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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)

ANNUAL RESULTS ANNOUNCEMENT **FOR THE YEAR ENDED DECEMBER 31, 2020**

2020 ANNUAL RESULTS HIGHLIGHTS

- For the year ended 31 December 2020, the revenue of the Group amounted to RMB512,785,000.
- For the year ended 31 December 2020, the net loss of the Group amounted to RMB377,534,000.
- For the year ended 31 December 2020, the adjusted net loss of the Group⁽¹⁾ amounted to RMB104,554,000.
- For the year ended 31 December 2020, the adjusted EBITDA⁽²⁾ excluding New Institutions⁽¹⁾⁽³⁾ of the Group amounted to RMB108,938,000.
- For the year ended 31 December 2020, the adjusted net profit excluding New Institutions⁽¹⁾⁽³⁾ of the Group amounted to RMB38,140,000.

⁽¹⁾ Adjustment includes RSA Scheme, exchange gains and losses and impairment losses on non-current assets.

⁽²⁾ EBITDA = profit before income tax + interest expense + depreciation and amortisation

⁽³⁾ The institutions (the “**New Institutions**”) that were recently acquired or set up were BNC Ao-dong Clinic, BNC Chaowai Clinic, Chengdu New Century, BNC Qingnian Road Clinic, New Century Healthcare (Hong Kong) Co. Limited, New Century Healthcare Technology (Beijing) Co., Ltd., Beijing Jiahua Yunzhong Management Consulting Co. Ltd., Beijing New Century Wenyu Clinic Outpatient Service Co., Ltd. (“**BNC Wenyu Clinic**”), Chengdu Qingyang New Century Shangjin Xinyi Clinic Co. Ltd., Chengdu Xinyi Health Management Co. Ltd. and Zhuhai Jiahua Yihe Medical Investment Company Limited.

The Board is pleased to announce the audited consolidated financial results of the Group for the year ended December 31, 2020 together with the comparative figures for the year ended December 31, 2019 as set out below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December	
		2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue	3	512,785	729,369
Cost of revenue	3	<u>(377,021)</u>	<u>(468,067)</u>
Gross profit		135,764	261,302
Selling expenses		(44,068)	(44,201)
Administrative expenses		(123,269)	(146,520)
Research and development expenses		(14,467)	(3,831)
Net impairment losses on financial assets		(6,211)	(106)
Impairment losses on non-current assets		(264,271)	–
Other income		3,782	1,025
Other gains/(losses) – net	4	<u>3,979</u>	<u>(5,044)</u>
Operating (loss)/profit		(308,761)	62,625
Finance income		3,287	4,356
Finance costs		(23,327)	(18,849)
Share of net profit/(loss) of investments accounted for using the equity method		<u>54</u>	<u>(67)</u>
(Loss)/profit before income tax		(328,747)	48,065
Income tax expense	5	<u>(48,787)</u>	<u>(43,572)</u>
(Loss)/profit for the year		<u>(377,534)</u>	<u>4,493</u>
(Loss)/profit for the year is attributable to:			
Owners of the Company		(371,383)	(26,556)
Non-controlling interests		<u>(6,151)</u>	<u>31,049</u>
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
– Exchange differences on translation of foreign operations		<u>406</u>	<u>–</u>
Total comprehensive (loss)/income		<u>(377,128)</u>	<u>4,493</u>
Total comprehensive (loss)/income for the year is attributable to:			
Owners of the Company		(370,977)	(26,556)
Non-controlling interests		<u>(6,151)</u>	<u>31,049</u>
Loss per share for loss attributable to the ordinary equity holders of the Company (expressed in RMB per share)			
Basic and diluted loss per share	6	<u>(0.77)</u>	<u>(0.05)</u>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2020	2019
	Notes	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		198,898	217,552
Right-of-use assets		308,785	311,584
Intangible assets		424,330	692,901
Investments accounted for using the equity method		2,575	12,985
Deferred tax assets		499	2,244
Long-term deposits and prepayments		10,709	10,248
Total non-current assets		945,796	1,247,514
Current assets			
Inventories		19,584	15,687
Trade receivables	7	28,577	30,829
Other receivables, deposits and prepayments		16,874	13,970
Amounts due from related parties		161,003	158,421
Financial assets at fair value through profit or loss		–	61,122
Cash and cash equivalents		299,211	349,125
Total current assets		525,249	629,154
Total assets		1,471,045	1,876,668
EQUITY			
Equity attributable to owners of the Company			
Share capital		335	335
Shares held for employee share scheme		(2,826)	–
Share premium		2,606,495	2,606,262
Reserves		(1,499,996)	(1,507,673)
(Accumulated losses)/retained earnings		(265,375)	111,881
Sub-total		838,633	1,210,805
Non-controlling interests		(26,781)	22,723
Total equity		811,852	1,233,528

		As at 31 December	
		2020	2019
	<i>Notes</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		321,256	316,648
Deferred tax liabilities		55,790	32,030
Deferred Income		2,641	–
		<hr/>	<hr/>
Total non-current liabilities		379,687	348,678
		<hr/>	<hr/>
Current liabilities			
Trade payables	8	25,618	26,353
Accruals, other payables and provisions		171,183	171,168
Lease liabilities		39,839	39,753
Contract liabilities		30,539	45,160
Current tax liabilities		8,113	7,536
Amounts due to related parties		4,214	4,492
		<hr/>	<hr/>
Total current liabilities		279,506	294,462
		<hr/>	<hr/>
Total liabilities		659,193	643,140
		<hr/>	<hr/>
Total equity and liabilities		1,471,045	1,876,668
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2020	2019
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities		
Cash generated from operations	26,055	178,113
Interest paid	(9,663)	(14,184)
Interest received	2,162	2,221
Income taxes paid	<u>(22,776)</u>	<u>(39,363)</u>
Net cash (outflow)/inflow from operating activities	<u>(4,222)</u>	<u>126,787</u>
Cash flows from investing activities		
Proceeds from acquisition of subsidiaries, net of cash acquired	3,342	415
Payments for property, plant and equipment	(11,389)	(17,854)
Payments for intangible assets	(3,120)	(4,752)
Proceeds from disposals of property, plant and equipment	134	3
Payments for financial assets	(294,200)	(523,900)
Proceeds from redemption of financial assets	355,100	513,000
Interest received on financial assets	1,354	2,388
Loans to related parties	<u>(3,400)</u>	<u>(20,289)</u>
Net cash inflow/(outflow) from investing activities	<u>47,821</u>	<u>(50,989)</u>

	Year ended 31 December	
	2020	2019
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from financing activities		
Repayment of borrowings from related parties	–	(73,003)
Dividends paid to the non-controlling interests	(43,353)	(35,894)
Dividends paid to the Company's shareholders	–	(3,170)
Principal elements of lease payments	(40,359)	(47,067)
Proceeds from shares exercised under share award scheme	65	2,473
Shares repurchase for employee share scheme	(2,826)	–
Transaction with non-controlling interests	–	(5,733)
	<u>–</u>	<u>(5,733)</u>
Net cash outflow from financing activities	<u>(86,473)</u>	<u>(162,394)</u>
Net decrease in cash and cash equivalents	<u>(42,874)</u>	<u>(86,596)</u>
Cash and cash equivalents at the beginning of the year	349,125	433,327
Effects of exchange rate changes on cash and cash equivalents	(7,040)	2,394
	<u>–</u>	<u>2,394</u>
Cash and cash equivalents at the end of the year	<u>299,211</u>	<u>349,125</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

1.1 General information

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

The Company is a limited liability company incorporated in the Cayman Islands on 31 July 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 18 January 2017.

The consolidated financial statements are presented in Renminbi (“**RMB**”) and rounded to nearest thousand yuan, unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

2.1.1 Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622.

2.1.2 Historical cost convention

The consolidated financial statements have been prepared under the historical cost basis except for the following:

- Financial assets at fair value through profit or loss (FVPL) – measured at fair value.

2.1.3 New and amended standards and interpretations adopted by the Group

The Group has applied the following for the first time for their annual reporting period commencing January 1, 2020:

- Amendments to HKAS 1 and HKAS 8 Definition of Material
- Amendments to HKFRS 3 Definition of a Business
- Amendments to HKFRS 9, HKAS 39 and Interest Rate Benchmark Reform
 HKFRS 7
- Amendments to HKFRS 16 COVID-19-related Rent
 Concessions
- Conceptual Framework for
 Financial Reporting

The amendments listed above do not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods, except for the Amendment to HKFRS 16 set out above.

2.1.4 New and amended standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 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.

2.2 Changes in accounting policies

The Group has early adopted Amendment to HKFRS 16 - COVID-19-Related Rent Concessions retrospectively from 1 January 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b. any reduction in lease payments affects only payments due on or before 30 June 2021; and c. there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions totaling RMB1,059,000 have been accounted for as negative variable lease payments and recognised in cost of revenue, selling expenses and administrative expenses, in the consolidated statement of comprehensive income for the half-year ended 30 June 2020, with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 January 2020.

3 SEGMENT INFORMATION

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 reportable segments are as follows:

	Pediatrics <i>RMB'000</i>	Obstetrics and Gynecology <i>RMB'000</i>	Hospital consulting services <i>RMB'000</i>	Others <i>RMB'000</i>	Intersegment eliminations <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended							
31 December 2020							
Revenue	368,015	127,754	8,531	12,136	(3,651)	-	512,785
Cost of revenue	(259,426)	(104,396)	(5,065)	(8,351)	217	-	(377,021)
Segment results	(71,510)	(165,395)	(27,800)	(57,073)	(3,434)	-	(325,212)
Unallocated income						11,340	11,340
Unallocated cost						(14,875)	(14,875)
Loss before income tax	(71,510)	(165,395)	(27,800)	(57,073)	(3,434)	(3,535)	(328,747)
Income tax expense						(48,787)	(48,787)
Loss for the year							(377,534)
As at 31 December 2020							
Assets							
Segment assets	482,033	313,299	159,651	7,679	-	-	962,662
Goodwill	123,826	34,014	-	-	-	-	157,840
Unallocated assets						350,543	350,543
Total assets	605,859	347,313	159,651	7,679	-	350,543	1,471,045
Total liabilities	303,868	227,131	12,979	9,877	-	105,338	659,193

	Pediatrics <i>RMB'000</i>	Obstetrics and Gynecology <i>RMB'000</i>	Hospital consulting services <i>RMB'000</i>	Others <i>RMB'000</i>	Intersegment eliminations <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended							
31 December 2019							
Revenue	551,863	134,104	34,269	9,133	–	–	729,369
Cost of revenue	(323,022)	(122,139)	(13,824)	(9,082)	–	–	(468,067)
Segment results	121,420	(32,491)	3,764	(7,630)	–	–	85,063
Unallocated income						5,381	5,381
Unallocated cost						(42,379)	(42,379)
Profit before income tax	121,420	(32,491)	3,764	(7,630)	–	(36,998)	48,065
Income tax expense						(43,572)	(43,572)
Profit for the year							<u>4,493</u>
As at 31 December 2019							
Assets							
Segment assets	491,239	333,358	162,391	23,100	–	–	1,010,088
Goodwill	200,393	177,546	–	14,387	–	–	392,326
Unallocated assets						474,254	474,254
Total assets	691,632	510,904	162,391	37,487	–	474,254	<u>1,876,668</u>
Total liabilities	315,260	229,023	5,452	5,852	–	87,553	<u>643,140</u>

4 OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Bargain purchase of a subsidiary	744	–
Losses on disposal of property, plant and equipment	(341)	(13,683)
Gains on disposal of right-of-use assets	2,444	6,029
Gains on financial assets at FVPL	1,132	2,610
	<u>3,979</u>	<u>(5,044)</u>

5 INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current income taxation:		
– PRC corporate income tax	23,353	42,324
Deferred income tax	<u>25,434</u>	<u>1,248</u>
	<u>48,787</u>	<u>43,572</u>

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the standard taxation rate of the PRC, the principal place of the Group's operations, as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
(Loss)/profit before income tax	<u>(328,747)</u>	<u>48,065</u>
Calculated at a taxation rate of 25%	(82,187)	12,016
Effects of different tax rates applicable to different subsidiaries of the Group	7,046	2,763
Tax super deduction for research and development expenses	(2,713)	–
Income not subject to tax	(185)	(588)
Expenses not tax deductible	59,529	4,358
Tax effect of tax losses or temporary differences not recognised	35,853	16,513
Utilisation of previous unrecognised tax loss	–	(306)
Adjustment of deferred income tax arising in prior years	31,444	10,651
Others	<u>–</u>	<u>(1,835)</u>
Income tax expense	<u>48,787</u>	<u>43,572</u>

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) PRC Corporate Income Tax

Subsidiaries established and operating in Mainland China are subject to PRC corporate income tax at the rate of 25% except for New Century Healthcare Technology (Beijing) Co., Ltd. which has been eligible as a High/New Technology Enterprise since December 2019 with preferential tax rate of 15% as set out in PRC EIT Law.

(c) **Hong Kong profits tax**

Hong Kong profits tax rate is 16.5% for the years ended 31 December 2020 and 2019. No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the years ended 31 December 2020 and 2019.

(d) **Withholding tax**

As at 31 December 2020, deferred tax liabilities of RMB24,365,200 (2019: RMB23,010,700), have not been recognised for the withholding tax that would be payable on the unremitted earnings of the PRC subsidiaries. Management expects to be reinvested such amount in these subsidiaries in the foreseeable future. Unremitted earnings of these subsidiaries as at 31 December 2020 amounted to RMB243,652,000 (2019: RMB230,107,000).

6 LOSS PER SHARE

(a) **Basic**

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue adjusted for bonus elements in ordinary shares issued during the year and excluding shares held for RSA scheme.

	Year ended 31 December	
	2020	2019
Loss attributable to owners of the Company (RMB'000)	<u>(371,383)</u>	<u>(26,557)</u>
Weighted average number of ordinary shares in issue (in thousands) (i)	<u>485,126</u>	<u>484,818</u>
Basic loss per share (in RMB)	<u><u>(0.77)</u></u>	<u><u>(0.05)</u></u>

The loss per share presented above is calculated by using the weighted average number of ordinary shares during the year ended 31 December 2020.

- (i) The Company granted 9,000,000 Restricted Shares to employees on 25 July 2017 pursuant to the RSA Scheme. As at 31 December 2020, 9,000,000 Restricted shares were vested among which 4,767,000 forfeited Restricted Shares have been excluded from the calculation of basic loss per share.

During the year ended 31 December 2020, the Company repurchased 1,921,500 shares of the Company to set up an employee stock incentive plan. These shares were not included in the calculation of basic loss per share as there was no share granted.

(b) Diluted

For the years ended 31 December 2020 and 2019, diluted loss per share is equivalent to the basic loss per share due to the Group's negative financial results attributable to owners of the Company.

7 TRADE RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets		
Trade receivables from contracts with customers	29,033	31,202
Less: allowance for impairment of trade receivables	(456)	(373)
	<hr/>	<hr/>
Trade receivables – net	28,577	30,829
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2020 and 2019, the aging analysis of the trade receivables based on demand note date was as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Up to 3 months	21,383	25,765
4 – 6 months	2,170	2,313
7 months – 1 year	1,192	744
Over 1 year	4,288	2,380
	<hr/>	<hr/>
	29,033	31,202
	<hr/> <hr/>	<hr/> <hr/>

(i) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amounts approximate their fair value.

(ii) Impairment and risk exposure

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The loss allowance increased by a further RMB83,000 to RMB456,000 for trade receivables during the current reporting period.

All of the trade receivables are denominated in RMB. As a result, there is no exposure to foreign currency risk.

8 TRADE PAYABLES

The ageing analysis, based on demand note date, of the trade payables is as follows:

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 3 months	17,909	19,394
4 – 6 months	3,941	4,435
7 months – 1 year	1,473	1,121
Over 1 year	2,295	1,403
	<u>25,618</u>	<u>26,353</u>

The carrying amounts of trade payables are denominated in RMB. The carrying amounts approximate their fair values due to their short-term maturities.

9 DIVIDENDS

The board of directors of the Company does not resolve to declare a dividend for the year ended 31 December 2020 (Nil for the year ended 31 December 2019).

Dividends of RMB43,353,000 and RMB35,894,000 related to the earnings of Beijing New Century Children's Hospital Co., Ltd. for the years ended 31 December 2019 and 2018 were paid to Beijing Children's Hospital, Capital Medical University in 2020 and 2019, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

Business Overview for 2020

In 2020, the outbreak of the COVID-19 pandemic (the “**COVID-19 Outbreak**”) had a significant impact on the short-term economic activities. Such macro environment, accompanied by more stringent prevention and control measures under the pandemic, significantly affected the Group’s business in 2020 which experienced a decrease in revenue for the first time. Under the huge challenges brought by the COVID-19 Outbreak, the Group was fully committed to pandemic prevention and control, actively fulfilling the social responsibilities of medical institutions. The Group also actively explored a service model with integrated online and offline services and increased investment into research and development of medical service technologies. Chengdu New Century and Beijing New Century Children’s Hospital Co., Ltd. under the Group respectively obtained internet hospital licenses and internet consultation qualification in July and December 2020. With the relief of the pandemic and the Group’s active business development efforts, the overall revenue of the Group significantly rebounded in the second half of 2020, with the revenue from medical services and the revenue from pediatric healthcare services increased by 36.9% and 50.4%, respectively, as compared with the first half of 2020.

Due to the impact of the COVID-19 Outbreak, in 2020, the Group witnessed an overall decrease of business revenue. The Group recorded a revenue of RMB512.8 million, representing a 29.7% YoY decrease, and the revenue from medical services amounted to RMB495.8 million, representing a 27.7% YoY decrease. In particular, revenue from pediatric services and obstetric and gynecologic services recorded a 33.3% YoY decrease to RMB368.0 million and a 4.7% YoY decrease to RMB127.8 million respectively.

The net loss of the Group for the year ended December 31, 2020 amounted to RMB377.5 million, which was mainly due to the impact of asset impairment of RMB264.3 million and decrease in profit caused by decline in revenue. After eliminating the effects of impairment losses on non-current assets, exchange gains and losses and RSA Scheme, in 2020, the Group recorded an adjusted net loss of RMB104.6 million and an adjusted EBITDA of RMB55.2 million. In addition, the pandemic has a more eminent impact on newly established clinics which are still under incubation, prolonging the ramp-up period and affected the Group’s profit. As such, after eliminating the effects of the New Institutions, the adjusted EBITDA was RMB108.9 million.

Industry Outlook and the Group's Strategies

The consumption upgrade of emerging customers and the increased awareness of health management, together with the shortage of medical resources, result in a consistently strong demand for high-quality medical services including pediatric healthcare services. By 2022, the pediatric healthcare market is expected to reach RMB224 billion in terms of total revenue, with private medical institutions accounting for 6.1%. In particular, the pediatric healthcare market in Beijing is expected to reach RMB21.5 billion, with the proportion of private medical institutions increasing to 14.0%.

Over recent years, residents' awareness of health management is increasing. Meanwhile, the aging population also drives the continuous growth of demand for quality medical resources. To better meet the medical needs of people, Chinese central and local governments continue to deepen and advance the "Internet + Healthcare" model, launch various policies, guidelines and standards for online healthcare services, and incorporate telemedicine into the social insurance system, thereby encouraging and supporting the development of online healthcare sector. For example, the government makes it clear that health technology is a strategic area of development for China. It also features heavily in both the 13th Five-Year Plan (2016-2020) and its Healthy China 2030 strategy. In April 2018, the Chinese State Council also issued new guidelines to promote internet-based healthcare service, encouraging medical institutions to leverage internet-based technologies to improve the efficiency of medical services.

Leveraging on its nearly 20 years of experience in healthcare services, the Group intends to grasp the industry opportunities by implementing the following measures:

- Accelerating the application of internet consultation and internet hospital licenses for Group's medical institutions so as to fully promote the connection and integration of brick-and-mortar medical institutions and online services.
- Promoting digital healthcare services supported by an integrated online and offline membership system by upgrading the Group's membership system as well as utilizing a combination of internet-based and physical healthcare services.
- Optimizing business structure, organization structure and talent management in accordance with the Group's development strategy.

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:

	Year ended December 31,			
	2020		2019	
	<i>(in thousands of RMB, except percentages)</i>			
Medical services	495,769	96.7%	685,967	94.0%
Hospital consulting services	8,531	1.7%	34,269	4.7%
Others ⁽¹⁾	8,485	1.6%	9,133	1.3%
Total	<u>512,785</u>	<u>100.0%</u>	<u>729,369</u>	<u>100.0%</u>

(1) Include revenue from marketing services, 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:

	Year ended December 31,	
	2020	2019
	<i>(in thousands of RMB, except percentages)</i>	
Revenue	495,769	685,967
Cost of revenue	363,605	445,161
Gross profit	132,164	240,806
Gross profit margin	26.7%	35.1%

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

	Year ended December 31,			
	2020		2019	
	<i>(in thousands of RMB, except percentages)</i>			
Pediatric services	368,015	71.8%	551,863	75.7%
Obstetric and gynecologic services	127,754	24.9%	134,104	18.3%
Total	<u>495,769</u>	<u>96.7%</u>	<u>685,967</u>	<u>94.0%</u>

Our medical services can also be classified by service to inpatients and outpatients and membership card sales. The following table sets forth revenue and certain data relating to such classification for the periods indicated:

	Year ended December 31,	
	2020	2019
The Group		
Inpatient services		
Inpatient visits	7,581	11,234
Average inpatient spending per visit (<i>RMB</i>)	26,864	26,544
Outpatient services		
Outpatient visits	193,039	285,106
Average outpatient spending per visit (<i>RMB</i>)	1,281	1,161
Revenue from medical services attributable to inpatients (<i>RMB'000</i>)	203,656	298,196
Revenue from medical services attributable to outpatients (<i>RMB'000</i>)	247,322	330,885
Revenue recognized for membership card sales (<i>RMB'000</i>)	44,791	56,886
Pediatric Services		
Inpatient services		
Inpatient visits	4,677	8,183
Average inpatient spending per visit (<i>RMB</i>)	25,916	25,743
Outpatient services		
Outpatient visits	150,207	234,545
Average outpatient spending per visit (<i>RMB</i>)	1,345	1,212
Revenue from medical services attributable to inpatients (<i>RMB'000</i>)	121,207	210,654
Revenue from medical services attributable to outpatients (<i>RMB'000</i>)	202,017	284,323
Revenue recognized for membership card sales (<i>RMB'000</i>)	44,791	56,886
Obstetric and gynecologic services		
Inpatient services		
Inpatient visits	2,904	3,051
Average inpatient spending per visit (<i>RMB</i>)	28,391	28,693
Outpatient services		
Outpatient visits	42,832	50,561
Average outpatient spending per visit (<i>RMB</i>)	1,058	921
Revenue from medical services attributable to inpatients (<i>RMB'000</i>)	82,449	87,542
Revenue from medical services attributable to outpatients (<i>RMB'000</i>)	45,305	46,562

Revenue from provision of our medical services amounted to RMB495.8 million in 2020, representing a 27.7% YoY decrease and accounting for 96.7% of the Group's total revenue. This decrease was primarily due to (i) a 25.3% and 31.7% YoY decrease in revenue from medical services attributable to the outpatients and inpatients respectively; and (ii) a 21.3% YoY decrease in revenue recognized for membership card sales caused by the COVID-19 pandemic.

In 2020, there were 4,677 pediatric services inpatient visits, representing a YoY decrease of 42.8%. There were also 150,207 pediatric services outpatient visits, representing a YoY decrease of 36.0%. For obstetric and gynecologic services, there were 2,904 inpatient visits, representing a YoY decrease of 4.8%, and 42,832 outpatient visits, representing a YoY decrease of 15.3%. The decrease was greatly influenced by the COVID-19 pandemic.

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 in 2020 reached RMB363.6 million, representing a YoY decrease of 18.3%. This decrease was primarily a result of (i) decrease in personnel wages due to adjustment of personnel structure, optimization of human resources costs such as employee's working hours arrangement, and government relief on social contribution in response to the COVID-19 Outbreak; and (ii) decreased costs of medicines, consumables and specialists due to decreased medical business.

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:

	Year ended December 31,	
	2020	2019
	<i>(in thousands of RMB, except percentages)</i>	
Revenue	8,531	34,269
Cost of revenue	5,065	13,824
Gross profit	3,466	20,445
Gross profit margin	40.6%	59.7%

The gross profit and the gross profit margin of our hospital consulting services for the year ended December 31, 2020 were RMB3.5 million and 40.6% respectively.

Gross Profit and Gross Profit Margin

Our gross profit in 2020 amounted to RMB135.8 million, representing a YoY decrease of 48.0%. This was mainly due to the decrease of our business as a result of the COVID-19 Outbreak. Our gross profit margin decreased from 35.8% in 2019 to 26.5% in 2020.

Selling Expenses

Our selling expenses in 2020 amounted to RMB44.1 million, which basically remained the same compared with the figures in 2019.

Administrative Expenses

Our administrative expenses in 2020 amounted to RMB123.3 million, representing a decrease from RMB146.5 million in 2019. Such decrease was mainly a result of (i) a decrease in employee wages due to the optimized employee structure and working time schedule in response to the COVID-19 Outbreak, as well as the reduction and exemption of expenses of government social insurance; and (ii) the decrease of depreciation expenses due to the decrease of rental area of some clinics.

Research and Development Expenses

The expenses for research and development of the Group were RMB14.5 million, compared with RMB3.8 million in the same period last year. These expenses were related to the development of the online platform technologies in 2020, which was a part of the continuous investment by the Group in technologies and facilities about online medical services.

Impairment Loss of Non-current Assets

During the reporting period, the Group recorded a significant impairment loss of RMB264.3 million in non-current assets, including a goodwill impairment loss of RMB220.1 million of Chengdu New Century, a goodwill impairment loss of RMB14.4 million and an intangible assets impairment loss of RMB17.0 million of New Century Healthcare Technology (Beijing) Co., Ltd., a long-term equity investment impairment loss of RMB10.3 million of Chiron Healthcare Holdings Limited and an impairment loss of RMB2.5 million on intangible assets of BNC Chaowai Clinic.

In terms of Chengdu New Century and Chiron Healthcare Holdings Limited, such loss was mainly due to the impact of the COVID-19 Outbreak and the uncertainty of the macroeconomic environment, which both have undermined the confidence of consumers in the short and medium term, and may lead to more intense competition and affect future business performance. As to New Century Healthcare Technology (Beijing) Co., Ltd., in response to the impact of the COVID-19 Outbreak, we need to continue structural adjustment and plan to invest in developing new online platform technologies. The Group evaluated the impairment and recorded the impairment loss according to the result of the evaluation.

Other Gains/(Losses) – Net

Our other net gains in 2020 amounted to RMB4.0 million, as compared to other net losses of RMB5.0 million in 2019. Our other net gains in 2020 were a net result of (i) gains of RMB2.2 million from change in leases and retirement of fixed assets; (ii) an increase of RMB1.1 million in the fair value of our wealth management products; and (iii) gains of RMB0.7 million from acquisition of BNC Wenyu Clinic.

Finance Income and Expenses

Our finance income in 2020 decreased from RMB4.4 million in 2019 to RMB3.3 million, which was mainly a result of (i) a decrease of foreign exchange gains of RMB2.3 million, and (ii) an increase in deposit interest income of RMB1.2 million. Our finance expenses in 2020 increased from RMB18.8 million in 2019 to RMB23.3 million, which was mainly a result of (i) an increase of foreign exchange losses of RMB7.5 million, and (ii) a decrease in interest expenses and finance charges paid/payable for lease liabilities of RMB3.0 million.

Income Tax Expense

Our income tax expense in 2020 amounted to RMB48.8 million, representing a YoY increase of 11.9%. This was mainly because certain accumulated tax losses (related to deferred tax assets) were due or due to expire but could not be used as expected.

Our effective tax rates were -14.8% and 90.7% in 2020 and 2019, respectively.

Loss for the year ended December 31, 2020

Our loss attributable to the owners of the Company for the year ended December 31, 2020 amounted to RMB371.4 million, as compared to a net loss attributable to the owners of the Company of RMB26.6 million for the year ended December 31, 2019.

FINANCIAL POSITION

Inventories

Our inventories increased by 24.8% from RMB15.7 million as of December 31, 2019 to RMB19.6 million as of December 31, 2020 primarily due to the increase of requisite medical inventories as a result of the growth of the vaccine business of the Group's medical institutions.

Trade Receivables

Our trade receivables decreased by 7.1% from RMB30.8 million as of December 31, 2019 to RMB28.6 million as of December 31, 2020 primarily driven by a reduction of revenue due to the COVID-19 Outbreak.

Trade Payables

Our trade payables decreased by 3.0% from RMB26.4 million as of December 31, 2019 to RMB25.6 million as of December 31, 2020 primarily due to a decrease of the purchasing quantity of consumables and drugs as a result of the decrease of our business volume affected by the COVID-19 Outbreak.

LIQUIDITY AND CAPITAL RESOURCES

Net Cash Used in Operating Activities

In 2020, we had net cash used in operating activities of RMB4.2 million, primarily attributable to the loss before income tax of RMB328.7 million, adjusted by (i) depreciation of property, plant and equipment of RMB34.6 million; (ii) finance costs/income-net of RMB20.0 million; (iii) depreciation of right-of-use assets of RMB43.9 million; (iv) amortisation expenses of RMB16.3 million; (v) impairment of RMB264.3 million on intangible assets/long-term equity investments; and (vi) other miscellaneous items amounting to RMB3.7 million. These adjustments were partially offset by (i) the change in working capital of RMB28.0 million; (ii) payment of corporate income tax of RMB22.8 million; (iii) interest paid of RMB9.7 million; and (iv) interest received of RMB2.2 million.

Net Cash Generated from Investing Activities

In 2020, we had net cash generated from investing activities of RMB47.8 million, primarily attributable to (i) net cash of RMB62.3 million generated from investing in financial assets and the corresponding interest income; (ii) net cash of RMB14.4 million used in purchasing and disposal of property, plant and equipment and intangible assets; (iii) loans of RMB3.4 million to related parties; and (iv) proceeds from acquisition of RMB3.3 million.

Net Cash Used in Financing Activities

In 2020, we had net cash used in financing activities amounted to RMB86.5 million, primarily attributable to (i) payment of dividend of RMB43.4 million paid to shareholders; (ii) principal elements of lease payments of RMB40.3 million; and (iii) share repurchase of RMB2.8 million for equity incentives.

Significant Investments, Acquisitions and Disposals

Save as disclosed in this announcement, we did not have any significant investments, material acquisitions or material disposals in the year ended December 31, 2020.

On February 20, 2020, the Group, through its subsidiary, BNC Women's and Children's Hospital, purchased 100% equity interests of Beijing Phoenix UMP Wenyu Clinic Outpatient Service Co. Ltd. with zero consideration. Upon the acquisition, the entity's name was changed into Beijing New Century Wenyu Clinic Outpatient Service Co., Ltd.. The fair value of net identifiable assets acquired was RMB0.7 million and the gain on bargain purchase was RMB0.7 million.

Capital Expenditures

Our capital expenditures primarily include expenditures on (i) property, plant and equipment, comprising buildings and construction, leasehold improvements, medical equipment, furniture and office equipment and motor vehicles; and (ii) intangible assets such as computer software relating to our operations. The amount of our capital expenditures in 2020 was RMB11.2 million (2019: RMB22.2 million), which was mainly attributable to the upgrade of existing medical institutions.

INDEBTEDNESS

Borrowings

As of December 31, 2020, we did not have any borrowings (2019: 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 recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. On December 31, 2020, 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 December 31, 2020, 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 December 31, 2020, none of our assets had been pledged.

Contractual Obligations

As of December 31, 2020, 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 asset at fair value through profit or loss, trade receivables, other receivables excluding prepayments, amounts due from related parties, cash and cash equivalents, borrowings, 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 in a timely and effective manner.

Gearing Ratio

As of December 31, 2020, our gearing ratio, calculated as total borrowings divided by total equity, was 0% as compared to 0% as of December 31, 2019.

EMPLOYEE AND REMUNERATION POLICY

On December 31, 2020, the Group had 1,352 employees (December 31, 2019: 1,420 employees). Total staff remuneration expenses including Directors' remuneration in 2020 amounted to RMB263.8 million (FY2019: RMB310.6 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 insurances and housing provident contributions made by the Group, performance-based compensation and discretionary bonus.

The Group has adopted the RSA Scheme and the Employee Share Scheme to attract, retain and monitor our key employees. 9,000,000 restricted shares have been granted to 2 Directors and 265 employees of the Group up to the date of this announcement. Details of the grant of restricted shares and the adoption of the Employee Share Scheme are set out in the announcements of the Company dated July 25, 2017 and August 31, 2020 respectively.

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.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2020 (2019: nil).

OTHER INFORMATION

Annual General Meeting

The AGM of the Company will be held on Friday, May 21, 2021. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

Closure of Register of Members

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, May 17, 2021 to Friday, May 21, 2021, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, non-registered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, May 14, 2021.

CORPORATE GOVERNANCE PRACTICE

The Board of Directors 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 year ended December 31, 2020, save and except for code provision A.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. Zhou is both our chairman and chief executive officer of the Company, and is responsible for the overall management of our Group and directing the strategic development and business plans of our Group. We believe that Mr. Zhou is instrumental to our growth and business expansion since our establishment in 2002. Our 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.

Further information of the corporate governance practice of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2020.

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 year ended December 31, 2020. 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

As of December 31, 2020, for the purpose of the Employee Share Scheme, 1,921,500 shares have been purchased from the market by the trustee appointed by the Company for the administration of the Employee Share Scheme to hold on trust for the benefit of the selected participants pursuant to the rules governing the Employee Share Scheme and the provisions of the trust deed in relation to the Employee Share Scheme.

Save as disclosed in this announcement, during the year ended December 31, 2020, neither the Company nor any of its subsidiaries had 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 annual results of the Group for the year ended December 31, 2020 and has recommended for the Board's approval thereof.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the preliminary announcement of the Group's results for the year ended December 31, 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2020. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

SUBSEQUENT EVENTS

As of the date of this annual results announcement, the Group had no other significant events after the reporting period that needs to be disclosed.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ncich.com.cn). The 2020 annual report of the Company 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

“AGM”	annual general meeting of the Company;
“Audit Committee”	the audit committee of the Board;
“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 Chaowai Clinic”	Beijing New Century Yide Chaowai Clinic of Beijing New Century Yide Consultancy Co. Ltd. (北京新世紀怡德諮詢有限公司新世紀怡德朝外診所). Beijing New Century Yide Consultancy Co. Ltd. (北京新世紀怡德諮詢有限公司), formerly known as Renze (Beijing) International Corporation Management and Service Co. Ltd. (仁澤(北京)國際企業管理服務有限責任公司), is a company incorporated in the PRC with limited liability on October 27, 2014, which is a non-wholly owned subsidiary of the Company;
“BNC Qingnian Road Clinic”	Beijing New Century Qingnian Road Pediatric Clinic Co. Ltd. (北京新世紀青年路兒科診所有限公司), a company incorporated in the PRC with limited liability, which is a 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 non-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 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 on July 31, 2015, 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;
“FY”	financial year;
“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;
“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;

“Mr. Zhou”	Mr. Jason ZHOU, chairman of the Board, chief executive officer, executive Director and controlling Shareholder;
“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 “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” 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, March 31, 2021

As of the date of this announcement, the Board of Directors 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.