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New Century Healthcare Holding Co. Limited

新世紀醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1518)

**CONTINUING CONNECTED TRANSACTION
IN RELATION TO
THE PROPERTY MANAGEMENT SERVICES AGREEMENTS
WITH MUHE JIAYE**

On May 3, 2018, Muhe Jiaye entered into the Harmony Clinic Property Management Services Agreement, the Meihua Property Management Services Agreement and the Renze Property Management Services Agreement with each of BNC Harmony Clinic, Meihua and Renze respectively for a period with effect from May 3, 2018 to May 2, 2021 pursuant to which Muhe Jiaye agreed to provide certain property management services to BNC Harmony Clinic, Meihua and Renze.

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.

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

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

THE PROPERTY MANAGEMENT SERVICES AGREEMENTS

On May 3, 2018, Muhe Jiaye entered into the Harmony Clinic Property Management Services Agreement, the Meihua Property Management Services Agreement and the Renze Property Management Services Agreement with each of BNC Harmony Clinic, Meihua and Renze respectively for a period with effect from May 3, 2018 to May 2, 2021. The principal terms of the Property Management Services Agreements are set out below.

- Parties:**
- (a) Muhe Jiaye (as a service provider);
 - (b) in respect of the Harmony Clinic Property Management Services Agreement, BNC Harmony Clinic;
 - (c) in respect of the Meihua Property Management Services Agreement, Meihua; and
 - (d) in respect of the Renze Property Management Services Agreement, Renze (each as a customer).

Subject matter: The Property Management Services Agreements were entered into for a period with effect from May 3, 2018 to May 2, 2021. Under the Property Management Services Agreements, Muhe Jiaye has agreed to provide property management, facilities and equipment maintenance and cleaning services to each of BNC Harmony Clinic, Meihua and Renze respectively. The transactions under the Property Management Services Agreements are in the ordinary and usual course of business of the Group.

Term: From May 3, 2018 to May 2, 2021

Consideration and pricing policy:

In consideration for the services provided by Muhe Jiaye, each of BNC Harmony Clinic, Meihua and Renze has agreed to pay to Muhe Jiaye a monthly fee of RMB10,000, RMB30,000 and RMB11,000 respectively, to be adjusted based on: (i) increases in applicable statutory minimum wages, social insurance or other allowances; (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 BNC Harmony Clinic, Meihua and Renze and the market price of the services of similar nature.

The total consideration under the Property Management Services Agreements is expected to amount to approximately RMB1.84 million, without taking into account the above fee adjustment mechanism.

Annual caps:

The maximum aggregate annual amount payable to Muhe Jiaye under the Property Management Services Agreements for the years ending December 31, 2018, 2019, 2020 and 2021 respectively shall not exceed the caps set out below:

	Year ending December 31,			
	2018	2019	2020	2021
	<i>(in RMB millions)</i>			
Total Fees Services	<u>0.60</u>	<u>1.20</u>	<u>1.32</u>	<u>1.45</u>

Basis of caps:

The above annual caps are determined with reference to (i) the anticipated demand for Muhe Jiaye's services by BNC Harmony Clinic, Meihua and Renze; (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; and (iv) a reasonable buffer.

INFORMATION IN RELATION TO THE GROUP, BNC HARMONY CLINIC, MEIHUA, RENZE AND MUHE JIAYE

The Group

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

BNC Harmony Clinic

BNC Harmony Clinic is a non-wholly-owned subsidiary of the Group and is engaged in provision of pediatric, gynecologic and general healthcare services in Beijing, the PRC.

Meihua

Meihua is a wholly-owned subsidiary of the Group and is engaged in provision of pediatric and gynecologic healthcare services in Beijing, the PRC.

Renze

Renze is a non-wholly-owned subsidiary of the Group and is engaged in provision of pediatric healthcare services in Beijing, 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 PROPERTY MANAGEMENT SERVICES AGREEMENTS

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

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

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

LISTING RULES IMPLICATIONS

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

Reference is made to 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.

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

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

DEFINITIONS

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

“BNC Children’s Hospital”	Beijing New Century Children’s Hospital Co., Ltd. (北京新世紀兒童醫院有限公司), a company incorporated in the PRC with limited liability, which is a non-wholly-owned subsidiary of the Company;
“BNC Women’s and Children’s Hospital”	Beijing New Century Women’s and Children’s Hospital Co., Ltd. (北京新世紀婦兒醫院有限公司), a company incorporated in the PRC with limited liability, which is a non-wholly-owned subsidiary of the Company;
“BNC Harmony Clinic”	Beijing New Century Ronghe Outpatient Service Co., Ltd. (北京新世紀榮和門診部有限公司), a company incorporated in the PRC with limited liability, which is a non-wholly-owned subsidiary of the Company;
“Board”	the boards of Directors;
“Company”	New Century Healthcare Holding Co. Limited (新世紀醫療控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Harmony Clinic Property Management Services Agreement”	the property management services agreement entered into between BNC Harmony Clinic and Muhe Jiaye on May 3, 2018;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Meihua”	Beijing Meihua Women and Children Clinic Company Co., Ltd., a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of the Company;
“Meihua Property Management Services Agreement”	the property management services agreement entered into between Meihua and Muhe Jiaye on May 3, 2018;
“Mr. Zhou”	Mr. Jason ZHOU, Chairman of the Board, chief executive officer, an executive Director and a controlling Shareholder;
“Ms. Zhao”	Ms. ZHAO Juan (趙娟), the spouse of Mr. Zhou;
“Muhe Jiaye”	Beijing Muhe Jiaye Property Management Co., Ltd (北京睦合嘉業物業管理有限公司), a company incorporated in the PRC with limited liability, a connected person of the Company;
“Muhe Jiaye Property Management Services Agreements”	the Property Management Services Agreements and the Property Management and Cleaning Services Agreements;
“percentage ratio(s)”	the percentage ratio(s) set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“PRC”	the People’s Republic of China, for the purpose of this announcement, not including Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Property Management and Cleaning Services Agreements”	the property management and cleaning services agreements entered into between Muhe Jiaye and each of BNC Children’s Hospital and BNC Women’s and Children’s Hospital on August 22, 2016;
“Property Management Services Agreements”	the Harmony Clinic Property Management Services Agreement, the Meihua Property Management Services Agreement and the Renze Property Management Services Agreement;

“Renze”	Renze (Beijing) International Business Management Services Co., Ltd., a company incorporated in the PRC with limited liability, which is a non-wholly-owned subsidiary of the Company;
“Renze Property Management Services Agreement”	the property management services agreement entered into between Renze and Muhe Jiaye on May 3, 2018;
“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; and
“subsidiary(ies)”	has the same meaning ascribed to it in the Listing Rules.

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

Hong Kong, May 3, 2018

As of the date of this announcement, the Board comprises Mr. Jason ZHOU, Ms. XIN Hong and Mr. XU Han, as executive Directors; Ms. LIANG Yanqing, Mr. GUO Qizhi, Mr. WANG Siye and Ms. ZHANG Lan as non-executive Directors; and Mr. WU Guanxiong, Mr. SUN Hongbin, Mr. JIANG Yanfu and Dr. MA Jing, as independent non-executive Directors.