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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 TRANSACTIONS
(I) FRAMEWORK MANAGEMENT CONSULTING SERVICES AGREEMENT
AND
(II) FRAMEWORK PROPERTY MANAGEMENT AND CLEANING
SERVICES AGREEMENT

MANAGEMENT CONSULTING SERVICES TRANSACTION

On April 12, 2019, Jiahua Yihe and Jiahua Likang agreed the terms of the Framework Management Consulting Services Agreement for a term from July 1, 2019 to December 31, 2021 in relation to the provision of hospital consulting services by Jiahua Yihe to Jiahua Likang for the Likang Hospitals. Jiahua Yihe and Jiahua Likang had entered into an agreement on substantially the same terms for a term from December 6, 2018 to June 30, 2019.

PROPERTY MANAGEMENT AND CLEANING SERVICES TRANSACTION

On April 12, 2019, Jiahua Yihe and Muhe Jiaye agreed the terms of the Framework Property Management and Cleaning Services Agreement for a term from April 12, 2019 to December 31, 2021 in relation to the provision of property management, facilities and equipment maintenance and cleaning services by Muhe Jiaye to Jiahua Yihe Hospitals.

LISTING RULES IMPLICATIONS

Jiahua Likang is a company in which Mr. Zhou holds (together with Ms. Zhao) a 41.3% 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 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 (i) the maximum aggregate annual amount payable to Jiahua Yihe under the Framework Management Consulting Services Agreement for each of the three years ending December 31, 2021 and (ii) the maximum aggregate annual services fees payable to Muhe Jiaye under the Framework Property Management and Cleaning Services Agreement for each of the three years ending December 31, 2021 is more than 5%, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps are subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company expects to seek the Independent Shareholders' approval for the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps at the EGM.

Mr. Zhou and his associates will abstain from voting on the resolutions to be proposed at the EGM for approving the above matters. In light of the Voting Agreement, Ms. Liang and her associates will also abstain from voting on the resolutions to be proposed at the EGM for approving the above matters. The Company has established the Independent Board Committee to review, consider, recommend and advise the Independent Shareholders in respect thereof, and has appointed Red Solar Capital Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. A circular setting out, among other things, the details of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps, the Proposed Property Management and Cleaning Services Annual Caps, a letter of advice from Independent Board Committee, a letter of advice from Red Solar Capital Limited as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders and a notice of EGM will be dispatched to the Shareholders on or before May 3, 2019.

MANAGEMENT CONSULTING SERVICES TRANSACTION

Reference is made to (i) the section headed "Connected Transactions" in the prospectus of the Company dated December 30, 2016 which provides that Jiahua Likang entered into a management consulting services agreement with Jiahua Yihe on June 1, 2016 for a period with effect from December 1, 2015 to November 30, 2018; and (ii) the announcement of the Company dated

December 6, 2018 which provides that Jiahua Likang entered into a management consulting services agreement with Jiahua Yihe on December 6, 2018 for a period with effect from December 6, 2018 to June 30, 2019.

On April 12, 2019, Jiahua Yihe and Jiahua Likang entered into the Framework Management Consulting Services Agreement, pursuant to which Jiahua Yihe will provide hospital consulting services to Jiahua Likang for the Likang Hospitals for a period from July 1, 2019 to December 31, 2021.

The principal terms of the Framework Management Consulting Services Agreement are set out below.

Parties:

- (a) Jiahua Yihe (as a supplier); and
- (b) Jiahua Likang (as a customer).

Subject matter: Pursuant to the Framework Management Consulting Services Agreement, Jiahua Yihe has agreed to provide a comprehensive range of licensing and consulting services relating to the operation and management of the Likang Hospitals to Jiahua Likang. The transactions under the Framework Management Consulting Services Agreement are in the ordinary and usual course of business of the Group.

The fixed services provided by Jiahua Yihe to Jiahua Likang that are covered by the monthly base fee payable by Jiahua Likang (as set out below) include: (i) licensing the right to use the “New Century Healthcare (新世紀醫療)” in medical certification, brand name and promotional materials; (ii) authorizing the use of the Group’s various medical and healthcare clinical processes, regulatory documents, guidance materials and management systems; (iii) authorizing the use of the Group’s medical and clinical training systems, development and educational resources; (iv) providing preferential access to the Group’s procurement pricing and supplier services; and (v) providing information technology support services on the premise of ensuring independent operation and maintenance of the information system (the “**Fixed Services**”). In addition, Jiahua Yihe may also provide other related business operational and financial consultancy services upon request by Jiahua Likang from time to time (the “**Additional Services**”) at specified hourly rates (as set out below).

Term: From July 1, 2019 to December 31, 2021.

Condition: The Framework Management Consulting Services Agreement and the transactions contemplated thereunder are conditional upon the approval by the Independent Shareholders at the EGM.

Consideration and pricing policy: In consideration for the Fixed Services, Jiahua Likang agrees to pay to Jiahua Yihe a monthly base fee of RMB100,000 (the “**Fixed Services Fee**”) for each of the Likang Hospitals that receives Jiahua Yihe’s services pursuant to the Framework Management Consulting Services Agreement. The hourly rates for the provision of the Additional Services are based on the level of seniority of the person providing the particular service, including RMB500 per hour for a consultant, RMB800 per hour for a manager, RMB1,000 per hour for a senior manager, RMB2,000 per hour for a director, and RMB2,500 per hour for an executive director (the “**Additional Services Fee**”).

The price of the services to be provided by Jiahua Yihe is determined on an arm’s length basis by reference to the market price of services of comparable nature and scale. The fees charged by Jiahua Yihe under the Framework Management Consulting Services Agreement are within a reasonable range of fees in the market for a similar scope of services.

Historical transaction amounts: The historical transaction amounts for the years ended December 31, 2016, 2017 and 2018 and the three months ended March 31, 2019 are approximately RMB29,204,000, RMB38,263,000, RMB39,905,000 and RMB10,182,000, respectively.

Annual caps: The maximum aggregate annual amount payable to Jiahua Yihe under the Framework Management Consulting Services Agreement for the years ending December 31, 2019, 2020 and 2021 shall not exceed the caps set out below:

	Year ending December 31,		
	2019	2020	2021
	<i>(in RMB millions)</i>		
Total Fees	<u>42.0</u>	<u>43.0</u>	<u>44.0</u>

Basis of caps: The above annual caps are determined with reference to (i) the expected timelines and milestones of the Likang Hospital projects; (ii) the expected number of personnel providing services in each phase of each Likang Hospital project; (iii) the expected level of seniority of the personnel required in each phase of each Likang Hospital project; (iv) the expected service hours spent by each level of seniority of the personnel providing services in each phase of each Likang Hospital project; and (v) the historical transaction amounts for the years ended December 31, 2016, 2017 and 2018 and the latest available transaction amount for the period from January 1, 2019 to March 31, 2019.

PROPERTY MANAGEMENT AND CLEANING SERVICES TRANSACTION

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 for a period with effect from August 22, 2016 to August 21, 2019; (ii) the announcements of the Company dated May 3, 2018, December 3, 2018 and December 6, 2018 in relation to the various property management services transactions between Muhe Jiaye and various members of the Group.

On April 12, 2019, Jiahua Yihe and Muhe Jiaye agreed the terms of the Framework Property Management and Cleaning Services Agreement for a term from April 12, 2019 to December 31, 2021 in relation to the provision of property management, facilities and equipment maintenance and cleaning services by Muhe Jiaye to Jiahua Yihe Hospitals.

The principal terms of the Framework Property Management and Cleaning Services Agreement are set out below.

Parties:

- (a) Muhe Jiaye (as a service provider); and
- (b) Jiahua Yihe (as a customer).

Subject matter: Pursuant to the Framework Property Management and Cleaning Services Agreement, Muhe Jiaye has agreed to provide property management, facilities and equipment maintenance and cleaning services to Jiahua Yihe Hospitals. The transactions under the Framework Property Management and Cleaning Services Agreement are in the ordinary and usual course of business of the Group.

Term: From April 12, 2019 to December 31, 2021

Condition: The Framework Property Management and Cleaning Services Agreement and the transactions contemplated thereunder are conditional upon the approval by the Independent Shareholders at the EGM.

Consideration and pricing policy: In consideration for the services provided by Muhe Jiaye, Jiahua Yihe has agreed to pay to Muhe Jiaye a monthly fee, 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 Jiahua Yihe Hospitals and the market price of the services of similar nature.

Historical transaction amounts: The historical transaction amounts for the years ended December 31, 2016, 2017 and 2018 and the three months ended March 31, 2019 are approximately RMB6,055,000, RMB6,381,000, RMB8,565,000 and RMB2,674,000, respectively.

Annual caps: The maximum aggregate annual amount payable to Muhe Jiaye under the Framework Property Management and Cleaning Services Agreement for the years ending December 31, 2019, 2020 and 2021 respectively shall not exceed the caps set out below:

	Year ending December 31,		
	2019	2020	2021
	<i>(in RMB millions)</i>		
Total Fees	<u>15.0</u>	<u>30.0</u>	<u>35.0</u>

Basis of caps:

The above annual caps are determined with reference to (i) the anticipated demand for Muhe Jiaye's services by Jiahua Yihe Hospitals; (ii) the past average adjustments of the statutory minimum wages and social insurance; (iii) the likelihood of future price adjustment due to increase or decrease in beds, surgical procedures or emergency procedures; (iv) the historical transaction amounts for the years ended December 31, 2016, 2017 and 2018 and the latest available transaction amount for the period from January 1, 2019 to March 31, 2019; (v) the potential acquisitions and establishment of healthcare institutions expected to be owned, operated, invested and/or managed by Jiahua Yihe during the period from 2019 to 2021; and (vi) a reasonable buffer.

INFORMATION IN RELATION TO THE GROUP, JIAHUA YIHE, JIAHUA LIKANG AND MUHE JIAYE**The Group**

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

Jiahua Yihe

Jiahua Yihe is a wholly-owned subsidiary of the Group and is engaged in provision of hospital consulting services.

Jiahua Likang

Jiahua Likang is a company in which Mr. Zhou holds (together with Ms. Zhao) a 41.3% 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. Jiahua Likang is engaged in operation of hospitals in 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 MANAGEMENT CONSULTING SERVICES TRANSACTION AND THE PROPERTY MANAGEMENT AND CLEANING SERVICES TRANSACTION

In respect of the Management Consulting Services Transaction, Jiahua Yihe has been providing hospital consulting services to Jiahua Likang for the Likang Hospitals from December 2015. The Group had previously entered into the management consulting services agreements in 2016 and 2018 respectively to formalize the consulting services relationship in existence since December 1, 2015 and to govern the provision of such services after the listing of the Company. The Group intends to continue the consulting services relationship by entering into the Framework Management Consulting Services Agreement, which is on substantially the same terms as the management consulting services agreements entered into in 2016 and 2018. Given the recognition of the “New Century Healthcare” brand, the Company may leverage on the brand equity and develop its management consulting business in return for a stable revenue.

In respect of the Property Management and Cleaning Services Transaction, 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.

In view of the above, the Directors (excluding the independent non-executive Directors who will express their view in a circular after receiving advice from Red Solar Capital Limited, the independent financial adviser) consider that the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Mr. Zhou had declared his interest in the Management Consulting Services Transaction and the Property Management and Cleaning Services Transaction by virtue of his relationship with Muhe Jiaye and Jiahua Likang, and had abstained from voting on the relevant Board resolutions in respect of the Management Consulting Services Transaction and the Property Management and Cleaning Services Transaction. Save as disclosed above, none of the Directors has an interest in the Management Consulting Services Transaction and the Property Management and Cleaning Services Transaction, and therefore no other Director had abstained from voting on the relevant Board resolutions in respect of the Management Consulting Services Transaction and the Property Management and Cleaning Services Transaction.

LISTING RULES IMPLICATIONS

Jiahua Likang is a company in which Mr. Zhou holds (together with Ms. Zhao) a 41.3% 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 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 (i) the maximum aggregate annual amount payable to Jiahua Yihe under the Framework Management Consulting Services Agreement for each of the three years ending December 31, 2021 and (ii) the maximum aggregate annual services fees payable to Muhe Jiaye under the Framework Property Management and Cleaning Services Agreement for each of the three years ending December 31, 2021 is more than 5%, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps are subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company expects to seek the Independent Shareholders' approval for the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps at the EGM.

Mr. Zhou and his associates will abstain from voting on the resolutions to be proposed at the EGM for approving the above matters. In light of the Voting Agreement, Ms. Liang and her associates will also abstain from voting on the resolutions to be proposed at the EGM for approving the above matters. The Company has established the Independent Board Committee to review, consider, recommend and advise the Independent Shareholders in respect thereof, and has appointed Red Solar Capital Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. A circular setting out, among other things, the details of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps, the Proposed Property Management and Cleaning Services Annual Caps, a letter of advice from Independent Board Committee, a letter of advice from Red Solar Capital Limited as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders and a notice of EGM will be dispatched to the Shareholders on or before May 3, 2019.

DEFINITIONS

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

“Board”	the boards of Directors;
“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;
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and if thought fit, approving, among other things, the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps;
“Framework Management Consulting Services Agreement”	the framework management consulting services agreement entered into between Jiahua Yihe and Jiahua Likang on April 12, 2019;
“Framework Property Management and Cleaning Services Agreement”	the framework property management and cleaning services agreement entered into between Jiahua Yihe and Muhe Jiaye on April 12, 2019;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors of the Company, established to advise the Independent Shareholders in respect of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps;
“Independent Shareholders”	the Shareholders other than those who are required under the Listing Rules to abstain from voting at the EGM in respect of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps;
“Jiahua Likang”	Beijing Jiahua Likang Medical Investment and Management Co., Ltd. (北京嘉華麗康醫療投資管理有限公司), a company incorporated in the PRC with limited liability, a connected person of the Company;
“Jiahua Yihe”	Beijing Jiahua Yihe Management and Consulting Co., Ltd. (北京嘉華怡和管理諮詢有限公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of the Company;
“Jiahua Yihe Hospitals”	Hospitals, clinics and/or other medical institutions owned, operated, invested and/or managed by Jiahua Yihe at the relevant time (including any future time during the term of the Framework Property Management and Cleaning Services Agreement) or, where the context so requires, any of them;
“Likang Hospitals”	Hospitals, clinics and/or other medical institutions owned, operated, invested, and/or managed by Jiahua Likang at the relevant time (including any future time during the term of the Framework Management Consulting Services Agreement) or, where the context so requires, any of them;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Management Consulting Services Transaction”	the transaction contemplated under the Framework Management Consulting Services Agreement;
“Mr. Zhou”	Mr. Jason ZHOU, Chairman of the Board, chief executive officer, an executive Director and a controlling Shareholder;
“Ms. Liang”	Ms. LIANG Yanqing (梁艷青), a substantial 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;
“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 Transaction”	the transaction contemplated under the Framework Property Management and Cleaning Services Agreement;
“Proposed Management Consulting Services Annual Caps”	The proposed annual caps in respect of the Management Consulting Services Transaction for the years ending December 31, 2019, 2020 and 2021;
“Proposed Property Management and Cleaning Services Annual Caps”	The proposed annual caps in respect of the Property Management and Cleaning Services Transaction for the years ending December 31, 2019, 2020 and 2021;
“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;
“Voting Agreement”	an agreement entered into between Mr. Zhou and Ms. Liang on February 18, 2016 and automatically renewed on February 17, 2019 for a term of three years until February 17, 2022, pursuant to which Ms. Liang irrevocably agreed to follow Mr. Zhou's voting directions when exercising the voting rights attached to the Shares beneficially owed by her during the term of such agreement; and
“%”	percent.

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

Hong Kong, April 12, 2019

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.