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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
CHENGDU NEW CENTURY HOSPITAL PREMISES LEASE AGREEMENT

Reference is made to the announcements of the Company dated December 6, 2017, December 29, 2017, January 18, 2018 and August 13, 2018 and the circular of the Company dated December 29, 2017 in relation to the Chengdu Acquisition.

HOSPITAL PREMISES LEASE AGREEMENT

As disclosed in the announcement of the Company dated August 13, 2018, the Chengdu Acquisition was completed. Prior to the completion of the Chengdu Acquisition (upon which Chengdu New Century became a non-wholly-owned subsidiary of the Company) on August 25, 2010, Chengdu New Century entered into the Lease Agreement with Chengdu Women's and Children's Central Hospital pursuant to which Chengdu Women's and Children's Central Hospital leased its certain hospital premises to Chengdu New Century for a period of 20 years from November 1, 2010 to October 31, 2030.

LISTING RULES IMPLICATIONS

Following the completion of the Chengdu Acquisition, Chengdu New Century was owned by the Company as to 85% and by Chengdu Women's and Children's Central Hospital as to 15%. Therefore the Lease Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules by virtue of Chengdu Women's and Children's Central Hospital becoming a substantial shareholder of a subsidiary of the Company.

Since (i) the Lease Agreement is a continuing connected transaction of the Company at the subsidiary level only on normal commercial terms or better; (ii) the Board had approved and ratified the Lease Agreement; and (iii) the Independent Non-Executive Directors had confirmed that the terms of the Lease Agreement are fair and reasonable and the Lease Agreement is on

normal commercial terms or better and is in the interests of the Company and the Shareholders as a whole, the Lease Agreement is 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.

The Independent Financial Adviser had confirmed that it is normal business practice for the Lease Agreement to be of 20 years.

BACKGROUND

Reference is made to the announcements of the Company dated December 6, 2017, December 29, 2017, January 18, 2018 and August 13, 2018 and the circular of the Company dated December 29, 2017 in relation to the Chengdu Acquisition.

As disclosed in the announcement of the Company dated August 13, 2018, the Chengdu Acquisition was completed. Prior to the completion of the Chengdu Acquisition (upon which Chengdu New Century became a non-wholly-owned subsidiary of the Company) on August 25, 2010, Chengdu New Century entered into the Lease Agreement with Chengdu Women's and Children's Central Hospital pursuant to which Chengdu Women's and Children's Central Hospital leased its certain hospital premises to Chengdu New Century for a period of 20 years from November 1, 2010 to October 31, 2030.

THE LEASE AGREEMENT

Date

August 25, 2010

Parties

- (1) Chengdu New Century as the lessee
- (2) Chengdu Women's and Children's Central Hospital as the lessor

Term

20 years from November 1, 2010 to October 31, 2030

Subject Matter

Chengdu New Century has agreed to lease the hospital premises of Chengdu Women's and Children's Central Hospital. The premises, located at No. 77, Baojiaxiang, Qingyang District, Chengdu, are of 23,845.82 square meters, comprising two inpatient buildings, one outpatient building and administrative areas.

Rent

The annual rent payable in cash by Chengdu New Century to Chengdu Women's and Children's Central Hospital shall be as follows:

Period	Annual Rent
November 1, 2010 to October 31, 2011	Nil
November 1, 2011 to October 31, 2014	RMB4,500,000
November 1, 2014 to October 31, 2015	RMB5,000,000
November 1, 2015 to October 31, 2016	RMB6,500,000
November 1, 2016 to October 31, 2019	RMB8,500,000
November 1, 2019 to October 31, 2020	RMB10,000,000
November 1, 2020 to October 31, 2025	RMB10,500,000
November 1, 2025 to October 31, 2030	RMB11,025,000

The annual rent was determined after arm's length negotiation between Chengdu New Century and Chengdu Women's and Children's Central Hospital after taking into account the market price of comparable properties in the relevant region.

OPINION FROM THE INDEPENDENT FINANCIAL ADVISER

As the duration term of the Lease Agreement exceed 3 years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Red Solar Capital Limited as the independent financial adviser to advise whether it is a normal business practice for the contract term of agreements.

As mentioned above, Chengdu Women's and Children's Central Hospital agreed to lease the hospital premises to Chengdu New Century for providing pediatric and gynecologic healthcare services. Pursuant to the clause of Lease Agreement, Chengdu New Century could not conduct any other business without the prior written consent of Chengdu Women's and Children's Central Hospital.

In assessing the reasons for the duration of Lease Agreement to be longer than three years, Red Solar Capital Limited has considered, the following factors: (i) the proposed use of the hospital premises; (ii) the operation of the Chengdu Women's and Children's Central Hospital is expected to be longer than three years; and (iii) the substantial initial set up cost and decoration cost of the hospital, which

provides Chengdu New Century incentives to secure a lease with a longer term to avoid frequent relocation of Chengdu Women's and Children's Central Hospital, which will be operated by Chengdu New Century during the management period.

In considering whether it is normal business practice for agreements of similar nature with Lease Agreement to have a term of such duration, Red Solar Capital Limited has also recognized transactions entered into by companies listed on the Stock Exchange for leasing properties with duration of more than three years. Taking into account of the above, Red Solar Capital Limited confirms that the duration of the Lease Agreement, which is longer than three years is necessary and it is normal business practice for the Lease Agreement to be of such duration.

ANNUAL CAPS

The maximum annual rent payable under the Lease Agreement for each of the years ending December 31, 2030 are set forth in the table below, which were determined by reference to annual rent payable by Chengdu New Century to Chengdu Women's and Children's Central Hospital under the Lease Agreement.

<i>(in RMB)</i>	Year ended December 31,			
	2018	2019	Each year from 2020 to 2024	Each year from 2025 to 2030
Annual cap	8,500,000	8,750,000	10,500,000	11,025,000

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Lease Agreement enabled Chengdu New Century to secure a long term lease of hospital premises for its operations on normal commercial terms or better which is very important to the business development of the Group.

The Directors are of the view that the Lease Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole. The Lease Agreement had been approved and ratified by the Board.

The Independent Non-Executive Directors comprising Mr. Wu Guanxiong, Mr. Sun Hongbin, Mr. Jiang Yanfu and Dr. Ma Jing had confirmed that the terms of the Lease Agreement are fair and reasonable and the Lease Agreement is on normal commercial terms or better and is in the interests of the Company and the Shareholders as a whole.

“Chengdu Acquisition”	The acquisition of 85.0% equity interest of Chengdu New Century;
“Chengdu Bureau of Hospitals Administration”	Chengdu Bureau of Hospitals Administration (成都市醫院管理局), a governmental bureau in Chengdu, the PRC;
“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 Women’s and Children’s Central Hospital”	Chengdu Women’s and Children’s Central Hospital (成都市婦女兒童中心醫院), a not-for-profit public hospital owned and managed by Chengdu Bureau of Hospitals Administration;
“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;
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Financial Adviser”	Red Solar Capital Limited, the independent financial adviser of the Company in respect of the Lease Agreement;
“Independent Non-Executive Directors”	the independent non-executive Directors of the Company;
“Lease Agreement”	the lease agreement entered into between Chengdu New Century and Chengdu Women’s and Children’s Central Hospital (through its predecessors) dated August 25, 2010;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time;
“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;

“RMB”	Renminbi, the lawful currency of the PRC;
“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
“%”	percent.

The English names of PRC entities are an informal English translation of their respective official Chinese names.

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

Hong Kong, March 25, 2019

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