trade receivables – net	<u>18,810</u>	<u>12,193</u>

The carrying amounts of the Group’s trade receivables are denominated in RMB and approximate their fair values.

As of December 31, 2016 and 2015, the aging analysis of the trade receivables based on demand note date was as follows:

	As of December 31,	
	2016	2015
	<i>RMB’000</i>	<i>RMB’000</i>
Up to 3 months	17,175	11,467
4–6 months	1,077	552
7 months–1 year	249	161
Over 1 year	331	96
	<u>18,832</u>	<u>12,276</u>

As of December 31, 2016, certain trade receivable balances past due but not impaired were RMB2,196,000 (2015: RMB1,301,000). The balances mainly related to amounts to be claimed from insurance companies. The management considers that based on past settlement history, those amounts can be recovered in reasonable time. The aging analysis of these trade receivables is as follows:

	As of December 31,	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 3 months	870	589
4–6 months	1,077	551
7 months–1 year	249	161
	<u>2,196</u>	<u>1,301</u>

As of December 31, 2016, trade receivables of RMB1,252,000 (2015: RMB649,000) were impaired. These mainly related to amounts due from individual patients and amounts due from insurance company over 1 year. The provision was RMB22,000 as of December 31, 2016 (2015: RMB83,000). The aging analysis of these trade receivables is as follows:

	As of December 31,	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 1 year	921	553
Over 1 year	331	96
	<u>1,252</u>	<u>649</u>

Movements on the Group's provision for impairment of trade receivables are as follows:

	Year ended December 31,	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
As of January 1	83	11
Provision for receivables impairment	8	72
Reversal of provision	(69)	–
As of year ended	<u>22</u>	<u>83</u>

The creation and release of provision for impaired receivables have been included in “administrative expenses” in the consolidated statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The maximum exposure to credit risk as of December 31, 2016 and 2015, is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

8 Trade payables

The aging analysis, based on demand note date, of the trade payables is as follows:

	As of December 31,	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 3 months	12,139	9,843
4–6 months	3,953	2,949
7 months–1 year	401	333
Over 1 year	351	211
	<u>16,844</u>	<u>13,336</u>

The carrying amounts of trade payables are denominated in RMB. The carrying amounts approximate their fair values due to their short-term maturities.

9 Dividends

	Year ended December 31,	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Dividends declared to the controlling shareholder (a)	–	92,036
Dividends declared to the then shareholders of Jiahua Yihe (b)	27,542	–
	<u>27,542</u>	<u>92,036</u>

- (a) Dividends disclosed represented dividends declared by the companies now comprising the Group out of their retained earnings to the controlling shareholder of the respective companies, after eliminating intra-group dividends and excluding dividends paid to non-controlling interests.
- (b) Pursuant to a shareholder resolution of the Company on December 12, 2016 and a shareholder resolution of Jiahua Yihe on December 16, 2016, dividends of RMB27.5 million relating to the profit of BNC Children's Hospital from December 2015 to May 24, 2016 before the completion of the Reorganization, have been agreed and declared to be paid to the then shareholders of Jiahua Yihe immediately before the completion of the Reorganization. The dividends have been settled before the listing of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

Business Overview for 2016

In 2016, we adhered to our development strategies, continued to enhance our operational and management capabilities and explored new business models and growth opportunities. As a result, we achieved steady and rapid growth in our different businesses.

In 2016, we continued to cultivate the Beijing market by enlarging the membership base of our family doctor membership program “Doctor Panda Club”, further improving our services quality and enhancing the recognition of our membership programs among local customers. Meanwhile, site selection for new clinics in Beijing was conducted in phases to accelerate the establishment of the new clinics, which we believe will allow our family doctor services to reach deeper into local mid- to high-end communities.

To ensure that our medical institutions offer consistent and high-quality medical services, we also made continued efforts such as conducting periodic medical services quality inspections, implementing regular medical training curriculums and organizing themed professional and clinical seminars. These measures allowed us to monitor the quality of our medical services, enhance the skill sets of our medical professionals and upgrade our service offerings. In 2016, we further developed a range of services including stomatologic treatment under oral local anesthesia, pediatric MRI diagnosis under anesthesia, pediatric circumcision, treatment for orofacial clefts, treatment for Kawasaki disease, psychological counselling, nutritional counselling and midwife prenatal counselling.

We also actively participated in domestic and international professional exchange and cooperation programs, which provided our medical professionals with opportunities to exchange cutting edge professional and clinical experience and know-how with reputable medical institutions. In 2016, we further enriched our pool of multi-site practice physicians by fostering cooperation with public hospitals, which lays a solid foundation for the sustainable development of our medical services in different specialty areas.

We also generated revenue of RMB29.2 million from the hospital consulting services in the year of 2016, being the first full year of such business. This testifies to the value of our hospital operation and management expertise. We will continue to refine our standardized management systems and quality control standards to fully exploit the growth potential of our hospital consulting services made available by incentive healthcare reform policies and a rapidly growing private healthcare market.

Industry Outlook and the Group's Strategies

As the Two-Child Policy announced in October 2015 and the rising spending power of PRC residents continue to drive the growth of demand for private pediatric and obstetric and gynecologic services, we anticipate significant growth potential in the private pediatric and obstetric and gynecologic markets, especially the mid- to high-end segment in which we operate. By 2020, the pediatric healthcare market and the obstetric and gynecologic healthcare market are expected to reach RMB184 billion and RMB560 billion, respectively, in terms of total revenue, with private healthcare providers accounting for 6.6% and 13.5%, respectively. Private healthcare providers are uniquely positioned to tap into such growth potential as they are allowed significant leeway in customizing and pricing their services.

We intend to leverage such favorable industry prospects by pursuing the following strategies:

- Strengthen our capabilities in handling complicated pediatric conditions, fetal diseases and prenatal diagnosis, improve our perinatal and postnatal medical intervention methods and upgrade our perinatal nutrition services;
- Improve the operation efficiency of our medical institutions through renovation that diverts members of our membership programs and day surgery patients and launching specialty outpatient services during holidays;
- Provide one-stop diagnostic and health management solutions that improve client management efficiency before and after patient visits;

- Further develop our membership programs by expanding the coverage of our local pediatric services and improving the member conversion rate among our pediatric patients;
- Work with commercial insurance companies to provide customized healthcare insurance plans;
- Strengthen the cultivation of our talents by providing them with necessary clinical exposure and training for their professional development; and
- Expand our medical network and enhance network effects by constructing a remote medical diagnostic center and optimizing the allocation and coordination of medical resources within our network.

FINANCIAL REVIEW

Segment Revenue

We generate revenue primarily from providing (i) medical services, including pediatric services and obstetric and gynecologic services, and (ii) hospital consulting services. The following table sets forth a breakdown for the periods indicated:

	Year ended December 31,			
	2016		2015	
	(in thousands of RMB, except percentages)			
Medical services	455,417	92.8%	251,527	97.4%
Hospital consulting services	29,204	5.9	1,751	0.7
Others ⁽¹⁾	6,312	1.3	4,918	1.9
Total	490,933	100.0%	258,196	100.0%

(1) Include revenue from marketing services, cafeteria and gift shop sales at our medical institutions.

Medical Services

Our revenue from the provision of medical services consists of healthcare services fees and revenue from pharmaceutical sales. The following table sets forth the revenue, cost of revenue, gross profit and gross profit margin of our medical services for the periods indicated:

	Year ended December 31,	
	2016	2015
	<i>(in thousands of RMB, except percentages)</i>	
Revenue	455,417	251,527
Cost of revenue	228,876	115,014
Gross profit	226,541	136,513
Gross profit margin	49.7%	54.3%

The following table sets forth the composition of our revenue from pediatric and obstetric and gynecologic services for the periods indicated:

	Year ended December 31,			
	2016		2015	
	(in thousands of RMB, except percentages)			
Pediatric services	366,848	74.7%	247,111	95.7%
Obstetric and gynecologic services	88,569	18.0	4,416	1.7
Total	455,417	92.7%	251,527	97.4%

Our medical services can also be classified by service and sale to inpatients and outpatients. The following table sets forth revenue and certain data relating to such classification for the periods indicated:

	Year ended December 31,	
	2016	2015
Group⁽¹⁾⁽²⁾		
Inpatients		
Inpatient visits	8,306	4,981
Revenue from medical services attributable to inpatients (<i>in thousands of RMB</i>)	213,121	111,902
Average inpatient spending per visit (<i>RMB</i>)	25,659	22,466
Outpatients		
Outpatient visits ⁽³⁾	181,674	95,790
Revenue from medical services attributable to outpatients (<i>in thousands of RMB</i>)	205,117	115,177
Average outpatient spending per visit (<i>RMB</i>)	1,129	1,202
Revenue recognized for membership card sales (<i>in thousands of RMB</i>)	37,179	24,448
BNC Children's Hospital⁽⁴⁾		
Inpatients		
Inpatient visits	5,033	4,765
Revenue from medical services attributable to inpatients (<i>in thousands of RMB</i>)	125,167	107,164
Average inpatient spending per visit (<i>RMB</i>)	24,869	22,490
Outpatients		
Outpatient visits ⁽³⁾	92,095	82,376
Revenue from medical services attributable to outpatients (<i>in thousands of RMB</i>)	120,305	100,816
Average outpatient spending per visit (<i>RMB</i>)	1,306	1,224
Revenue recognized for membership card sales (<i>in thousands of RMB</i>)	24,143	22,661

Year ended December 31,
2016 **2015**

BNC Women's and Children's Hospital⁽⁵⁾⁽⁶⁾

Inpatients

Inpatient visits	3,273	1,672
Revenue from medical services attributable to inpatients (<i>in thousands of RMB</i>)	87,954	38,758
Average inpatient spending per visit (<i>RMB</i>)	26,872	23,181

Outpatients

Outpatient visits ⁽³⁾	78,579	57,198
Revenue from medical services attributable to outpatients (<i>in thousands of RMB</i>)	75,104	50,501
Average outpatient spending per visit (<i>RMB</i>)	956	883

**Revenue recognized for membership card sales
(*in thousands of RMB*)**

11,595	8,409
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BNC Harmony Clinic⁽⁷⁾

Outpatients

Outpatient visits ⁽³⁾	11,000	7,390
Revenue from medical services attributable to outpatients (<i>in thousands of RMB</i>)	9,708	8,718
Average outpatient spending per visit (<i>RMB</i>)	883	1,180

**Revenue recognized for membership card sales
(*in thousands of RMB*)**

1,441	1,074
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Notes:

- (1) With respect to BNC Women's and Children's Hospital, only data since our acquisition of this hospital in November 2015 are included.
- (2) In addition to revenue from medical services attributable to inpatients and outpatients, our medical services revenue also included the revenue recognized from the membership card sales.
- (3) Include accident and emergency visits.
- (4) In addition to revenue from medical services attributable to inpatients and outpatients, the medical services revenue of BNC Children's Hospital also included the revenue recognized from the membership card sales.
- (5) Includes the data of BNC Women's and Children's Hospital throughout the period indicated.
- (6) In addition to revenue from medical services attributable to inpatients and outpatients, the medical services revenue of BNC Women's and Children's Hospital also included the revenue recognized from the membership card sales.
- (7) In addition to revenue from medical services attributable to outpatients, the medical services revenue of BNC Harmony Clinic also included the revenue recognized from the membership card sales.

Revenue from provision of our medical services amounted to RMB455.4 million in 2016, representing an 81.1% YoY increase and accounting for 92.8% of the Group's total revenue. This increase was primarily due to (i) medical services revenue contributed by BNC Women's and Children's Hospital after our acquisition of this hospital in November 2015, which amounted to RMB174.7 million in 2016 as compared to RMB11.1 million in December 2015 and (ii) the increase of RMB39.0 million in the medical services revenue contributed by BNC Children's Hospital.

The cost of revenue of our medical services consists primarily of employee benefits expenses, cost of inventories and consumables, consultation fees, outsourced examination and inspection fees and utilities, maintenance fees and office expenses. The cost of revenue of our medical services in 2016 reached RMB228.9 million, representing a YoY increase of 99.0%. This significant increase was primarily a result of (i) the consolidation of cost of revenue of the medical services provided by BNC Women's and Children's Hospital after our acquisition of this hospital in November 2015 and (ii) increases in average salaries for physicians and other medical professionals in response to market competition in Beijing.

Hospital Consulting Services

We also generate a portion of our revenue from providing hospital consulting services. The following table sets forth the revenue, cost of revenue, gross profit and gross profit margin of our hospital consulting services for the periods indicated:

	Year ended December 31,	
	2016	2015
	<i>(in thousands of RMB, except percentages)</i>	
Revenue	29,204	1,751
Cost of revenue	13,561	277
Gross profit	15,643	1,474
Gross profit margin	53.6%	84.2%

The YoY increases in the revenue, cost of revenue and gross profit of our hospital consulting services were primarily because we commenced the provision of hospital consulting services only in December 2015. The gross profit margin of our hospital consulting services decreased from 84.2% in 2015 to 53.6% in 2016, primarily because of the change in the gross profit margin and the increase in the operating expense in relation to the hospital consulting services.

Gross Profit and Gross Profit Margin

Our gross profit in 2016 amounted to RMB243.0 million, representing a YoY increase of 72.9%. This was mainly due to the contribution of gross profit of RMB72.5 million in 2016 by BNC Women's and Children's Hospital, which we acquired in November 2015. Our gross profit margin decreased from 54.4% in 2015 to 49.5% in 2016, primarily because BNC Women's and Children's Hospital has been ramping up since its establishment in 2012 and had a lower profit margin than BNC Children's Hospital.

Selling Expenses

Our selling expenses in 2016 amounted to RMB19.0 million, representing a YoY increase of 79.1%, which was mainly a result of consolidating the selling expenses of BNC Women's and Children's Hospital and the increase in the employee benefits expenses of our other medical institutions, primarily due to the increased compensation level.

Administrative Expenses

Our administrative expenses in 2016 amounted to RMB102.3 million, a significant increase from RMB38.3 million in 2015. Such increase was mainly a result of consolidating the administrative expenses of BNC Women's and Children's Hospital and certain expenses relating to the IPO.

Other Income

Our other income in 2016 increased significantly to RMB612,000 from RMB238,000 in 2015. Such increase was mainly a result of (i) the government subsidy and (ii) the consolidation of other income of BNC Women's and Children's Hospital.

Other Gains/(Losses) – Net

Our other net gains in 2016 amounted to RMB52.7 million, as compared to other net losses of RMB113,000 in 2015. Our other net gains in 2016 were mainly a result of gains on the fair value changes of convertible preferred shares and other non-current liabilities of RMB37.5 million and gains on liability settlement by equity instrument of RMB15.3 million.

Finance Income and Expenses

Our finance income in 2016 increased significantly from RMB316,000 in 2015 to RMB658,000 which was mainly a result of the increase in our average bank deposits balance and the gains from foreign currency exchange. Our finance expenses in 2016 amounted to RMB1.6 million, a significant increase from RMB43,000 in 2015, primarily due to the interest expenses incurred on bank borrowings of BNC Women's and Children's Hospital.

Income Tax Expense

Our income tax expense in 2016 amounted to RMB37.1 million, representing a YoY increase of 49.8%, which was mainly due to the increase in our profit before income tax from RMB92.0 million in 2015 to RMB174.1 million in 2016. Our effective tax rate was 21.3% and 26.9% in 2016 and 2015, respectively.

Profit for the Period

Our profit for the period amounted to RMB137.0 million, a significant increase from RMB67.2 million in 2015.

FINANCIAL POSITION

Inventories

Our inventories increased by 39.4% from RMB4.6 million as of December 31, 2015 to RMB6.4 million as of December 31, 2016 primarily due to the growth of our business.

Trade Receivables

Our trade receivables increased by 54.3% from RMB12.2 million as of December 31, 2015 to RMB18.8 million as of December 31, 2016 primarily driven by the increase in our revenue.

Trade Payables

Our trade payables increased by 26.3% from RMB13.3 million as of December 31, 2015 to RMB16.8 million as of December 31, 2016 primarily due to the growth of our business.

LIQUIDITY AND CAPITAL RESOURCES

Net Cash Generated from Operating Activities

In 2016, we had net cash generated from operating activities of RMB115.1 million, primarily attributable to profit before income tax of RMB174.1 million, adjusted to reflect mainly (i) an increase in deferred revenue of RMB21.6 million, (ii) an increase in trade and other payables of RMB18.2 million mainly due to our business growth, and (iii) depreciation of property, plant and equipment of RMB15.4 million. These adjustments were partially offset by (i) other net gains of RMB52.7 million, (ii) an increase in balances with related parties of RMB23.5 million, (iii) an increase in trade and other receivables of RMB11.8 million and (iv) income tax paid of RMB30.2 million.

Net Cash Used in Investing Activities

In 2016, we had net cash used in investing activities of RMB12.1 million, primarily attributable to upgrades at our medical institutions.

Net Cash Generated from Financing Activities

In 2016, we had net cash generated from financing activities of RMB4.7 million, primarily attributable to (i) proceeds from the issuance of convertible preferred shares of RMB215.8 million and (ii) repayments from related parties of RMB17.9 million, which were partially offset by (i) deemed distribution to the controlling shareholders of RMB200.0 million, reflecting the total consideration paid for our acquisition of 99.0% and 1.0% of equity interest in Jiahua Yihe and (ii) dividends paid to non-controlling interests of RMB23.0 million.

Significant Investments, Acquisitions and Disposals

During 2016, we did not have any significant investment.

During 2016, we had no material acquisition or disposal except those in connection with the Group's Reorganization in preparation for the IPO as disclosed in the Prospectus.

Capital Expenditures

Our capital expenditures primarily include expenditures for purchases of property, plant and equipment, such as medical equipment, and intangible assets such as computer software relating to our operations. The amount of our capital expenditures in 2016 was RMB12.2 million, representing a 36.1% YoY decrease, which was mainly a result of the one-off expenditure for the acquisition of BNC Women's and Children's Hospital in 2015. Our capital expenditures in 2016 were primarily related to upgrading our existing medical institutions.

Use of Proceeds from IPO

The Shares of the Company were listed on the Main Board of the Stock Exchange on January 18, 2017 with net proceeds received by the Company from the global offering in the amount of HK\$856.4 million after deducting underwriting commissions and all related expenses. The net proceeds received from the global offering will be used in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

Since the Listing of the Company and up to the date of this announcement, the proceeds from the Listing were not applied for any use.

INDEBTEDNESS

Borrowings

As of December 31, 2016, we had borrowings of RMB20.0 million, which was the balance of a bank loan that financed the capital expenditure incurred by BNC Women's and Children's Hospital, as compared to RMB30.0 million as of December 31, 2015. The bank loan was borrowed on December 23, 2015, has a fixed interest rate of 5.7% and will be matured on December 13, 2017. The 33.4% YoY decrease in our borrowings resulted from the settlement of certain prescribed payments of the loan.

Exposure to Fluctuations in Exchange Rates

We mainly operate in the PRC with most of the transactions settled in RMB and therefore have minimal exposure to foreign exchange risk. We have not used any derivative financial instrument to hedge against our exposure to foreign exchange risk but will closely monitor such risk on an ongoing basis.

Contingent Liabilities

As of December 31, 2016, we did not have any contingent liabilities or guarantees that would have a material impact on our financial position or results of operations.

Pledge of Assets

As of December 31, 2016, none of our assets had been pledged.

Contractual Obligations

As of December 31, 2016, we did not have any contractual obligations that would have a material effect on our financial position or results of operations.

Financial Instruments

Our major financial instruments include trade receivables, other receivables excluding prepayments, amounts due from related parties, cash and cash equivalents, borrowings, trade payables, other payables excluding non-financial liabilities, amounts due to related parties, convertible preferred shares and other non-current liabilities. Our management manages such exposure to ensure appropriate measures are implemented on a timely and effect manner.

Gearing Ratio

As of December 31, 2016, our gearing ratio, calculated as total borrowings divided by total equity, was 14.9%. Our gearing ratio as of December 31, 2015 was not meaningful due to our then negative total equity.

EMPLOYEE AND REMUNERATION POLICY

As of December 31, 2016, the Group had 702 employees (December 31, 2015: 706 employees). Total staff remuneration expenses including Directors' remuneration in 2016 amounted to RMB165.09 million (FY2015: RMB80.29 million). Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice. On top of salary payments, other staff benefits include social insurance and housing provident contributions made by the Group, performance-based compensation and discretionary bonus.

The Group has adopted the RSA Scheme to attract, retain and monitor our key employees. No restricted shares have been granted to employees up to the date of this announcement.

The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2016.

OTHER INFORMATION

Annual General Meeting

The 2017 AGM of the Company will be held on Thursday, June 1, 2017. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

Closure of Register of Members

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, May 26, 2017 to Thursday, June 1, 2017, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, non-registered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, May 25, 2017.

CORPORATE GOVERNANCE PRACTICE

The Board of Directors is committed to maintaining high corporate governance standards.

The Shares were listed on the Main Board of the Stock Exchange on the Listing Date. During the period from the Listing Date up to the date of this announcement, the Company has applied the principles as set out in the CG Code contained in Appendix 14 to the Listing Rules which are applicable to the Company.

Code provisions A.1.1 and C.3.3 respectively provide that board meetings should be held at least four times a year at approximately quarterly intervals with a majority of directors being present and the Audit Committee must meet at least twice a year with the issuer's auditors. The Shares were listed on the Main Board of the Stock Exchange on the Listing Date. The Company held 4 board meetings, and members of the Audit Committee did not meet with the Company's auditors in 2016, the end of which is prior to the Listing Date. During the period from the Listing Date up to the date of this announcement, the Audit Committee has had 2 meetings with the auditor of the Company to discuss the annual audit for the year ended December 31, 2016. In

the opinion of the Directors, during the period from the Listing Date up to the date of this announcement, the Company has complied with all applicable code provisions as set out in the CG Code, save and except for code provision A.2.1 which states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Jason ZHOU is both our chairman and chief executive officer, and is responsible for the overall management of our Group and directing the strategic development and business plans of our Group. We believe that he is instrumental to our growth and business expansion since our establishment in 2002. Our Board considers that the roles of chairman and chief executive officer being vested in the same person is beneficial to the business prospects, management and overall strategic direction of our Group by ensuring consistent leadership within our Group and facilitating more effective and efficient overall strategic planning and decision-making for our Group. After considering all the corporate governance measures that have been taken, the Board considers that the balance of power and authority will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. Thus, the Company does not segregate the roles of chairman and chief executive officer. The Board will continue to review the situation and consider splitting the roles of chairman and chief executive officer of the Company in due course after taking into account of the then overall circumstances of the Group.

Further information of the corporate governance practice of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. The Company has also set guidelines, at least as strict as the Model Code, on transactions of the Company's securities for relevant employees (as defined in the Listing Rules).

As the Company was not listed on the Stock Exchange as of December 31, 2016, related rules under the Listing Rules concerning the Model Code that Directors shall observe do not apply to the Company for the year ended December 31, 2016. The Company has made specific inquiries to all Directors about their compliance with the Model Code, and they all confirmed that they complied with the standards specified in the Model Code from the Listing Date to the date of this announcement. The Company has made specific inquiries of relevant employees about their compliance with the guidelines on transactions of the Company's securities, without noticing any violation of the guidelines.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period from the Listing Date up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive Directors, namely, Mr. SUN Hongbin and Mr. JIANG Yanfu, and a non-executive Director, Dr. HE Xin. The chairman of the Audit Committee is Mr. SUN Hongbin.

The Audit Committee has reviewed the annual results of the Group for the year ended December 31, 2016 and has recommended for the Board's approval thereof.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2016. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

SUBSEQUENT EVENTS

On January 18, 2017, the Shares of the Company became listed on the Main Board of the Stock Exchange. The Prospectus dated December 30, 2016 was published on the Company's website (www.ncich.com.cn) and the HKEx news website of the Stock Exchange (www.hkexnews.hk).

On February 10, 2017, the Over-Allotment Option (as defined in the Prospectus) was partially exercised. On February 17, 2017, the Over-Allotment Shares became listed on the Main Board of the Stock Exchange.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the HKEx (www.hkexnews.hk) and the Company (www.ncich.com.cn). The 2016 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the Shareholders and made available on the above websites in due course.

DEFINITIONS

“AGM”	annual general meeting of the Company;
“Audit Committee”	the audit committee of the Board;
“BNC Children’s Hospital”	Beijing New Century Children’s Hospital Co., Ltd. (北京新世紀兒童醫院有限公司), a company incorporated in the PRC with limited liability on December 13, 2002, which is a non-wholly-owned subsidiary of the Company;
“BNC Harmony Clinic”	Beijing New Century Ronghe Outpatient Service Co., Ltd. (北京新世紀榮和門診部有限公司), a company incorporated in the PRC with limited liability on May 30, 2012, which is a non-wholly-owned subsidiary of the Company;
“BNC Women’s and Children’s Hospital”	Beijing New Century Women’s and Children’s Hospital Co., Ltd. (北京新世紀婦兒醫院有限公司), a company incorporated in the PRC with limited liability on January 4, 2012, which is a non-wholly-owned subsidiary of the Company;
“Board” or “Board of Directors”	the board of Directors of the Company;
“CG Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules;
“China” or “PRC”	the People’s Republic of China; for the purpose of this announcement only, references to “China” or the “PRC” do not include Taiwan, the Macau Special Administrative Region and Hong Kong;

“Company”	New Century Healthcare Holding Co. Limited (新世紀醫療控股有限公司), a company incorporated in the Cayman Islands with limited liability on July 31, 2015, the Shares of which are listed on the Main Board of the Stock Exchange;
“Directors”	directors of the Company;
“FY”	financial year;
“Group”, “our Group”, “we” or “us”	the Company and its subsidiaries;
“HKEx”	Hong Kong Exchanges and Clearing Limited;
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC;
“HKFRS”	Hong Kong Financial Reporting Standards;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“IPO”	initial public offering of Shares and listing of the Group on the Stock Exchange on January 18, 2017;
“Listing Date”	the date on which dealings in the Shares first commenced on the Stock Exchange, i.e. January 18, 2017;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules;
“Over-Allotment Shares”	10,025,000 Shares issued and allotted by the Company pursuant to the partial exercise of the Over-Allotment Option;
“Prospectus”	the prospectus dated December 30, 2016 issued by the Company;

“Remuneration Committee”	the remuneration committee of the Board;
“Reorganization”	the reorganization of our Group in preparation for the IPO, details of which are set out in “History, Reorganization and Development — Our Reorganization” of the Prospectus;
“RMB”	Renminbi, the lawful currency of the PRC;
“RSA Scheme”	the restricted share award scheme approved and adopted by the Company on August 29, 2016;
“Shares(s)”	ordinary share(s) of US\$0.0001 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“YoY”	year-on-year; and
“%”	percent.

In this announcement, the terms “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

By Order of the Board
New Century Healthcare Holding Co. Limited
Mr. Jason ZHOU
Chairman, Executive Director and Chief Executive Officer

Hong Kong, March 28, 2017

As of the date of this announcement, the Board of Directors comprises Mr. Jason ZHOU, Ms. XIN Hong and Mr. XU Han, as executive Directors; Ms. LIANG Yanqing, Dr. HE Xin, Mr. WANG Siye and Ms. ZHANG Lan as non-executive Directors; and Mr. WU Guanxiong, Mr. SUN Hongbin, Mr. JIANG Yanfu and Dr. MA Jing, as independent non-executive Directors.