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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)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2022

#### 2022 INTERIM RESULTS HIGHLIGHTS

Set forth below are our key performance highlights for the six months ended June 30, 2022:

1. Our revenue amounted to RMB280.1 million for the six months ended June 30, 2022, representing a small decrease of 2.0% as compared to the same period last year.
2. Loss before income tax for the period increased to RMB233.6 million as compared to RMB 37.9 million for the same period last year, which was mainly attributable to (1) impairment loss on non-current assets increased by RMB76.5 million; and (2) impairment loss on financial assets increased by RMB114.3 million.

#### KEY OPERATIONAL DATA

	For the six months ended June 30		
	2022	2021	Growth
Income from outpatients (RMB'000)	<b>166,210</b>	158,039	5.2%
Outpatient visits	<b>111,164</b>	116,643	-4.7%
Income from inpatients (RMB'000)	<b>93,006</b>	105,441	-11.8%
Inpatient visits	<b>3,151</b>	3,900	-19.2%

The Board is pleased to announce the interim unaudited condensed consolidated financial results of the Group for the six months ended June 30, 2022 together with the comparative figures as set out below.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<b>Six months ended June 30,</b>	
	<i>Note</i>	<b>2022</b>	<b>2021</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	3	<b>280,104</b>	285,844
Cost of revenue	3	<u><b>(213,459)</b></u>	<u>(210,595)</u>
<b>Gross profit</b>		<b>66,645</b>	75,249
Selling expenses		<b>(32,528)</b>	(27,661)
Administrative expenses		<b>(64,522)</b>	(69,366)
Research and development expenses		<b>(4,240)</b>	(5,947)
Net impairment losses on financial assets		<b>(115,352)</b>	(1,035)
Impairment losses on non-current assets		<b>(82,846)</b>	(6,383)
Other income		<b>627</b>	2,844
Other (loss)/gains – net		<u><b>(64)</b></u>	<u>1,890</u>
<b>Operating loss</b>		<b>(232,280)</b>	(30,409)
Finance income		<b>5,458</b>	1,825
Finance costs		<b>(6,592)</b>	(8,716)
Share of net loss of investments accounted for using the equity method		<u><b>(211)</b></u>	<u>(557)</u>
<b>Loss before income tax</b>		<b>(233,625)</b>	(37,857)
Income tax expense	4	<u><b>(1,116)</b></u>	<u>(11,284)</u>
<b>Loss for the period</b>		<u><b>(234,741)</b></u>	<u>(49,141)</u>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company		<b>(233,648)</b>	(54,457)
Non-controlling interests		<u><b>(1,093)</b></u>	<u>5,316</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
– Exchange differences on translation of foreign operations		<u><b>(793)</b></u>	<u>87</u>
<b>Total comprehensive loss for the period</b>		<u><b>(235,534)</b></u>	<u>(49,054)</u>
<b>Total comprehensive (loss)/income for the period attributable to:</b>			
Owners of the Company		<b>(234,441)</b>	(54,370)
Non-controlling interests		<u><b>(1,093)</b></u>	<u>5,316</u>
<b>Losses per share for loss attributable to the ordinary equity holders of the Company</b> <i>(expressed in RMB per share)</i>			
Basic and diluted	5	<u><b>(0.48)</b></u>	<u>(0.11)</u>

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<b>As of June 30, 2022 RMB'000 (Unaudited)</b>	<b>As of December 31, 2021 RMB'000 (Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		147,232	161,967
Right-of-use assets		169,593	223,969
Intangible assets		321,973	412,989
Investments accounted for using the equity method		20,182	1,809
Deferred tax assets		638	598
Long-term deposits and prepayments		7,241	8,133
<b>Total non-current assets</b>		<b>666,859</b>	809,465
<b>Current assets</b>			
Inventories		18,682	21,142
Trade receivables	6	42,464	39,351
Other receivables, deposits and prepayments		14,248	18,170
Amounts due from related parties		50,013	158,925
Cash and cash equivalents		178,868	223,843
		<b>304,275</b>	461,431
Assets classified as held for sale		45,759	–
<b>Total current assets</b>		<b>350,034</b>	461,431
<b>Total assets</b>		<b>1,016,893</b>	1,270,896
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		335	335
Shares held for employee share scheme		(2,939)	(2,829)
Share premium		2,606,495	2,606,495
Other reserves		(1,495,743)	(1,494,950)
Accumulated losses		(605,240)	(371,592)
<b>Sub-total</b>		<b>502,908</b>	737,459
Non-controlling interests		(70,538)	(53,221)
<b>Total equity</b>		<b>(432,370)</b>	684,238

		As of <b>June 30, 2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	As of December 31, 2021 <i>RMB'000</i> (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>187,704</b>	243,498
Deferred tax liabilities		<b>42,803</b>	51,983
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>230,507</b>	295,481
<b>Current liabilities</b>			
Trade payables	7	<b>28,460</b>	27,448
Accruals, other payables and provisions		<b>200,947</b>	185,421
Lease liabilities		<b>47,070</b>	36,743
Contract liabilities		<b>26,234</b>	30,399
Current tax liabilities		<b>3,534</b>	5,852
Amounts due to related parties		<b>7,312</b>	5,314
		<hr/>	<hr/>
		<b>313,557</b>	291,177
Liabilities directly associated with assets classified as held for sale		<b>40,459</b>	–
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>354,016</b>	291,177
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>584,523</b>	586,658
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>1,016,893</b>	1,270,896
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# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

New Century Healthcare Holding Co. Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) are principally engaged in provision of pediatrics, obstetrics and gynecology specialty services in the People’s Republic of China (the “**PRC**”). The Group also provides hospital consulting services to related parties of the Group and online healthcare services.

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, 190 Elgin Avenue, 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 (“**the Listing**”) on January 18, 2017.

The interim condensed consolidated financial information is presented in Renminbi (“**RMB**”) and rounded to nearest thousand yuan, unless otherwise stated.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This interim condensed consolidated financial information for the six months ended June 30, 2022 has been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”), ‘Interim financial reporting’.

The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the annual financial report for the year ended December 31, 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), and any public announcements made by the Company during the six months ended June 30, 2022.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for “non-current assets (or disposal groups) held for sale” and the adoption of new and amended standards as below. Except for assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sale, the financial information has been prepared on a historical cost basis.

### (a) **Non-current assets (or disposal groups) held for sale**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

**(b) New and amended standards adopted by the Group**

A number of new or amended standards became applicable during current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

**(c) Impact of standards issued but not yet adopted by the Group**

Certain new accounting standards and interpretations have been published that are not mandatory for current reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

### 3 SEGMENT INFORMATION

Mr. Jason ZHOU in his role as the executive director and chairman of the Company, 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.

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’s segment information is shown as follows:

#### (i) Segment information

	Pediatrics RMB'000	Obstetrics and gynecology RMB'000	Hospital consulting services RMB'000	Others RMB'000	Intersegment eliminations RMB'000	Unallocated RMB'000	Total RMB'000
<b>(Unaudited)</b>							
<b>Six months ended June 30, 2022</b>							
Revenue from external customers	230,557	46,327	148	3,072	-	-	280,104
Inter-segment revenue	-	-	-	11,456	(11,456)	-	-
Total revenue	230,557	46,327	148	14,528	(11,456)	-	280,104
Cost of revenue	(157,627)	(52,315)	(73)	(8,252)	4,808	-	(213,459)
Segment results	(15,747)	(89,170)	(123,812)	(5,870)	-	-	(234,599)
Unallocated income						6,301	6,301
Unallocated cost						(5,327)	(5,327)
<b>(Loss)/profit before income tax</b>	<b>(15,747)</b>	<b>(89,170)</b>	<b>(123,812)</b>	<b>(5,870)</b>	<b>-</b>	<b>974</b>	<b>(233,625)</b>
Income tax expense						(1,116)	(1,116)
<b>Loss after income tax</b>							<b>(234,741)</b>
<b>As of June 30, 2022</b>							
Total assets	529,765	271,936	43,902	6,191	-	165,099	1,016,893
Total liabilities	314,812	204,612	2,600	8,157	-	54,342	584,523

	Pediatrics RMB'000	Obstetrics and gynecology RMB'000	Hospital consulting services RMB'000	Others RMB'000	Intersegment eliminations RMB'000	Unallocated RMB'000	Total RMB'000
<b>(Unaudited)</b>							
<b>Six months ended June 30, 2021</b>							
Revenue from external customers	220,992	61,014	493	3,345	-	-	285,844
Inter-segment revenue	-	-	-	5,667	(5,667)	-	-
<b>Total revenue</b>	220,992	61,014	493	9,012	(5,667)	-	285,844
Cost of revenue	(150,315)	(58,187)	(441)	(4,980)	3,328	-	(210,595)
Segment results	23,987	(16,515)	(496)	(12,750)	-	-	(5,774)
Unallocated income						6,850	6,850
Unallocated cost						(38,933)	(38,933)
<b>Profit/(loss) before income tax</b>	23,987	(16,515)	(496)	(12,750)	-	(32,083)	(37,857)
Income tax expense						(11,284)	(11,284)
<b>Loss after income tax</b>							<u>(49,141)</u>
<b>As of December 31, 2021</b>							
Total assets	557,236	313,856	139,784	5,719	-	254,301	<u>1,270,896</u>
Total liabilities	302,864	199,794	4,209	7,577	-	72,214	<u>586,658</u>

**(ii) Disaggregation of revenue from contracts with customers**

Substantially all of the Group's revenue from external customers is recognised at a point in time.

**4 INCOME TAX EXPENSE**

	<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current income tax:		
– PRC corporate income tax	<b>10,336</b>	13,487
Deferred income tax	<b>(9,220)</b>	(2,203)
	<u><b>1,116</b></u>	<u>11,284</u>



## 5 LOSSES PER SHARE

### (a) Basic

Basic losses per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended June 30, 2022.

	<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss attributable to owners of the Company ( <i>RMB'000</i> )	<u>(233,648)</u>	<u>(54,457)</u>
Weighted average number of ordinary shares in issue ( <i>in thousands</i> ) (i)	<u>483,309</u>	<u>483,334</u>
Basic losses per share ( <i>in RMB</i> )	<u><u>(0.48)</u></u>	<u><u>(0.11)</u></u>

- (i) On July 25, 2017, the Company granted 9,000,000 restricted shares to certain employees pursuant to a restricted share award scheme. As of June 30, 2022, except for 4,767,000 shares that were forfeited, all the other shares were vested. Those forfeited shares were excluded from the calculation of basic losses per share.

As of June 30, 2022, the Company held 2,073,500 (June 30, 2021: 1,924,000 ) shares of the Company to set up an employee stock incentive plan. These shares were not included in the calculation of basic losses per share as they are not outstanding.

### (b) Diluted

For the six months ended June 30, 2022 and 2021, diluted losses per share is equal to the basic losses per share as there were no potential dilutive shares.

## 6 TRADE RECEIVABLES

	As of <b>June 30,</b> <b>2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	As of December 31, 2021 <i>RMB'000</i> (Audited)
Trade receivables from contracts with customers	<b>44,759</b>	39,797
Less: allowance for impairment of trade receivables	<u><b>(2,295)</b></u>	<u>(446)</u>
Trade receivables – net	<u><b>42,464</b></u>	<u>39,351</u>

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

The majority trade receivables were due from commercial insurance companies and social insurance bureau. The aging analysis of the trade receivables based on demand note date was as follows:

	As of <b>June 30,</b> <b>2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	As of December 31, 2021 <i>RMB'000</i> (Audited)
Up to 3 months	<b>25,839</b>	31,738
4 – 6 months	<b>9,855</b>	1,604
7 months – 1 year	<b>4,311</b>	904
Over 1 year	<u><b>4,754</b></u>	<u>5,551</u>
	<u><b>44,759</b></u>	<u>39,797</u>

## 7 TRADE PAYABLES

As of June 30, 2022 and December 31, 2021, the aging analysis of the trade payables based on demand note date was as follows:

	<b>As of June 30, 2022 RMB'000 (Unaudited)</b>	<b>As of December 31, 2021 RMB'000 (Audited)</b>
Up to 3 months	<b>20,728</b>	20,138
4 – 6 months	<b>5,207</b>	5,099
7 months – 1 year	<b>1,329</b>	957
Over 1 year	<b>1,196</b>	1,254
	<b><u>28,460</u></b>	<b><u>27,448</u></b>

## 8 DIVIDENDS

The board of directors of the Company does not resolve to declare an interim dividend for the six months ended June 30, 2022 (June 30, 2021: nil).

For the six months ended June 30, 2022, a dividend of RMB16,224,000 (June 30, 2021: RMB21,389,000) was paid to BCH, a non-controlling shareholder of BNC Children's Hospital, a subsidiary of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Overview

Adhering to its established strategic development goal, the Group further enhanced the collaboration among multiple disciplines of obstetrics, gynecology and pediatrics and the construction of pediatric subspecialties, in a continuous effort to improve the medical service model by centering around the needs of our target customer groups. With an aim to meet the needs of families in the new era for refined, professional and personalized services to promote the healthy development of children, the Group established New Century Child Healthy Development Center (新世紀兒童健康發展中心) in January 2022 which is to provide children's health development services with a full life-cycle approach, integrating medical treatment, education and care for families with children aged 0 to 18. In order to expand its mid-to-high-end pediatric, obstetric and gynecologic medical service institutional networks in Shandong Province, through the acquisition of 12.47% equity interests of Jiahua Yongsheng in April 2022, the Group indirectly held 12.47% minority equity interests in Qingdao New Century Women's and Children's Hospital. We believe that Qingdao possesses a business growth potential, and the acquisition can provide the Group with a larger target market and is in line with the Group's development strategies. Details of the above acquisition are set out in the announcements dated January 30, 2022 and March 29, 2022, respectively. After our investment, Qingdao New Century Women's and Children's Hospital achieved positive growth in both revenue from medical services and the number of outpatient and inpatient visits as compared with that of the same period last year.

Being affected by the implementation of pandemic prevention and control measures as a result of the continuous outbreak of Coronavirus Disease 2019 (“COVID-19”) in certain regions across the country during the first half of 2022, business revenue of the Group in the first half of 2022 recorded a slight decrease as compared to the same period last year. The Group recorded a revenue of RMB280.1 million, representing a 2.0% YoY decrease, and the revenue from medical services amounted to RMB276.9 million, representing a 1.8% YoY decrease.

Being a leading private pediatric, obstetrics and gynecologic healthcare service provider in Beijing<sup>1</sup> as well as in China, we provide integrated medical services for customers in respect of obstetrics, gynecology and pediatrics, and we are characterized by providing comprehensive and in-depth pediatric medical services. Our pediatric business continued to maintain positive growth momentum in the first half of 2022, and the steady growth in our pediatric business was mainly attributable to the development of the division of pediatric surgery, pediatric specialties (mainly including ophthalmology, otolaryngology, stomatology, dermatology, etc.), children's healthcare as well as the growth of the commercial insurance business. In the first half of 2022, the proportion of revenue from pediatric outpatient and inpatient services contributed by revenue from the division of pediatric surgery and pediatric specialties was 42.3%, which remained constant as compared with that recorded of 42.7% in the first half of 2021, the proportion of revenue contribution by the division of children's healthcare increased to 10.6% from 7.8% in the first half of 2021, and the proportion of revenue from pediatric medical services contributed by revenue from the direct settlement by commercial insurance of pediatric business increased to 26.9% from 24.3% in the first half of 2021.

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<sup>1</sup> According to the relevant documents, the cooperation between the Group and BCH in respect of BNC Children's Hospital shall last until December 12, 2052.

In the first half of 2022, revenue from pediatric services recorded a 4.3% YoY increase to RMB230.6 million, accounting for 83.3% of the total revenue from medical services. Revenue from pediatric outpatient services recorded an 8.1% YoY increase to RMB143.4 million; the number of outpatient visits was 88,426, representing a 3.5% YoY decrease. Revenue from pediatric inpatient services recorded a 0.4% YoY decrease to RMB69.5 million; the number of inpatient visits was 2,344, representing a YoY decrease of 9.5%.

Revenue from obstetric and gynecologic business recorded a 24.1% YoY decrease to RMB46.3 million. Revenue from obstetric and gynecologic outpatient services recorded a 10.0% YoY decrease to RMB22.8 million; the number of outpatient visits was 22,738, representing a 9.1% YoY decrease, and the average outpatient spending per visit recorded a 1.0% YoY decrease to RMB1,002. Revenue from obstetric and gynecologic inpatient services was RMB23.5 million, representing a 34.1% YoY decrease. The number of inpatient visits reached 807, representing a 38.4% YoY decrease.

The Group recorded net loss of RMB234.7 million for the six months ended June 30, 2022, which was mainly attributable to (i) impairment losses on non-current assets as a result of the on-going stringent epidemic control policies implemented by local governments and more intense market competition since the second quarter of 2022; and (ii) certain significant amounts of impairment losses on financial assets. Please refer to the section headed “Financial Review – Impairment Losses on Non-Current Assets” and the section headed “Financial Review – Impairment Losses on Financial Assets” below for further details on the impairment losses.

### **Industry Outlook and the Group’s Strategies**

The population and health of children are of strategic importance to the long-term development of the country’s national strength. In 2016, the “Outline of the Healthy China 2030 Plan” (《「健康中國 2030」規劃綱要》) was issued, which outlined the requirements for children’s and adolescents’ prevention and control of myopia, mental health, oral health and health management for children aged 0-6. The “Decision on Optimizing the Fertility Policy and Promoting the Long-term Balanced Development of the Population” (《關於優化生育政策促進人口長期均衡發展的決定》) released in June 2021 sets out the three-child policy and rolls out supportive measures. The state provided a series of policy guidance and support in relation to children’s health, and released the “Action Plan for Child Health Improvement (2021-2025)” (《健康兒童行動提升計劃 (2021-2025年)》) in October of that same year. Policy guidance at the national level has greatly contributed to raising public awareness of children’s health management, and has also triggered a significant increase in market demand for children preventive care, growth and development management, and pediatric specialties. Pediatric medical services have transformed from demand for pediatric disease treatment in the past to that for diversified, niche, and personalized medical and health management. With the upgrading of health consumption of children’s families after the pandemic and the increasing interests of children’s families in commercial insurance, new opportunities have been brought to the growth of children healthcare market.

In order to stay abreast of the development trend of the industry, the Group will continue to grasp the industry's business opportunities by implementing the following measures:

- Leveraging on the backflow effect from the obstetrics department, cater to the needs of post-natal families for female healthcare, body shaping and pediatric business. Building on the competitive advantages of collaboration from multiple disciplines of pediatrics and gynecology, the Group will focus on the construction of subspecialties, and develop its product and service chain centering around the medical and health needs of customers.
- Make efforts to upgrade the customer management system to fully improve customer experience and stickiness, and to continue expanding the Group's membership base in terms of family units.
- Step up efforts in marketing and cooperation with insurance institutions to expand the target customer coverage.
- Optimize organizational structure, talent management and strengthen cost control in accordance with the Group's development strategies.

## 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 of the revenue for the periods indicated:

	<b>Six months ended June 30,</b>			
	<b>2022</b>		2021	
	<i>(in thousands of RMB, except percentages)</i>			
Medical services	<b>276,884</b>	<b>98.8%</b>	282,006	98.6%
Hospital consulting services	<b>148</b>	<b>0.1%</b>	493	0.2%
Others <sup>(1)</sup>	<u><b>3,072</b></u>	<u><b>1.1%</b></u>	<u>3,345</u>	<u>1.2%</u>
Total	<u><b>280,104</b></u>	<u><b>100.0%</b></u>	<u>285,844</u>	<u>100.0%</u>

- (1) Include revenue from cafeteria and gift shop sales at our medical institutions and online healthcare services after intersegment elimination.

## 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:

	<b>Six months ended June 30,</b>	
	<b>2022</b>	2021
	<i>(in thousands of RMB, except percentages)</i>	
Revenue	<b>276,884</b>	282,006
Cost of revenue	<b>209,942</b>	208,502
Gross profit	<b>66,942</b>	73,504
Gross profit margin	<b>24.2%</b>	26.1%

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

	<b>Six months ended June 30,</b>			
	<b>2022</b>		2021	
	<i>(in thousands of RMB, except percentages)</i>			
Pediatric services	<b>230,557</b>	<b>82.3%</b>	220,992	77.3%
Obstetric and gynecologic services	<b>46,327</b>	<b>16.5%</b>	61,014	21.3%
Total	<b><u>276,884</u></b>	<b><u>98.8%</u></b>	<u>282,006</u>	<u>98.6%</u>

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:

	<b>Six months ended June 30,</b>	
	<b>2022</b>	2021
<b>The Group</b>		
<b>Inpatients services</b>		
Inpatient visits	<b>3,151</b>	3,900
Average inpatient spending per visit (RMB)	<b>29,516</b>	27,036
<b>Outpatients services</b>		
Outpatient visits	<b>111,164</b>	116,643
Average outpatient spending per visit (RMB)	<b>1,495</b>	1,355

**Six months ended June 30,**  
2022                      2021

<b>Revenue from medical services attributable to inpatients</b> <i>(in thousands of RMB)</i>	<b>93,006</b>	105,441
<b>Revenue from medical services attributable to outpatients</b> <i>(in thousands of RMB)</i>	<b>166,210</b>	158,039
<b>Revenue recognized for membership card sales</b> <i>(in thousands of RMB)</i>	<b>17,668</b>	18,526
<b>Pediatric Services</b>		
<b>Inpatient services</b>		
Inpatient visits	<b>2,344</b>	2,589
Average inpatient spending per visit <i>(RMB)</i>	<b>29,635</b>	26,934
<b>Outpatient services</b>		
Outpatient visits	<b>88,426</b>	91,639
Average outpatient spending per visit <i>(RMB)</i>	<b>1,622</b>	1,448
<b>Revenue from pediatric services attributable to inpatients</b> <i>(in thousands of RMB)</i>	<b>69,464</b>	69,732
<b>Revenue from pediatric services attributable to outpatients</b> <i>(in thousands of RMB)</i>	<b>143,425</b>	132,734
<b>Revenue recognized for membership card sales</b> <i>(in thousands of RMB)</i>	<b>17,668</b>	18,526
<b>Obstetric and gynecologic services</b>		
<b>Inpatient services</b>		
Inpatient visits	<b>807</b>	1,311
Average inpatient spending per visit <i>(RMB)</i>	<b>29,172</b>	27,238
<b>Outpatient services</b>		
Outpatient visits	<b>22,738</b>	25,004
Average outpatient spending per visit <i>(RMB)</i>	<b>1,002</b>	1,012
<b>Revenue from obstetric and gynecologic services attributable to inpatients</b> <i>(in thousands of RMB)</i>	<b>23,542</b>	35,709
<b>Revenue from obstetric and gynecologic services attributable to outpatients</b> <i>(in thousands of RMB)</i>	<b>22,785</b>	25,305



Revenue from provision of our medical services amounted to RMB276.9 million for the six months ended June 30, 2022, representing a 1.8% YoY decrease and accounting for 98.8% of the Group's total revenue. This decrease was primarily due to a 5.2% increase in revenue from medical services attributable to the outpatients and a 11.8% decrease in revenue from medical services attributable to the inpatients.

For the six months ended June 30, 2022, there were 2,344 pediatric services inpatient visits, representing a YoY decrease of 9.5%. There were also 88,426 pediatric services outpatient visits, representing a YoY decrease of 3.5%. For obstetric and gynecologic services, there were 807 inpatient visits, representing a YoY decrease of 38.4%, and 22,738 outpatient visits, representing a YoY decrease of 9.1%.

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 for the six months ended June 30, 2022 reached RMB209.9 million, representing a YoY increase of 0.7%.

### **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:

	<b>Six months ended June 30,</b>	
	<b>2022</b>	2021
	<i>(in thousands of RMB, except percentages)</i>	
Revenue	<b>148</b>	493
Cost of revenue	<b>73</b>	441
Gross profit	<b>75</b>	52
Gross profit margin	<b>50.7%</b>	10.5%

The revenue and the gross profit margin of our hospital consulting services amounted to RMB0.1 million and 50.7%, respectively. The main reason for the decrease in revenue is that the consulting revenue of Jiahua Yihe from Jiahua Likang declined during this period as compared to the same period last year, as Jiahua Likang's demand for consulting services reduced.

## **Gross Profit and Gross Profit Margin**

Our gross profit for the six months ended June 30, 2022 amounted to RMB66.6 million, representing a YoY decrease of 11.4%. This was mainly due to the impact of COVID-19 and the higher transmissibility of the Omicron variant, and since the second quarter of 2022, in response to the government's normalized epidemic prevention and control requirements, the Company has been required to step up its resources and personnel for epidemic and prevention control. Our gross profit margin decreased from 26.3% in the six months ended June 30, 2021 to 23.8% in the six months ended June 30, 2022.

## **Selling Expenses**

Our selling expenses for the six months ended June 30, 2022 amounted to RMB32.5 million, representing a YoY increase of 17.3%, which was primarily due to the increased sales expenses resulting from the continuous strengthening and expansion of the marketing team in order to restore the scale of revenue under the normal control environment of the epidemic.

## **Administrative Expenses**

Our administrative expenses for the six months ended June 30, 2022 amounted to RMB64.5 million, representing a decrease of 7.1% from RMB69.4 million for the six months ended June 30, 2021. Such decrease was mainly a result of strengthening the construction of our operations management team while reducing administrative expenses.

## **Research and Development Expenses**

The Company incurred research and development expenses of RMB4.2 million for the six months ended June 30, 2022, as compared to RMB5.9 million for the same period last year. This decrease was mainly due to the reduction of research and development activities.

## Impairment Losses on Non-current Assets

During the reporting period, the Company recorded impairment losses on non-current assets amounting to RMB82.8 million, including an intangible assets impairment loss of RMB37.3 million and a goodwill impairment loss of RMB33.6 million of Chengdu New Century, an intangible assets impairment loss of RMB9.8 million and a property, plant and equipment impairment loss of RMB2.1 million of BNC Ao-dong Clinic.

In terms of Chengdu New Century, such loss was mainly due to the on-going stringent epidemic control policies implemented by the local government and the more intense market competition since the second quarter of 2022, which affected its business performance and will have adverse effect on its future business performance.

As to BNC Ao-dong Clinic, the impairment losses were primarily related to assets impairment based on the lower of the assets' carrying amount and fair value less costs to sale. On 29 June 2022, BNC Women's and Children's Hospital, a subsidiary of the Company (the "**Vendor**"), and an independent third party (the "**Purchaser**") entered into a sale and purchase agreement pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase the entire equity interests of BNC Ao-dong Clinic at a total consideration of RMB5.3 million (the "**Disposal**"). As all applicable ratios calculated in respect of the Disposal were under 5.0%, the Disposal does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

## Impairment Losses on Financial Assets

During the reporting period, the Company recorded impairment losses on financial assets amounting to RMB115.4 million, which was primarily due to (i) expected credit losses of RMB94.6 million of amounts due from Jiahua Likang (the "**Jiahua Likang Expected Credit Losses**"); and (ii) expected credit losses of RMB18.9 million from Beijing Bairui Kangchen Technology Development Co., Ltd. (北京栢瑞康辰科技发展有限公司).

The Jiahua Likang Expected Credit Losses was primarily due to (i) the prolonged impact of COVID-19, especially in view of the higher transmissibility of the Omicron variant leading to the on-going stringent epidemic control policies implemented by the PRC government since the second quarter of 2022, which had a significant adverse impact on the outpatient and surgical services provided by medical institutions operated by Jiahua Likang, in particular, the common diseases in the specialties which contribute a significant part of the income of such medical institutions mostly overlap with the diseases strictly regulated under the national epidemic controls; and (ii) the impact of the spread of the Omicron variant coupled with the uncertainty of the macroeconomic domestic economic environment, which adversely affected the financing and funding ability of Jiahua Likang during the period. Going forward, the Company will continue to step up its efforts and will monitor much more closely the collection of the receivables especially mentioned as above.

## **Finance Income and Expenses**

Our finance income for the six months ended June 30, 2022 increased from RMB1.8 million for the six months ended June 30, 2021 to RMB5.5 million which was mainly a result of an increase of foreign exchange gains of RMB4.1 million and a decrease of interest income of RMB0.4 million. Our finance costs for the six months ended June 30, 2022 amounted to RMB6.6 million, mainly consisting of interest expenses of RMB5.8 million related to lease payment.

## **Income Tax Expense**

Our income tax expense for the six months ended June 30, 2022 amounted to RMB1.1 million, which was mainly due to the reversal of deferred tax liabilities caused by the impairment losses of intangible assets.

Due to loss making results for the six months ended June 30, 2022 and 2021, the effective tax rate was not applicable.

## **Loss for the six months ended June 30, 2022**

Our loss for the six months ended June 30, 2022 amounted to RMB234.7 million, as compared to a loss of RMB49.1 million for the six months ended June 30, 2021.

## **FINANCIAL POSITION**

### **Inventories**

Our inventories decreased by 11.4% from RMB21.1 million as of December 31, 2021 to RMB18.7 million as of June 30, 2022, primarily due to more inventories being reserved at year-end peak of medical service demand.

### **Trade Receivables**

Our trade receivables increased by 7.9% from RMB39.4 million as of December 31, 2021 to RMB42.5 million as of June 30, 2022, primarily driven by an increase in the receivables from health insurance bureau.

### **Trade Payables**

Our trade payables increased by 4.0% from RMB27.4million as of December 31, 2021 to RMB28.5 million as of June 30, 2022, primarily due to the increase of purchasing reserved inventories during the first half of 2022.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Cash and Cash Equivalents**

As of June 30, 2022, we had cash and cash equivalents of RMB178.9 million (December 31, 2021: RMB223.8 million). We did not have any interest-bearing borrowings as of June 30, 2022 (December 31, 2021: nil).

### **Significant Investments**

The Group did not hold any significant investments for the six months ended 30 June 2022.

### **Acquisitions and Disposals**

Save as already disclosed above, the Group had no acquisitions or disposals of subsidiaries, associated companies and joint ventures for the six months ended 30 June 2022.

### **Capital Expenditures**

Our capital expenditures primarily include expenditures on (i) property, plant and equipment which are leasehold improvements, medical equipment, furniture and office equipment, motor vehicles and construction in progress; and (ii) intangible assets such as computer software relating to our operations. The amount of our capital expenditures in the six months ended June 30, 2022 was RMB21.4 million, which was mainly a result of the investment in the equity interests of Jiahua Yongsheng.

## **INDEBTEDNESS**

### **Borrowings**

As of June 30, 2022, we did not have any borrowings (December 31, 2021: nil).

### **Exposure to Fluctuations in Exchange Rates**

We mainly operate in the PRC with most of the transactions settled in RMB. Foreign exchange rate risk arises when recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. As of June 30, 2022, our assets and liabilities are primarily denominated in RMB, except for certain cash and cash equivalent denominated in USD or HKD and dividend payable denominated in HKD. 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 June 30, 2022, 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 June 30, 2022, none of our assets had been pledged.

### **Contractual Obligations**

As of June 30, 2022, 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 financial assets carried at fair value through profit or loss, trade receivables, other receivables excluding prepayments, amounts due from related parties, cash and cash equivalents, trade payables, other payables excluding non-financial liabilities and amounts due to related parties. Our management manages such exposure to ensure appropriate measures are implemented on a timely and effective manner.

### **Gearing Ratio**

As of June 30, 2022, we did not have any borrowings, and therefore the gearing ratio, which is calculated as total borrowings divided by total equity, is not applicable (December 31, 2021: not applicable).

## **EMPLOYEE AND REMUNERATION POLICY**

As of June 30, 2022, the Group had 1,303 employees (June 30, 2021: 1,368 employees). Total staff remuneration expenses including Directors' remuneration for the six months ended June 30, 2022 amounted to RMB163.1 million (for the six months ended June 30, 2021: RMB160.9 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 also adopted the RSA Scheme and the Employee Share Scheme to attract, retain and monitor our key employees.

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, performance at the Company and the prevailing market conditions are taken into consideration in determining the emolument of the Directors.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2022.

## **CORPORATE GOVERNANCE PRACTICE**

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

In the opinion of the Directors, the Company has complied with all applicable code provisions as set out in the CG Code during the six months ended June 30, 2022, save and except for code provision C.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. The 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.

## **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).

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 during the six months ended June 30, 2022. 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 six months ended June 30, 2022, 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, Mr. GUO Qizhi. The chairman of the Audit Committee is Mr. SUN Hongbin.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2022 and was of the opinion that such interim results had been prepared in accordance with the relevant accounting standards and that adequate disclosures have been made in accordance with the requirements of the Listing Rules.

## **EVENTS AFTER THE REPORTING PERIOD**

There is no significant event of the Group after the reporting period.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the websites of the HKEX ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.ncich.com.cn](http://www.ncich.com.cn)). The interim report for the six months ended June 30, 2022 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

“Audit Committee”	the audit committee of the Board;
“Beijing Children’s Hospital” or “BCH”	Beijing Children’s Hospital, Capital Medical University (首都醫科大學附屬北京兒童醫院), a connected person of the Company on the subsidiary level only due to its 35.0% interest in BNC Children’s Hospital;
“BNC Ao-dong Clinic”	Beijing New Century Ao-dong Clinic Outpatient Service Co., Ltd. (北京新世紀奧東門診部有限公司), formerly known as Beijing Meihua Women and Children Clinic Co., Ltd. (北京美華婦兒門診部有限公司), a company incorporated in the PRC with limited liability on May 15, 2014, which is a wholly-owned subsidiary of the Company;
“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 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 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;
“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 on September 28, 2010, which is a non-wholly owned subsidiary of the Company;
“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 of the PRC 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, the Shares of which are listed on the Main Board of the Stock Exchange;

“Directors”	directors of the Company;
“Employee Share Scheme”	the restricted share award scheme approved and adopted by the Company on August 28, 2020;
“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\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong;
“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 on April 16, 2009, and is 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 on June 15, 2015 and wholly-owned by the Company;
“Jiahua Yongsheng”	Beijing Jiahua Yongsheng Medical Investment Management Co., Ltd. (北京嘉華永盛醫療投資管理有限公司), a company incorporated in the PRC with limited liability on September 22, 2015, which is owned directly as to 67.53% and 20.00% by Jiahua Likang and Beijing Qiaonaisen Star Medical Consulting Co., Ltd. (北京喬耐森星醫療諮詢有限公司), and as to 12.47% by Jiahua Yihe indirectly through its wholly-owned subsidiary;
“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;
“New Century Child Healthy Development Center”	New Century Healthcare Group Child Healthy Development Center (新世紀兒童健康發展中心), a new pediatric outpatient service center officially established and registered on January 16, 2022 under the New Century Healthcare brand name;

“Qingdao New Century Women’s and Children’s Hospital”	Qingdao New Century Women’s and Children’s Hospital Co., Ltd. (青島新世紀婦兒醫院有限公司), a company incorporated in the PRC with limited liability on December 15, 2015, and is wholly-owned by Jiahua Yongsheng;
“Remuneration Committee”	the remuneration committee of the Board;
“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 “connected person”, “controlling shareholder” and “subsidiary” 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, August 31, 2022

*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, Ms. LI Suyu, 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.*