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新世紀醫療控股有限公司

New Century Healthcare Holding Co. Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1518)

CONTINUING CONNECTED TRANSACTION FRAMEWORK PROPERTY MANAGEMENT AND CLEANING SERVICES AGREEMENT

FRAMEWORK PROPERTY MANAGEMENT AND CLEANING SERVICES AGREEMENT

Reference is made to the announcement of the Company dated April 12, 2019 and the circular of the Company dated May 15, 2019 in relation to, among other things, the 2019 Framework Property Management and Cleaning Services Agreement in relation to the provision of property management, facilities and equipment maintenance and cleaning services by Muhe Jiaye to Jiahua Yihe Hospitals. As the 2019 Framework Property Management and Cleaning Services Agreement will expire on December 31, 2021, on the even date, Jiahua Yihe and Muhe Jiaye entered into a Framework Property Management and Cleaning Services Agreement for a term from January 1, 2022 to December 31, 2024 in order to renew the relevant continuing connected transactions.

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.

Since the highest applicable percentage ratio calculated with reference to 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, 2024 exceeds 0.1% but is less than 5%, the Framework Property Management and Cleaning Services Agreement and the Property Management and Cleaning Services Transaction are subject to the reporting, annual

review and announcement requirements but are exempt from circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PROPERTY MANAGEMENT AND CLEANING SERVICES TRANSACTION

Reference is made to the announcement of the Company dated April 12, 2019 and the circular of the Company dated May 15, 2019 in relation to, among other things, the 2019 Framework Property Management and Cleaning Services Agreement in relation to the provision of property management, facilities and equipment maintenance and cleaning services by Muhe Jiaye to Jiahua Yihe Hospitals. As the 2019 Framework Property Management and Cleaning Services Agreement will expire on December 31, 2021, on the even date, Jiahua Yihe and Muhe Jiaye entered into a Framework Property Management and Cleaning Services Agreement for a term from January 1, 2022 to December 31, 2024 in order to renew the relevant continuing connected transactions.

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

Date: December 31, 2021

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

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 January 1, 2022 to December 31, 2024

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.

Given that the services fee for the property management and cleaning services of a medical institution varies depending on the gross floor area, medical facilities and medical equipment involved and the detailed services requirements, it is not commercially practical for Jiahua Yihe to agree with Muhe Jiaye on specific unit price or monthly fee in advance. However, the following pricing policies for the continuing connected transactions under the Framework Property Management and Cleaning Services Agreement will be followed to ensure the price and terms offered by Muhe Jiaye are no less favorable than the price and terms offered by unrelated service providers:

- in respect of any Jiahua Yihe Hospital that plans to engage Muhe Jiaye to provide property management and cleaning services under the Framework Property Management and Cleaning Services Agreement after it becomes effective, the services fees shall be determined based on arm's length negotiations with regard to the gross floor area, medical facilities and equipment and the detailed services requirement of the Jiahua Yihe Hospital;
- Jiahua Yihe or Jiahua Yihe Hospitals shall solicit at least two other quotations from unrelated service providers for similar services, and take into account the quotations received, the payment terms, the qualification, the quality of services and the track record of the service providers to determine if the price and terms offered by Muhe Jiaye are not less favorable than those offered by unrelated service providers;
- if Muhe Jiaye is selected as the service provider, a separate property management and cleaning services agreement will be entered into to set out, among others, the contract price and the detailed scope of services; and

- the monthly fee will be calculated based on the aggregate annual services fee payable by Jiahua Yihe Hospitals.

Historical transaction amounts:

The historical transaction amounts for the three years ending December 31, 2019, 2020 and 2021 are approximately RMB10,977,105.00, RMB8,416,684.77 and RMB8,678,309.00^{Note} respectively.

Note: The historical transaction amount for the year ending December 31, 2021 is subject to final confirmation and audit.

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, 2022, 2023 and 2024 respectively shall not exceed the caps set out below:

	Year ending December 31,		
	2022	2023	2024
	<i>(in RMB millions)</i>		
Total Fees	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>

Basis of caps:

The above annual caps are determined with reference to (i) the number of the Jiahua Yihe Hospitals; (ii) the anticipated demand for Muhe Jiaye's services by Jiahua Yihe Hospitals; (iii) the past average adjustments of the statutory minimum wages and social insurance; (iv) the likelihood of future price adjustment due to increase or decrease in beds, surgical procedures or emergency procedures; (v) the historical transaction amounts for the years ending December 31, 2019, 2020 and 2021; (vi) business development plan, including the potential acquisitions and establishment of healthcare institutions expected to be owned, operated, invested and/or managed by Jiahua Yihe during the period from 2022 to 2024; and (vii) a reasonable buffer.

INFORMATION IN RELATION TO THE GROUP, JIAHUA YIHE AND MUHE JIAYE

The Group

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

Jiahua Yihe

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

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 PROPERTY MANAGEMENT AND CLEANING SERVICES TRANSACTION

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 (including the independent non-executive Directors) consider that the Framework Property Management and Cleaning Services Agreement and the Property Management and Cleaning Services Transaction are entered into in the ordinary and usual course of business of the Group, and the Framework Property Management and Cleaning Services Agreement, the Property Management and Cleaning Services Transaction and the 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 Framework Property Management and Cleaning Services Agreement, the Property Management and Cleaning Services Transaction and the Property Management and Cleaning Services Annual Caps by virtue of his relationship with Muhe Jiaye, and had abstained from voting on the relevant Board resolutions in respect of the above matters. Save as disclosed above, none of the Directors has an interest in the Framework Property Management and Cleaning Services Agreement, the Property Management and Cleaning Services Transaction and the Property Management and Cleaning Services Annual Caps, and therefore no other Director had abstained from voting on the relevant Board resolutions in respect of the above matters.

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.

Since the highest applicable percentage ratio calculated with reference to 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, 2024 exceeds 0.1% but is less than 5%, the Framework Property Management and Cleaning Services Agreement and the Property Management and Cleaning Services Transaction are subject to the reporting, annual review and announcement requirements but are exempt from 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:

“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;
“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;
“Framework Property Management and Cleaning Services Agreement”	the framework property management and cleaning services agreement entered into between Jiahua Yihe and Muhe Jiaye on December 31, 2021;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“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;

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“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;
“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;
“Property Management and Cleaning Services Annual Caps”	The annual caps in respect of the Property Management and Cleaning Services Transaction for the years ending December 31, 2022, 2023 and 2024;
“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;

“%” percent.

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

Hong Kong, December 31, 2021

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. XIE Qiang, as non-executive Directors; and Mr. WU Guanxiong, Mr. SUN Hongbin, Mr. JIANG Yanfu and Dr. MA Jing, as independent non-executive Directors.