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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)

**CONTINUING CONNECTED TRANSACTION
IN RELATION TO THE PROPERTY MANAGEMENT SERVICES
AGREEMENT BETWEEN CHENGDU NEW CENTURY AND MUHE JIAYE**

PROPERTY MANAGEMENT SERVICES

On December 3, 2018, Muhe Jiaye entered into the Chengdu New Century Property Management Services Agreement with Chengdu New Century for a period from August 2, 2018 to December 31, 2019 pursuant to which Muhe Jiaye agreed to provide certain property management services to Chengdu New Century.

Muhe Jiaye is a company in which Ms. Zhao holds a 35.0% equity interest and thus is a connected person of the Group by virtue of it being an associate of Mr. Zhou pursuant to Rule 14A.12(1)(c) of the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to the maximum aggregate annual services fees payable to Muhe Jiaye under the Muhe Jiaye Property Management Services Agreements for each of the four years ending December 31, 2021 is more than 0.1% but less than 5%, the transactions under the Muhe Jiaye Property Management Services Agreements are only subject to the announcement, annual review and reporting requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PROPERTY MANAGEMENT SERVICES

On December 3, 2018, Muhe Jiaye entered into the Chengdu New Century Property Management Services Agreement with Chengdu New Century for a period from August 2, 2018 to December 31, 2019. The principal terms of the Chengdu New Century Property Management Services Agreement are set out below.

Parties:	(a) Muhe Jiaye (as a service provider); and (b) Chengdu New Century (as a customer).
Subject matter:	The Chengdu New Century Property Management Services Agreement was entered into for a period from August 2, 2018 to December 31, 2019. Under the Chengdu New Century Property Management Services Agreement, Muhe Jiaye has agreed to provide property management, facilities and equipment maintenance and cleaning services to Chengdu New Century. The transactions under the Chengdu New Century Property Management Services Agreement are in the ordinary and usual course of business of the Group.
Term:	From August 2, 2018 to December 31, 2019
Consideration and pricing policy:	In consideration for the services provided by Muhe Jiaye, Chengdu New Century has agreed to pay to Muhe Jiaye a monthly fee of RMB406,024, to be adjusted based on: (i) increases in applicable statutory minimum wages, social insurance, other allowances or market price; (ii) deviations from the agreed scope of work and services to be provided by Muhe Jiaye; and (iii) if the increase or decrease in the actual number of beds, surgical procedures or emergency procedures for three consecutive months exceeds 10.0% of estimates which results in an increase or reduction in the agreed number and working hours of service personnel to be provided by Muhe Jiaye. The fee is determined based on arm's length negotiations with regard to the gross floor area of Chengdu New Century and the market price of the services of similar nature. The total consideration under the Chengdu New Century Property Management Services Agreement is expected to amount to approximately RMB6.9 million, without taking into account the above fee adjustment mechanism. The aggregate amounts paid by Chengdu New Century to Muhe Jiaye under the Chengdu New Century Property Management Services Agreement for the period from August 2, 2018 to November 30, 2018 was approximately RMB1,108,000.

Historical transaction amounts:

For the financial years ended December 31, 2015, 2016 and 2017 and the period from January 1, 2018 to July 31, 2018, the aggregate amounts paid by Chengdu New Century to Muhe Jiaye in respect of the property management services provided by Muhe Jiaye were approximately RMB2,474,000, RMB4,986,000, RMB4,511,000 and RMB1,939,000, respectively.

Annual caps:

The maximum aggregate annual amount payable to Muhe Jiaye under the Chengdu New Century Property Management Services Agreement for the years ending December 31, 2018 and 2019 respectively shall not exceed the caps set out below:

	Year ending December 31,	
	2018	2019
	(in RMB million)	(in RMB million)
Total Services Fees	<u>6.0</u>	<u>6.0</u>

Basis of caps:

The above annual caps are determined with reference to (i) the historical transaction amounts in respect of the property management services provided by Muhe Jiaye; (ii) the agreed monthly fee; (iii) the anticipated demand for Muhe Jiaye's services by Chengdu New Century; (iv) the past average adjustments of the statutory minimum wages and social insurance; (v) the likelihood of future price adjustment due to increase or decrease in beds, surgical procedures or emergency procedures; and (vi) a reasonable buffer.

INFORMATION IN RELATION TO THE GROUP, CHENGDU NEW CENTURY, MUHE JIAYE

The Group

The Group is principally engaged in provision of pediatrics and obstetrics and gynecology specialty services in Beijing, the PRC.

Chengdu New Century

Chengdu New Century is a non-wholly-owned subsidiary of the Group and is engaged in provision of pediatric and gynecologic healthcare services in Chengdu, the PRC.

Muhe Jiaye

Muhe Jiaye is a company in which Ms. Zhao holds a 35.0% equity interest and thus is a connected person of the Group by virtue of it being an associate of Mr. Zhou pursuant to Rule 14A.12(1)(c) of the Listing Rules. Muhe Jiaye is a qualified property management, facilities and equipment maintenance and cleaning services contractor.

REASONS FOR AND BENEFITS OF THE CHENGDU NEW CENTURY PROPERTY MANAGEMENT SERVICES AGREEMENT

In respect of the Chengdu New Century Property Management Services Agreement, the Directors are of the view that it is in the interests of the Group to outsource property management, facilities and equipment maintenance and cleaning services to Muhe Jiaye, a qualified and long term service provider of the Group, in order to better manage the premises of the medical institutions and maintain the facilities and equipment as well as to ensure that the hygiene and hospital disinfection meet required standards.

The Directors (including the independent non-executive Directors) consider that the terms of the Chengdu New Century Property Management Services Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and the transactions contemplated under the Chengdu New Century Property Management Services Agreement are in the ordinary and usual course of business of the Group.

Mr. Zhou had declared his interest in the transactions contemplated under the Chengdu New Century Property Management Services Agreement by virtue of his relationship with Muhe Jiaye, and had abstained from voting on the relevant Board resolutions in respect of the Chengdu New Century Property Management Services Agreement. Save as disclosed above, none of the Directors has an interest in the Chengdu New Century Property Management Services Agreement and the transactions contemplated thereunder, and therefore no other Director had abstained from voting on the relevant Board resolutions in respect of the Chengdu New Century Property Management Services Agreement.

LISTING RULES IMPLICATIONS

Muhe Jiaye is a company in which Ms. Zhao holds a 35.0% equity interest and thus is a connected person of the Group by virtue of it being an associate of Mr. Zhou pursuant to Rule 14A.12(1)(c) of the Listing Rules.

Reference is made to (i) the section headed “Connected Transactions” in the prospectus of the Company dated December 30, 2016 which provides that Muhe Jiaye entered into the Property Management and Cleaning Services Agreements with each of BNC Children’s Hospital and BNC Women’s and Children’s Hospital on August 22, 2016; and (ii) the announcement of the Company dated May 3, 2018 which provides that Muhe Jiaye entered into the Property Management Services Agreements with each of BNC Harmony Clinic, Meihua and Renze on May 3, 2018.

As the Muhe Jiaye Property Management Services Agreements are in connection with the provision of property management services by Muhe Jiaye to members of the Group, the Directors consider that these agreements are related and shall be aggregated pursuant to Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to the maximum aggregate annual services fees payable to Muhe Jiaye under the Muhe Jiaye Property Management Services Agreements for each of the four years ending December 31, 2021 is more than 0.1% but less than 5%, the transactions under the Muhe Jiaye Property Management Services Agreements are only subject to the announcement, annual review and reporting requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“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, 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, 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, which is a non-wholly-owned subsidiary of the Company;
“Board”	the boards of Directors;
“Chengdu New Century”	Chengdu New Century Women’s and Children’s Hospital Co., Ltd. (成都新世紀婦女兒童醫院有限公司), a company incorporated in the PRC with limited liability, which is a non-wholly-owned subsidiary of the Company;
“Chengdu New Century Property Management Services Agreement”	the property management services agreement entered into between Chengdu New Century and Muhe Jiaye on December 3, 2018;

“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, the Shares of which are listed on the Main Board of the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time;
“Meihua”	Beijing Meihua Women and Children Clinic Company Co., Ltd. (北京美華婦兒門診部有限公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of the Company;
“Mr. Zhou”	Mr. Jason ZHOU, Chairman of the Board, chief executive officer, an executive Director and a controlling Shareholder;
“Ms. Zhao”	Ms. ZHAO Juan (趙娟), the spouse of Mr. Zhou;
“Muhe Jiaye”	Beijing Muhe Jiaye Property Management Co., Ltd. (北京睦合嘉業物業管理有限公司), a company incorporated in the PRC with limited liability, a connected person of the Company;
“Muhe Jiaye Property Management Services Agreements”	the Chengdu New Century Property Management Services Agreement, the Property Management Services Agreements and the Property Management and Cleaning Services Agreements;
“percentage ratio(s)”	the percentage ratio(s) set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“PRC”	the People’s Republic of China, for the purpose of this announcement, not including Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Property Management and Cleaning Services Agreements”	the property management and cleaning services agreements entered into between Muhe Jiaye and each of BNC Children’s Hospital and BNC Women’s and Children’s Hospital on August 22, 2016;

“Property Management Services Agreements”	the property management services agreement entered into between Muhe Jiaye and each of BNC Harmony Clinic, Meihua and Renze on May 3, 2018;
“Renze”	Renze (Beijing) International Business Management Services Co., Ltd. (仁澤(北京)國際企業管理服務有限責任公司), a company incorporated in the PRC with limited liability, which is a non-wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of US\$0.0001 each in the issued capital of the Company or if there has been a subsequent subdivision, 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;
“subsidiary(ies)”	has the same meaning ascribed to it in the Listing Rules; and
“%”	per cent.

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

Hong Kong, December 3, 2018

As at the date of this announcement, the Board comprises Mr. Jason ZHOU, Ms. XIN Hong and Mr. XU Han, as executive Directors; Mr. GUO Qizhi, Mr. WANG Siye, Dr. CHENG Chi-Kong, Adrian, Mr. YANG Yuelin and Mr. FENG Xiaoliang, as non-executive Directors; and Mr. WU Guanxiong, Mr. SUN Hongbin, Mr. JIANG Yanfu and Dr. MA Jing, as independent non-executive Directors.