

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



新世紀醫療控股有限公司

New Century Healthcare Holding Co. Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1518)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE EXAMINATION AND LABORATORY TESTING SERVICES ARRANGEMENT

In each of their usual and ordinary course of business, BNC Children's Hospital has agreed to procure, and BHC has agreed to provide, certain examination and laboratory testing services from time to time under the Arrangement. In particular, the specific terms and conditions for the procurement of the Services by BNC Children's Hospital are based on the Individual Agreement in relation to each order. During the provision of its pediatric medical services, BNC Children's Hospital may require its patients to undergo certain examination and laboratory testing before conducting further diagnosis and treatment. Pursuant to the Arrangement, upon BNC Children's Hospital's request and notification, BHC will provide the Services to its patients on an order-by-order basis.

BHC has been providing the Services to BNC Children's Hospital's patients, upon request and notification from BNC Children's Hospital. According to the Company's prospectus dated December 30, 2016, based on the Directors' then expectation, the transactions contemplated under the Services would be fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the information currently available to the Company and the preliminary assessment of the unaudited management financial statements of BNC Children's Hospital, the Board anticipates that the Service Fees for the financial year ending 31 December 2024 would exceed the exemption threshold.

As of the date of this announcement, BNC Children's Hospital is held as to 65% by Beijing Jiahua Yihe Management and Consulting Co., Ltd., being a wholly-owned subsidiary of the Company, and 35% by BCH. Accordingly, BNC Children's Hospital is a non-wholly-owned subsidiary of the Company while BCH, being a substantial shareholder of BNC Children's Hospital, is considered a connected person of the Company at the subsidiary level pursuant to Rule 14A.07(1) of the Listing Rules. The entering into of the Arrangement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In order to comply with Rule 14A.53 of the Listing Rules, the Board has determined the Annual Caps for the Service Fees. As the highest applicable percentage ratio in respect of the Annual Caps is more than 0.1% but less than 5%, such transactions are only subject to the reporting, announcement and annual review requirements, but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

PRINCIPAL TERMS AND CONDITIONS OF THE ARRANGEMENT

A summary of the principal terms and conditions of the Arrangement is as follows:

Parties

- (1) BNC Children's Hospital; and
- (2) BCH.

Subject Matter

As part of each of their ordinary and usual course of business, BNC Children's Hospital has agreed to procure, and BHC has agreed to provide, certain examination and laboratory testing services upon requests of BNC Children's Hospital from time to time under the Arrangement. In particular, the specific terms and conditions for the procurement of the Services by BNC Children's Hospital are based on the Individual Agreement in relation to each order. During the provision of its pediatric medical services, BNC Children's Hospital may require its patients to undergo certain examination and laboratory testing before conducting further diagnosis and treatment. Pursuant to the Arrangement, upon BNC Children's Hospital's request and notification, BHC will provide the Services to its patients on an order-by-order basis.

Term

The Arrangement shall last for a term of three years commencing from January 1, 2024 and ending on December 31, 2026 (both dates inclusive).

The Services

Scope of Services

Pursuant to each Individual Agreement, BHC shall provide certain examinations and laboratory tests, such as tests of body fluids, blood and other specimens, as well as ultrasound, MRI and other imaging examinations to the patients of BNC Children's Hospital.

Performance of the Services

BHC shall use such personnel, methods, procedures and resources to reasonably provide the Services specified in each Individual Agreement. Being a public hospital, all Services shall be conducted in a professional and competent manner, and in strict compliance with all applicable laws, rules and regulations in the PRC, especially those in connection with the provision of medical services, the regulations on the pricing of medical services and the quality of medical services.

Pricing

Pursuant to the Promulgation of Medical Services Price Reform Opinion (《推進醫療服務價格改革的意見》) jointly published by the National Development and Reform Commission (國家發展和改革委員會), National Health and Family Planning Commission (國家衛生和計劃生育委員會) (currently known as National Health Commission (國家衛生健康委員會)), Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) and the Ministry of Finance of the People's Republic of China (中華人民共和國財政部), public hospitals shall scientifically assess its costs of services, control the total medical fees and enhance the medical fee structure. By observing and following the price range set in accordance with the government's guidance, public hospitals are obliged to promote the reasonable pricing for fundamental medical services.

The National Medical Services Technical Guidelines 2023 (《全國醫療服務項目技術規範(2023年版)》) (the “**Technical Guidelines 2023**”) jointly published by the National Health Commission (國家衛生健康委員會), National Administration of Traditional Chinese Medicine (國家中醫藥管理局) and National Disease Control and Prevention Administration (國家疾病預防控制局) provides that the pricing of medical services provided by non-profit medical institutions shall be based on the consumption of materials, resources and manpower, technical difficulties, complexity and the level of risks involved in the provision of medical services. The Technical Guidelines 2023 also quantifies the abovementioned factors in relation to certain standard medical services across numerous professional fields, including laboratory testing and imaging diagnostics.

Issuance of Inspection and Examination Reports

Upon completion of any inspection or examination, BHC shall provide corresponding inspection or examination reports to BNC Children's Hospital's patients within a reasonable time frame. Such reports shall comply with BHC's clinical quality standards.

Payment terms

The specific payment terms (including time and method) shall be mutually agreed upon between BNC Children's Hospital and BHC, with reference to the payment terms of similar transactions in the market and the payment terms offered by the Group to Independent Third Parties.

HISTORICAL TRANSACTION AMOUNTS

The following table sets forth the Service Fees paid by BNC Children's Hospital to BHC for the three financial years ended December 31, 2023:

	For the year ended December 31,		
	2021	2022	2023
	(RMB'000)	(RMB'000)	(RMB'000)
Service Fees	1,730	2,270	3,530

ANNUAL CAPS FOR THE THREE FINANCIAL YEARS ENDING 31 DECEMBER 2026

The following table sets forth the Annual Caps for the Service Fees for the three financial years ending December 31, 2026:

	For the year ending December 31,		
	2024	2025	2026
	(RMB'000)	(RMB'000)	(RMB'000)
Annual Caps	7,500	9,000	10,000

Basis of Determination of the Annual Caps

In determining the Annual Caps, the Company mainly considered the following factors:

- (i) the guidance fees for medical services established by the government in accordance with the relevant laws, rules and regulations in the PRC;
- (ii) the historical figures of the Service Fees paid by BNC Children's Hospital to BHC;
- (iii) the quality of the Services provided by BHC so far and the experience of BNC Children's Hospital in collaborating with BHC under the existing Individual Agreements;
- (iv) the anticipated demand for the Services for the three financial years ending December 31, 2026 as well as the anticipated growth in business volume of BNC Children's Hospital for the three financial years ending December 31, 2026; and
- (v) a buffer for each of the three financial years ending December 31, 2026 as a result of the potential improvement in the market conditions, as well as to accommodate any unforeseeable circumstances.

The Company confirms that, as of the date of this announcement, the Service Fees incurred by BNC Children's Hospital during the financial year ending December 31, 2024 remain below the *de minimis* threshold under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE ARRANGEMENT

The Company is principally engaged in the (i) provision of pediatric and obstetric and gynecologic specialty services in the PRC; and (ii) provision of hospital consulting services. BNC Children's Hospital, a non-wholly-owned subsidiary of the Company and the first hospital of the Group, was established in 2002. The Company owns 65.0% and BCH owns 35.0% of the equity interests in BNC Children's Hospital. In addition, BCH has also entered into a medical consortium agreement with BNC Children's Hospital.

Over the course of our long-term cooperation, the Company has formed a strategic and long-standing relationship with BCH. BCH has provided strong technical support in areas such as inspection and examination, complementing the shortcomings of BNC Children's Hospital and helping it deliver a high-quality medical experience for patients. Leveraging the extensive medical expertise and resources of BCH, BNC Children's Hospital is able to offer comprehensive and high-quality pediatric services, providing newborns, infants, school-age children, and adolescents with state-of-the-art, holistic medical care and healthcare.

The business collaboration between the two parties has been close. Particularly since 2023, BNC Children's Hospital achieved a significant increase in revenue of 49.5% when compared with the previous financial year. The two parties have enabled BNC Children's Hospital to provide patients with medical services of the highest standards, earning it a stellar reputation in Beijing.

Looking ahead, it is expected that with the growth of the BNC Children's Hospital's specialty business and an increase in the number of customers, the revenue scale will continue to grow. Within the same period, the revenue from inspection and examination business is expected to increase in line with the growth of business revenue, and the annual transaction volume is also expected to rise. Continuing this strategic partnership would align with the long-term business development and growth objectives of BNC Children's Hospital.

BCH is one of the largest Class III comprehensive children's hospitals in the PRC, which integrates provision of medical services, medical scientific research, teaching and healthcare. The Directors consider that entering into the Arrangement would provide customers with a more cost-efficient inspection and examination solution, meeting the increasing demand for the Company's pediatric services.

Having considered the factors mentioned above, the Directors are of the view that the Arrangement, the Individual Agreements and the transactions contemplated thereunder, were entered into on normal commercial terms and in the ordinary and usual course of business of the Company, and the terms thereof, including the Service Fees under each Individual Agreement and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors of the Company has a material interest in the Arrangement and hence no Director is required to abstain from voting on the relevant resolutions of the Board approving the same.

LISTING RULES IMPLICATIONS

BHC has been providing the Services to BNC Children's Hospital's patients, upon request and notification from BNC Children's Hospital. According to the Company's prospectus dated December 30, 2016, based on the Directors' then expectation, the transactions contemplated under the Services would be fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the information currently available to the Company and the preliminary assessment of the unaudited management financial statements of BNC Children's Hospital, the Board anticipates that the Service Fees for the financial year ending 31 December 2024 would exceed the exemption threshold.

As of the date of this announcement, BNC Children's Hospital is held as to 65% by Beijing Jiahua Yihe Management and Consulting Co., Ltd., being a wholly-owned subsidiary of the Company, and 35% by BCH. Accordingly, BNC Children's Hospital is a non-wholly-owned subsidiary of the Company while BCH, being a substantial shareholder of BNC Children's Hospital, is considered a connected person of the Company at the subsidiary level pursuant to Rule 14A.07(1) of the Listing Rules. The entering into of the Arrangement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In order to comply with Rule 14A.53 of the Listing Rules, the Board has determined the Annual Caps for the Service Fees. As the highest applicable percentage ratio in respect of the Annual Caps is more than 0.1% but less than 5%, such transactions are only subject to the reporting, announcement and annual review requirements, but are exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76 of the Listing Rules.

INTERNAL CONTROL MEASURES

Pursuant to the requirements of Chapter 14A of the Listing Rules, the Company will disclose in its annual report the review by the Board (including the independent non-executive Directors) of the continuing connected transactions entered into every year and confirm that the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

To ensure that the Individual Agreements are on normal commercial terms and on terms no less favorable to the Group than those available from Independent Third Parties, the Group has adopted the following measures:

- (i) the Company has formulated the connected transaction internal management policy which sets out the internal control framework and requirements with respect to connected transactions of the Group. The relevant departments of the Company will strictly comply with the requirements stated thereunder;
- (ii) the finance department of the Group will monitor the transactions under the Arrangement to assess the risk of Annual Caps being exceeded;
- (iii) the finance department of the Group will regularly review and assess whether the price charged for each Individual Agreement is fair and reasonable and in accordance with the guidance price set by the government in the relevant laws and policies;
- (iv) the management of the Group will closely review and assess the terms of the Individual Agreements on regular basis to ensure that (a) the terms and conditions contained therein are no less favorable to the Group than those offered by Independent Third Parties with respect to the Services; and (b) the accumulated Service Fees would not result in the relevant Annual Caps being exceeded before the relevant requirements under the Listing Rules for increasing the relevant caps have been complied with; and
- (v) the independent non-executive Directors will continue to review the transactions contemplated under each Individual Agreement and the auditors of the Company will also conduct an annual review on the pricing terms and Annual Caps of the relevant continuing connected transactions thereof in accordance with the Listing Rules.

The Directors are of the view that the above methods and procedures can ensure that the pricing and other contract terms of the Individual Agreements are entered into on normal commercial terms in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the continuing connected transactions contemplated under the Arrangement are conducted in compliance with Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the content otherwise requires, the following terms and expressions have the following meanings:

“Annual Caps”	the annual caps for the Service Fees to be paid by the Group to BCH for each of the financial year ending December 31, 2026
“Arrangement”	the arrangement between BNC Children’s Hospital and BCH, under which BNC Children’s Hospital has agreed to procure, and BHC has agreed to provide, the Services from time to time
“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 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 our Company
“Board” or “Board of Directors”	the board of Directors of our Company
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of our Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	any individual(s) or entity(ies) who, as far as our Directors are aware, is/are not connected with the Company or the connected persons of the Company within the meaning ascribed under the Listing Rules
“Individual Agreement(s)”	the individual agreement(s) between BNC Children’s Hospital and BCH in relation to the provision of the Services by BCH to BNC Children’s Hospital on an order-by-order basis
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time
“MRI”	magnetic resonance imaging
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	the examination and laboratory testing services provided by BCH to BNC Children’s Hospital
“Service Fees”	the fees charged by BCH in the Individual Agreements for the provision of Services
“Share(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 Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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

Hong Kong, October 4, 2024

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. 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.