
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **New Century Healthcare Holding Co. Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the licensed bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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 TRANSACTIONS

(I) FRAMEWORK MANAGEMENT CONSULTING SERVICES AGREEMENT AND

(II) FRAMEWORK PROPERTY MANAGEMENT AND CLEANING SERVICES AGREEMENT

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

Red Solar Capital Limited

A letter from the board of directors of New Century Healthcare Holding Co. Limited is set out on pages 5 to 16 of this circular. A letter from the Independent Board Committee (as defined herein) containing its advice to the Independent Shareholders (as defined herein) is set out on pages 17 to 18 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 36 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at Training Room, Pediatrics Building, Beijing New Century Women's and Children's Hospital, No. 51 Wangjingbei Road, Chaoyang District, Beijing, the PRC on Friday, May 31, 2019 at 10:30 a.m., is set out on pages 46 to 48 of this circular. Whether or not you are able to attend the extraordinary general meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time of the extraordinary general meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the extraordinary general meeting in person should you so wish.

Hong Kong, May 15, 2019

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DEFINITIONS

In this circular, the following terms shall have the meanings set out below unless the context requires otherwise:

“Articles of Association”	the articles of association of the Company adopted on December 22, 2016 which became effective on January 18, 2017, as amended from time to time;
“Board”	the board of Directors of the Company;
“Business Day”	a day (other than a Saturday or a Sunday) on which banks are open for business in Hong Kong;
“BVI”	the British Virgin Islands;
“Century Star”	Century Star Investment Co., Ltd., a company incorporated in the BVI with limited liability and is wholly-owned by Mr. Zhou;
“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;
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules;
“controlling Shareholder(s)”	has the same meaning ascribed to it in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and if thought fit, approving, among other things, the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps;
“Framework Agreements”	the Framework Management Consulting Services Agreement and the Framework Property Management and Cleaning Services Agreement;
“Framework Management Consulting Services Agreement”	the framework management consulting services agreement entered into between Jiahua Yihe and Jiahua Likang on April 12, 2019;
“Framework Property Management and Cleaning Services Agreement”	the framework property management and cleaning services agreement entered into between Jiahua Yihe and Muhe Jiaye on April 12, 2019;
“Group”, “we”, “us” or “our”	the Company and its subsidiaries;

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“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors of the Company, established to advise the Independent Shareholders in respect of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps;
“Independent Financial Adviser” or “Red Solar”	Red Solar Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps;
“Independent Shareholders”	the Shareholders other than those who are required under the Listing Rules to abstain from voting at the EGM in respect of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps;
“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, 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, which is a wholly-owned subsidiary of the Company;
“Jiahua Yihe Hospitals”	hospitals, clinics and/or other medical institutions owned, operated, invested and/or managed, directly or indirectly, by Jiahua Yihe at the relevant time (including any future time during the term of the Framework Property Management and Cleaning Services Agreement) or, where the context so requires, any of them;

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“Likang Hospitals”	hospitals, clinics and/or other medical institutions owned, operated, invested, and/or managed, directly or indirectly, by Jiahua Likang at the relevant time (including any future time during the term of the Framework Management Consulting Services Agreement) or, where the context so requires, any of them;
“JoeCare”	JoeCare Investment Co., Ltd., a company incorporated in the BVI with limited liability and wholly-owned by Mr. Zhou, and a controlling Shareholder;
“Latest Practicable Date”	May 9, 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time;
“Management Consulting Services Transaction”	the transaction contemplated under the Framework Management Consulting Services Agreement;
“Mr. Zhou”	Mr. Jason ZHOU, Chairman of the Board, chief executive officer, an executive Director and a controlling Shareholder;
“Ms. Liang”	Ms. LIANG Yanqing (梁艷清), a substantial 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, which is a connected person of the Company;
“percentage ratio(s)”	the percentage ratio(s) set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“PRC”	the People’s Republic of China, for the purpose of this circular, not including Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Property Management and Cleaning Services Transaction”	the transaction contemplated under the Framework Property Management and Cleaning Services Agreement;
“Proposed Management Consulting Services Annual Caps”	the proposed annual caps in respect of the Management Consulting Services Transaction for the years ending December 31, 2019, 2020 and 2021;
“Proposed Property Management and Cleaning Services Annual Caps”	the proposed annual caps in respect of the Property Management and Cleaning Services Transaction for the years ending December 31, 2019, 2020 and 2021;
“Prospectus”	the prospectus dated December 30, 2016 issued by the Company;

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“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 the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the same meaning ascribed to it in the Listing Rules;
“substantial Shareholder(s)”	has the same meaning ascribed to it in the Listing Rules;
“Victor Gains”	Victor Gains Limited, a company incorporated in the BVI with limited liability and wholly-owned by Ms. Liang, and a substantial Shareholder;
“Voting Agreement”	an agreement entered into between Mr. Zhou and Ms. Liang on February 18, 2016 and automatically renewed on February 17, 2019 for a term of three years until February 17, 2022, pursuant to which Ms. Liang irrevocably agreed to follow Mr. Zhou’s voting directions when exercising the voting rights attached to the Shares beneficially owned by her during the term of such agreement; and
“%”	percent.

The English names of PRC entities are an informal English translation of their respective official Chinese names.

For the purpose of this circular, the conversion of RMB into HK\$ is based on the exchange rate of RMB1 to HK\$1.18 for illustration purpose only.

Certain amounts and percentage figures included in this circular have been subject to rounding adjustments, and may not add up to the total due to rounding.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Jason ZHOU (*Chairman and Chief Executive Officer*)

Ms. XIN Hong (*Senior Vice President and
Chief Operating Officer*)

Mr. XU Han (*Senior Vice President and
Chief Financial Officer*)

Non-executive Directors:

Mr. GUO Qizhi

Mr. WANG Siye

Dr. CHENG Chi-Kong, *Adrian JP*

Mr. YANG Yuelin

Mr. FENG Xiaoliang

Independent Non-executive Directors:

Mr. WU Guanxiong

Mr. SUN Hongbin

Mr. JIANG Yanfu

Dr. MA Jing

Registered Office:

c/o Walkers Corporate Limited
Cayman Corporate Centre
27 Hospital Road
George Town
Grand Cayman KY1-9008
Cayman Islands

*Headquarter and Principal Place
of Business in the PRC:*

56 Nanlishi Road
Xicheng District
Beijing
PRC

*Principal Place of Business
in Hong Kong:*

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

May 15, 2019

Dear Shareholders,

CONTINUING CONNECTED TRANSACTIONS
(I) FRAMEWORK MANAGEMENT CONSULTING SERVICES AGREEMENT
AND
(II) FRAMEWORK PROPERTY MANAGEMENT AND CLEANING SERVICES
AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

LETTER FROM THE BOARD

1. INTRODUCTION

Reference is made to the announcement of the Company dated April 12, 2019. The Management Consulting Services Transaction and the Property Management and Cleaning Services Transaction constitute continuing connected transactions of the Company and are subject to reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is (i) to provide you with further information regarding the details of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps; (ii) to set out the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) to set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) to give the Shareholders the notice of the EGM and other information as required under the Listing Rules.

The Board's view on the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps and its recommendation to the Independent Shareholders as to voting at the EGM in respect of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps are set out in section 8 of this letter.

2. MANAGEMENT CONSULTING SERVICES TRANSACTION

Reference is made to (i) the section headed "Connected Transactions" in the Prospectus which provides that Jiahua Likang entered into a management consulting services agreement with Jiahua Yihe on June 1, 2016 for a period with effect from December 1, 2015 to November 30, 2018; and (ii) the announcement of the Company dated December 6, 2018 which provides that Jiahua Likang entered into a management consulting services agreement with Jiahua Yihe on December 6, 2018 for a period with effect from December 6, 2018 to June 30, 2019.

On April 12, 2019, Jiahua Yihe and Jiahua Likang entered into the Framework Management Consulting Services Agreement, pursuant to which Jiahua Yihe will provide hospital consulting services to Jiahua Likang for the Likang Hospitals for a period from July 1, 2019 to December 31, 2021.

The principal terms of the Framework Management Consulting Services Agreement are set out below.

- Parties:**
- (a) Jiahua Yihe (as a supplier); and
 - (b) Jiahua Likang (as a customer).

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- Subject matter:** Pursuant to the Framework Management Consulting Services Agreement, Jiahua Yihe has agreed to provide a comprehensive range of licensing and consulting services relating to the operation and management of the Likang Hospitals to Jiahua Likang. The transactions under the Framework Management Consulting Services Agreement are in the ordinary and usual course of business of the Group.
- The fixed services provided by Jiahua Yihe to Jiahua Likang that are covered by the monthly base fee payable by Jiahua Likang (as set out below) include: (i) licensing the right to use the “New Century Healthcare (新世紀醫療)” in medical certification, brand name and promotional materials; (ii) authorizing the use of the Group’s various medical and healthcare clinical processes, regulatory documents, guidance materials and management systems; (iii) authorizing the use of the Group’s medical and clinical training systems, development and educational resources; (iv) providing preferential access to the Group’s procurement pricing and supplier services; and (v) providing information technology support services on the premise of ensuring independent operation and maintenance of the information system (the “**Fixed Services**”). In addition, Jiahua Yihe may also provide other related business operational and financial consultancy services upon request by Jiahua Likang from time to time (the “**Additional Services**”) at specified hourly rates (as set out below).
- Term:** From July 1, 2019 to December 31, 2021.
- Condition:** The Framework Management Consulting Services Agreement and the transactions contemplated thereunder are conditional upon the approval by the Independent Shareholders at the EGM.
- Consideration and pricing policy:** In consideration for the Fixed Services, Jiahua Likang agrees to pay to Jiahua Yihe a monthly base fee of RMB100,000 (the “**Fixed Services Fee**”) for each of the Likang Hospitals that receives Jiahua Yihe’s services pursuant to the Framework Management Consulting Services Agreement. The hourly rates for the provision of the Additional Services are based on the level of seniority of the person providing the particular service, including RMB500 per hour for a consultant, RMB800 per hour for a manager, RMB1,000 per hour for a senior manager, RMB2,000 per hour for a director, and RMB2,500 per hour for an executive director (the “**Additional Services Fee**”).

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The price of the services to be provided by Jiahua Yihe is determined on an arm's length basis by reference to the market price of services of comparable nature and scale. The fees charged by Jiahua Yihe under the Framework Management Consulting Services Agreement are within a reasonable range of fees in the market for a similar scope of services.

Historical transaction amounts:

The historical transaction amounts for the years ended December 31, 2016, 2017 and 2018 and the three months ended March 31, 2019 are approximately RMB29,204,000, RMB38,263,000, RMB39,905,000 and RMB10,182,000, respectively.

Annual caps:

The maximum aggregate annual amount payable to Jiahua Yihe under the Framework Management Consulting Services Agreement for the years ending December 31, 2019, 2020 and 2021 shall not exceed the caps set out below:

	<u>Year ending December 31,</u>		
	2019	2020	2021
	<i>(in RMB millions)</i>		
Total Fees	<u>42.0</u>	<u>43.0</u>	<u>44.0</u>

Basis of caps:

The above annual caps are determined with reference to (i) the expected timelines and milestones of the Likang Hospital projects; (ii) the expected number of personnel providing services in each phase of each Likang Hospital project; (iii) the expected level of seniority of the personnel required in each phase of each Likang Hospital project; (iv) the expected service hours spent by each level of seniority of the personnel providing services in each phase of each Likang Hospital project; and (v) the historical transaction amounts for the years ended December 31, 2016, 2017 and 2018 and the latest available transaction amount for the period from January 1, 2019 to March 31, 2019.

To ensure the price and terms offered under the Framework Management Consulting Services Agreement are not less favorable than the price and terms available to independent third parties, the Company has adopted a system of internal controls to safeguard the continuing connected transactions under the Framework Management Consulting Services Agreement, details of which are set out below under the section headed "4. Internal Control Measures".

3. PROPERTY MANAGEMENT AND CLEANING SERVICES TRANSACTION

Reference is made to (i) the section headed "Connected Transactions" in the Prospectus 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 for a

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period with effect from August 22, 2016 to August 21, 2019; and (ii) the announcements of the Company dated May 3, 2018, December 3, 2018 and December 6, 2018 in relation to the various property management services transactions between Muhe Jiaye and various members of the Group.

On April 12, 2019, Jiahua Yihe and Muhe Jiaye agreed the terms of the Framework Property Management and Cleaning Services Agreement for a term from April 12, 2019 to December 31, 2021 in relation to the provision of property management, facilities and equipment maintenance and cleaning services by Muhe Jiaye to Jiahua Yihe Hospitals.

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

- Parties:**
- (a) Muhe Jiaye (as a service provider); and
 - (b) Jiahua Yihe (as a customer).
- Subject matter:** Pursuant to the Framework Property Management and Cleaning Services Agreement, Muhe Jiaye has agreed to provide property management, facilities and equipment maintenance and cleaning services to Jiahua Yihe Hospitals. The transactions under the Framework Property Management and Cleaning Services Agreement are in the ordinary and usual course of business of the Group.
- Term:** From April 12, 2019 to December 31, 2021
- Condition:** The Framework Property Management and Cleaning Services Agreement and the transactions contemplated thereunder are conditional upon the approval by the Independent Shareholders at the EGM.
- Consideration and pricing policy:** In consideration for the services provided by Muhe Jiaye, Jiahua Yihe has agreed to pay to Muhe Jiaye a monthly fee, to be adjusted based on: (i) increases in applicable statutory minimum wages, social insurance, other allowances or market price; (ii) deviations from the agreed scope of work and services to be provided by Muhe Jiaye; and (iii) if the increase or decrease in the actual number of beds, surgical procedures or emergency procedures for three consecutive months exceeds 10.0% of estimates which results in an increase or reduction in the agreed number and working hours of service personnel to be provided by Muhe Jiaye.

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

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

**Historical transaction
amounts:**

The historical transaction amounts for the years ended December 31, 2016, 2017 and 2018 and the three months ended March 31, 2019 are approximately RMB6,055,000, RMB6,381,000, RMB8,565,000 and RMB2,674,000, respectively.

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

	Year ending December 31,		
	2019	2020	2021
	<i>(in RMB millions)</i>		
Total Fees	<u>15.0</u>	<u>30.0</u>	<u>35.0</u>

Basis of caps: The above annual caps are determined with reference to (i) the anticipated demand for Muhe Jiaye's services by Jiahua Yihe Hospitals; (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; (iv) the historical transaction amounts for the years ended December 31, 2016, 2017 and 2018 and the latest available transaction amount for the period from January 1, 2019 to March 31, 2019; (v) the potential acquisitions and establishment of healthcare institutions expected to be owned, operated, invested and/or managed by Jiahua Yihe during the period from 2019 to 2021; and (vi) a reasonable buffer.

4. INTERNAL CONTROL MEASURES

The Company has put in place a system of internal controls to safeguard the continuing connected transactions under the Framework Agreements, in particular:

- in respect of the services provided under the Framework Management Consulting Services Agreement, the relevant business department of the Company shall conduct periodic market analysis and assess the services fees based on the market development and make price adjustment recommendation to the responsible senior management as appropriate, so as to ensure the price and terms offered under the Framework Management Consulting Services Agreement are not less favorable than those available to independent third parties;
- the finance department of the Company will closely monitor the procedures in the preparation of the engagement of property management and cleaning services under the Framework Property Management and Cleaning Services Agreement, so as to ensure that the pricing policies are strictly followed;
- the finance department of the Company will monitor the monthly transactions amount under the Framework Agreements and report the same to the senior management of the Company periodically so as to ensure it will not exceed the annual caps; and

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- the independent non-executive Directors and the auditors of the Company will also review the transactions contemplated under the Framework Agreements annually pursuant to the requirements under the Listing Rules.

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

The Group

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

Jiahua Yihe

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

Jiahua Likang

Jiahua Likang is a company in which Mr. Zhou holds (together with Ms. Zhao) a 41.3% 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. Jiahua Likang is engaged in operation of hospitals in 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.

6. REASONS FOR AND BENEFITS OF THE MANAGEMENT CONSULTING SERVICES TRANSACTION AND THE PROPERTY MANAGEMENT AND CLEANING SERVICES TRANSACTION

In respect of the Management Consulting Services Transaction, Jiahua Yihe has been providing hospital consulting services to Jiahua Likang for the Likang Hospitals from December 2015. The Group had previously entered into the management consulting services agreements in 2016 and 2018 respectively to formalize the consulting services relationship in existence since December 1, 2015 and to govern the provision of such services after the listing of the Company. The Group intends to continue the consulting services relationship by entering into the Framework Management Consulting Services Agreement, which is on substantially the same terms as the management consulting services agreements entered into in 2016 and 2018. Given the recognition of the “New Century Healthcare” brand, the Company may leverage on the brand equity and develop its management consulting business in return for a stable revenue.

LETTER FROM THE BOARD

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

7. LISTING RULES IMPLICATIONS

Jiahua Likang is a company in which Mr. Zhou holds (together with Ms. Zhao) a 41.3% 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 company in which Ms. Zhao holds a 35.0% equity interest and thus is a connected person of the Group by virtue of it being an associate of Mr. Zhou pursuant to Rule 14A.12(1)(c) of the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to (i) the maximum aggregate annual amount payable to Jiahua Yihe under the Framework Management Consulting Services Agreement for each of the three years ending December 31, 2021; and (ii) the maximum aggregate annual services fees payable to Muhe Jiaye under the Framework Property Management and Cleaning Services Agreement for each of the three years ending December 31, 2021 is more than 5%, the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps are subject to the approval of the Independent Shareholders.

Directors' abstention from decision-making process

Mr. Zhou, being an executive Director, had declared his interest in the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps by virtue of his relationship with Muhe Jiaye and Jiahua Likang, and had abstained from voting on the relevant Board resolutions in respect of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps. Save as disclosed above, none of the Directors has an interest in the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps, and therefore no other Director had abstained from voting on the relevant Board resolutions in respect of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services

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Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps.

Independent Board Committee

The Board has established the Independent Board Committee comprising all the independent non-executive Directors to review, consider and recommend the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps and to advise the Independent Shareholders in respect thereof. The Company has also appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

8. RECOMMENDATION

After taking into account the view of the Independent Board Committee as set out in this circular and the reasons for and benefits of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps, the Directors (including all the independent non-executive Directors) are of the view that the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favor of the ordinary resolutions in respect of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps.

9. EGM

A notice convening the EGM to be held at Training Room, Pediatrics Building, Beijing New Century Women's and Children's Hospital, No. 51 Wangjingbei Road, Chaoyang District, Beijing, the PRC on Friday, May 31, 2019 at 10:30 a.m., is set out on pages 46 to 48 of this circular. At the EGM, the ordinary resolutions will be proposed for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps. The ordinary resolutions proposed at the EGM will be determined by way of poll.

LETTER FROM THE BOARD

Mr. Zhou and his associates (including his investment holding companies JoeCare and Century Star), being controlling Shareholders and substantial Shareholders materially interested in the Management Consulting Services Transaction and the Property Management and Cleaning Services Transaction, will abstain from voting at the EGM in respect of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps. In light of the Voting Agreement, Ms. Liang and her associates (including her investment holding company Victor Gains) will also abstain from voting at the EGM in respect of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, save as disclosed above, no other Shareholder (or its associates) has any material interest in the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps and is required to abstain from voting in respect of the ordinary resolutions to approve the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps at the EGM by way of poll.

As at the Latest Practicable Date, (i) Mr. Zhou and his associates, JoeCare and Century Star, were interested in, controlled and were entitled to exercise control over 158,461,213 Shares, representing approximately 32.3% of the issued share capital of the Company, and (ii) Ms. Liang and her associate, Victor Gains, were interested in, controlled and were entitled to exercise control over 57,740,181 Shares, representing approximately 11.8% of the issued share capital of the Company.

A form of proxy for use in connection with the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

10. CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, May 28, 2019 to Friday, May 31, 2019, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all transfers accompanied by the relevant share certificates must be lodged

LETTER FROM THE BOARD

with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Monday, May 27, 2019.

11. GENERAL

Your attention is drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser, the additional information set out in the appendix to this circular and the notice of the EGM. You should consider carefully all the information set out in this circular before making a decision about the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps.

Yours faithfully,

By Order of the Board

New Century Healthcare Holding Co. Limited

Jason ZHOU

Chairman, Executive Director and Chief Executive Officer



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)

May 15, 2019

Dear Independent Shareholders,

CONTINUING CONNECTED TRANSACTIONS
(I) FRAMEWORK MANAGEMENT CONSULTING SERVICES AGREEMENT
AND
(II) FRAMEWORK PROPERTY MANAGEMENT AND CLEANING SERVICES
AGREEMENT

We refer to the circular dated May 15, 2019 of the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise you regarding the fairness and reasonableness of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps. Red Solar has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

Having considered the terms of the Framework Management Consulting Services Agreement and the Framework Property Management and Cleaning Services Agreement, and having taken into account the principal factors and reasons considered by, and the opinion of the Independent Financial Adviser, as stated in its letter dated May 15, 2019, we consider that the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolutions proposed at the EGM in respect of the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement,

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps.

We draw the attention of the Independent Shareholders to (i) the letter from the Board; (ii) the letter from the Independent Financial Adviser; and (iii) the appendix to the Circular.

Yours faithfully,

Independent Board Committee

WU Guanxiong

SUN Hongbin

JIANG Yanfu

MA Jing

Independent Non-executive Directors

LETTER FROM RED SOLAR

The following is the full text of the letter of advice from Red Solar Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Framework Management Consulting Services Agreement and Framework Property Management and Cleaning Services Agreement and the transactions contemplated thereunder for the purpose of inclusion in this Circular.



11/F., Kwong Fat Hong Building
No. 1 Rumsey Street, Sheung Wan
Hong Kong

May 15, 2019

*To: The Independent Board Committee and the Independent Shareholders of
New Century Healthcare Holding Co. Limited*

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS
(I) FRAMEWORK MANAGEMENT CONSULTING SERVICES AGREEMENT
AND
(II) FRAMEWORK PROPERTY MANAGEMENT AND
CLEANING SERVICES AGREEMENT**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Management Consulting Services Agreement and Framework Property Management and Cleaning Services Agreement (including the proposed annual caps) and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated May 15, 2019 (the “**Circular**”), of which this letter of advice forms part. Unless the context requires otherwise, capitalized terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed “Definitions” in this Circular.

Reference is made to (i) the section headed “Connected Transactions” in the prospectus of the Company dated December 30, 2016 which provides that Jiahua Likang entered into a management consulting services agreement with Jiahua Yihe on June 1, 2016 for a period with effect from December 1, 2015 to November 30, 2018; and (ii) the announcement of the Company dated December 6, 2018 which provides that Jiahua Likang entered into a management consulting services agreement with Jiahua Yihe on December 6, 2018 for a period with effect from December 6, 2018 to June 30, 2019. On April 12, 2019, Jiahua Yihe and Jiahua Likang entered into the Framework Management Consulting Services Agreement, pursuant to which Jiahua Yihe will provide hospital consulting services to Jiahua Likang for the Likang Hospitals for a period from July 1, 2019 to December 31, 2021.

LETTER FROM RED SOLAR

Further reference is made to (i) 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 for a period with effect from August 22, 2016 to August 21, 2019; (ii) the announcements of the Company dated May 3, 2018, December 3, 2018 and December 6, 2018 in relation to the various property management services transactions between Muhe Jiaye and various members of the Group. On April 12, 2019, Jiahua Yihe and Muhe Jiaye agreed the terms of the Framework Property Management and Cleaning Services Agreement for a term from April 12, 2019 to December 31, 2021 in relation to the provision of property management, facilities and equipment maintenance and cleaning services by Muhe Jiaye to Jiahua Yihe Hospitals.

With reference to the Letter from the Board, Jiahua Yihe is a wholly-owned subsidiary of the Group. Jiahua Likang is a company in which Mr. Zhou, who is a controlling shareholders of the Company, holds together with Ms. Zhao being the spouse of Mr. Zhou, 41.3% equity interest and thus is a connected person of the Group by virtue of it being an associate of Mr. Zhou under the Listing Rules. 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 under the Listing Rules. Accordingly, the transactions contemplated under the Framework Management Consulting Services Agreement and the Framework Property Management and Cleaning Services Agreement constitute connected transactions under Chapter 14A of the Listing Rules.

Further from the Letter from the Board, since the highest applicable percentage ratio calculated with reference to (i) the maximum aggregate annual amount payable to Jiahua Yihe under the Framework Management Consulting Services Agreement for each of the three years ending December 31, 2021; and (ii) the maximum aggregate annual services fees payable to Muhe Jiaye under the Framework Property Management and Cleaning Services Agreement for each of the three years ending December 31, 2021 is more than 5%, the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps are subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Board has established the Independent Board Committee comprising all the independent non-executive Directors to review, consider and recommend the Framework Management Consulting Services Agreement, the Framework Property Management and Cleaning Services Agreement, the Management Consulting Services Transaction, the Property Management and Cleaning Services Transaction, the Proposed Management Consulting Services Annual Caps and the Proposed Property Management and Cleaning Services Annual Caps and to advise the Independent Shareholders in respect thereof. The Company has also appointed us to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, apart from the existing engagement in connection with the Framework Management Consulting Services Agreement and the Framework Property Management and Cleaning Services Agreement and the transactions contemplated thereunder, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from

LETTER FROM RED SOLAR

the Company and its subsidiaries or the Directors, chief executive or substantial shareholders of the Company or any of their associates (as defined in the Listing Rules). We consider ourselves independent to form our opinion in respect of the Framework Management Consulting Services Agreement and the Framework Property Management and Cleaning Services Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Company (including but not limited to those contained or referred to in the Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Company were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects as at the date of the EGM and the Company will notify the Shareholders as soon as possible should there be any material changes of information in the Circular. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Company in this Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in this Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors collectively and individually accepted full responsibility for the accuracy of the information contained in this Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of this Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Framework Management Consulting Services Agreement and the Framework Property Management and Cleaning Services Agreement and the transactions contemplated thereunder. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Any subsequent developments may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of such information.

LETTER FROM RED SOLAR

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving our opinion in respect of the Framework Management Consulting Services Agreement and Framework Property Management and Cleaning Services Agreement and the transactions contemplated therein, we have considered the following principal factors and reasons:

1 Background of and reasons for the Framework Management Consulting Services Agreement and the Framework Property Management and Cleaning Services Agreement

(a) Background information of the Group

The Company is incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange. As stated in the Circular, the Group is principally engaged in provision of pediatrics and obstetrics and gynecology specialty services in Beijing, the PRC. The Group also provides hospital consulting services to Jiahua Likang relating to the Likang Hospitals. With reference to the annual results announcement of the Company for the year ended December 31, 2018 (the “**2018 AR Announcement**”), the Group adhered to the development strategies established in 2017 and continued to expand the medical service coverage, so as to provide high quality medical treatment and health management services in the gynecologic and pediatric specialty for more families in Beijing and across the country.

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(b) Financial performance of the Group

The following is a summary of the key financial information of the Group for each of the two years ended December 31, 2018 as extracted from the section headed “Financial Review” and “Consolidated Balance Sheet” of the 2018 AR Announcement.

	For the year ended December 31,	
	2018	2017
	RMB'000	RMB'000
Segment Revenue	615,984	536,460
Medical services	569,016	491,451
Hospital consulting services	39,905	39,288
Others	7,063	5,721
Segment Gross Profit	237,575	258,283
Medical services	212,815	233,504
Hospital consulting services	24,738	24,654
Others	22	125
Net Profit	73,438	114,887

	As at the year ended December 31,	
	2018	2017
	RMB'000	RMB'000
Total assets	1,611,024	1,441,935
Total liabilities	339,680	203,498

As depicted by the above table, the revenue of the Group for the year ended December 31, 2018 amounted to RMB616.0 million, representing an increase of 14.8% comparing with the revenue recorded for the year ended December 31, 2017. In particular, the revenue from medical services amounted to RMB569.0 million and the revenue from hospital consulting services amounted to RMB39.9 million, representing an increase of 15.8% and 1.6% comparing with the revenue of the Group for the year ended December 31, 2017, respectively. With reference to the 2018 AR Announcement, the increase in revenue of the Group for the year ended December 31, 2018 was mainly due to the increase in revenue from medical services attributable to the outpatients and inpatients from the Group’s pre-existing medical institutions and the newly acquired Chengdu New Century Women’s and Children’s Hospital Co., Ltd. (the “**Chengdu New Century**”).

The gross profit for the year ended December 31, 2018 amounted to RMB237.6 million, representing a decrease 8.0% comparing with the gross profit recorded for the year ended December 31, 2017. In particular, the gross profit from medical services amounted to RMB212.8 million, representing a decrease 8.9% to the gross profit from medical services for the year ended December 31, 2017, and the gross profit margin is decreased from 47.5% to 37.4% for the year ended December 31, 2017 and 2018, respectively. With reference to the 2018 AR Announcement, the decrease in gross

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profit and gross profit margin was primarily a result of (i) increased remuneration of medical personnel including those from our newly acquired medical institutions and clinics; (ii) increased costs of medicines and consumables due to increased medical business; and (iii) increased rental, depreciation and amortization costs of the business premises arising from the newly acquired and set up institutions. Furthermore, the gross profit and the gross profit margin from hospital consulting services amounted to RMB24.7 million and 62.0%, which remains relatively stable as compared the year ended December 31, 2017.

Further to the 2018 AR Announcement, the net profit for the year ended December 31, 2018 amounted to RMB73.4 million, representing a decrease 36.1% due to the acquisition of Chengdu New Century and the opening of new clinics in Beijing to the net profit for the year ended December 31, 2017.

As at December 31, 2018, the Group had total assets and total liabilities of the Company of RMB1,611.0 million and RMB339.7 million respectively, representing an increase of 11.7% and 66.9% respectively as compared to those for the year ended December 31, 2017.

(c) *Background information of Jiahua Yihe, Jiahua Likang and Muhe Jiaye*

Jiahua Yihe

With reference to the Letter from the Board, Jiahua Yihe is a wholly-owned subsidiary of the Group and is engaged in provision of hospital consulting services.

Jiahua Likang

With reference to the Letter from the Board, Jiahua Likang is a company in which Mr. Zhou holds (together with Ms. Zhao) a 41.3% 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. Jiahua Likang is engaged in operation of hospitals in the PRC.

Muhe Jiaye

With reference to the Letter from the Board, 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.

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(d) Reasons for and benefits of the Framework Management Consulting Services Agreement and the Framework Property Management and Cleaning Services Agreement

With reference to the Letter from the Board, in respect of the Management Consulting Services Transaction, Jiahua Yihe has been providing hospital consulting services to Jiahua Likang for the Likang Hospitals from December 2015. The Group had previously entered into the management consulting services agreements in 2016 and 2018 respectively to formalize the consulting services relationship in existence since December 1, 2015 and to govern the provision of such services after the listing of the Company. The Group intends to continue the consulting services relationship by entering into the Framework Management Consulting Services Agreement, which is on substantially the same terms as the management consulting services agreements entered into in 2016 and 2018.

We have discussed with the management of the Company and understand that the transactions contemplated under the Framework Management Consulting Services Agreement are expected to be of recurrent nature and will occur on a regular and continuing basis. Given the credentials and track record of the Group, in particular its over 18 years of experience in operating hospitals in PRC and its established business relationship with Jiahua Likang, we are of the view that the Group is a suitable and capable candidate to be considered for the continuation of provision of the hospital consulting services for Likang Hospitals.

With reference to the 2018 AR Announcement, the Group desired to expand the medical service coverage in Beijing and across the country. The Directors believe that the Management Consulting Services Transaction will allow the Group to enlarge the hospital and clinic network with cost efficiency by licensing the right to Jiahua Likang to use the “New Century Healthcare” in medical certification, brand name and promotional materials comparing with establishing owned hospital or clinic involved massive monetary cost and time cost. As such, the Management Consulting Services Transaction is in line with the Group’s strategies for development and expansion. Moreover, the Directors also consider that the Group can leverage on its existing management and operating capability to generate additional revenue without creating substantial additional costs or causing any material negative impact on the overall operation of the Group.

With reference to the section headed “Connected Transaction” in the Prospectus and the announcements of the Company dated May 3, 2018, December 3, 2018 and December 6, 2018, Muhe Jiaye entered into the various property management and cleaning services agreement providing property management, facilities and equipment maintenance and cleaning services to the various members of Jiahua Yihe. As mentioned in the Letter from the Board, the Directors believe 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.

We have discussed with the management of the Company and understand that in view of the consistently strong demand for high-quality medical services on account of the consumption upgrade of emerging customers, providing high quality medical treatment in hygiene environment is essential for the Group to seize the opportunity to gain market share and consolidate its market position to pursue its long-term objective to be the top player of the pediatric specialty segment in Beijing and in

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the PRC. Hence, the Directors believe the Framework Property Management and Cleaning Services Agreement will allow the Group to optimize cost structure and the Group could focus on strengthening its competitiveness in provision of specialty services by outsourcing the administrative functions including property management, facilities and equipment maintenance and cleaning services.

Having considered the above, we concur with the Directors that, the Management Consulting Services Transaction and Property Management and Cleaning Services Transaction are in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2 Framework Management Consulting Services Agreement

2.1 *Principal terms of Framework Management Consulting Services Agreement*

As extracted from the Letter from the Board, the principal terms of the Framework Management Consulting Services Agreement are set out below:

- Parties:**
- (a) Jiahua Yihe (as a supplier); and
 - (b) Jiahua Likang (as a customer).

Subject matter: Pursuant to the Framework Management Consulting Services Agreement, Jiahua Yihe has agreed to provide a comprehensive range of licensing and consulting services relating to the operation and management of the Likang Hospitals to Jiahua Likang. The transactions under the Framework Management Consulting Services Agreement are in the ordinary and usual course of business of the Group.

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The fixed services provided by Jiahua Yihe to Jiahua Likang that are covered by the monthly base fee payable by Jiahua Likang (as set out below) include: (i) licensing the right to use the “New Century Healthcare (新世紀醫療)” in medical certification, brand name and promotional materials; (ii) authorizing the use of the Group’s various medical and healthcare clinical processes, regulatory documents, guidance materials and management systems; (iii) authorizing the use of the Group’s medical and clinical training systems, development and educational resources; (iv) providing preferential access to the Group’s procurement pricing and supplier services; and (v) providing information technology support services on the premise of ensuring independent operation and maintenance of the information system (the “**Fixed Services**”). In addition, Jiahua Yihe may also provide other related business operational and financial consultancy services upon request by Jiahua Likang from time to time (the “**Additional Services**”) at specified hourly rates (as set out below).

Term: From July 1, 2019 to December 31, 2021.

Condition: The Framework Management Consulting Services Agreement and the transactions contemplated thereunder are conditional upon the approval by the Independent Shareholders at the EGM.

Consideration of pricing policy: In consideration for the Fixed Services, Jiahua Likang agrees to pay to Jiahua Yihe a monthly base fee of RMB100,000 (the “**Fixed Services Fee**”) for each of the Likang Hospitals that receives Jiahua Yihe’s services pursuant to the Framework Management Consulting Services Agreement. The hourly rates for the provision of the Additional Services are based on the level of seniority of the person providing the particular service, including RMB500 per hour for a consultant, RMB800 per hour for a manager, RMB1,000 per hour for a senior manager, RMB2,000 per hour for a director, and RMB2,500 per hour for an executive director (the “**Additional Services Fee**”).

The price of the services to be provided by Jiahua Yihe is determined on an arm’s length basis by reference to the market price of services of comparable nature and scale. The fees charged by Jiahua Yihe under the Framework Management Consulting Services Agreement are within a reasonable range of fees in the market for a similar scope of services.

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2.2 Evaluation of the Framework Management Consulting Services Agreement

Jiahua Likang first entered into a management consulting services agreement with Jiahua Yihe on June 1, 2016 for a period with effect from December 1, 2015 to November 30, 2018 and entered into a management consulting services agreement with Jiahua Yihe on December 6, 2018 for a period with effect from December 6, 2018 to June 30, 2019. On April 12, 2019, Jiahua Yihe and Jiahua Likang entered into the Framework Management Consulting Services Agreement, pursuant to which Jiahua Yihe will provide hospital consulting services to Jiahua Likang for the Likang Hospitals for a period from July 1, 2019 to December 31, 2021 with all terms therein remaining unchanged except for the periods to be covered. As set out in the Letter from the Board, the price of the services to be provided by Jiahua Yihe is determined on an arm's length basis by reference to the market price of services of comparable nature and scale and the fees charged by Jiahua Yihe under the Framework Management Consulting Services Agreement are within a reasonable range of fees in the market for a similar scope of services.

As part of our due diligence works on a best-effort basis, we identified a non-exhaustive list of three similar continuing connected transactions in relation to the provision of management consulting services entered into by other companies listed on the Stock Exchange, announced from May 1, 2018 and up to and including April 30, 2019, such as HJ Capital (International) Holdings Company Limited (stock code: 982), AEON Stores (Hong Kong) Co., Limited (stock code: 984) and Country Garden Services Holdings Company Limited (stock code: 6098) and noted that it is not uncommon for the pricing in relation to the provision of management consulting services to be determined with reference to the operational costs for providing such management consulting services. We have discussed with the management of the Company and understand that Jiahua Yihe did not provide similar services to independent third parties, however this practice of Fixed Services Fee and Additional Services Fee had been consistently applied by Jiahua Yihe in the management consulting services agreements with Jiahua Likang in previous years. Save for a monthly base fee of RMB100,000 for the provision of the Fixed Services which the Directors consider would not create substantial additional costs to the Group, the Group would also be entitled to an Additional Services Fee which would be calculated according to the hourly rates for the provision of the Additional Services. We have reviewed the relevant fees calculations and discussed with the management of the Company and understand from them that Additional Services Fee is the main revenue stream to the Group under the Framework Management Consulting Services Agreement and time cost of personnel is the key operational cost in providing Additional Services. Based on the above, we consider that such pricing mechanism and payment terms are in the interests of the Group and the Shareholders as a whole as the Group's Additional Services provided could be fully remunerated on an hourly basis.

We have also reviewed the Framework Management Consulting Services Agreement dated April 12, 2019 and noted that the terms are substantially the same with the terms in the management consulting services agreements dated June 1, 2016 and December 6, 2018 and the except for the periods to be covered. Based on the foregoing, we consider that the terms of Framework Management Consulting Services Agreement are (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; (iii) fair and reasonable so far as the Independent Shareholders are concerned; and (iv) are in the interests of the Group and the Shareholders as a whole.

LETTER FROM RED SOLAR

2.3 Proposed Management Consulting Services Annual Caps

The Proposed Management Consulting Services Annual Caps are as follows:

	Year ending December 31,		
	2019	2020	2021
Total Fees	42.0	43.0	44.0

(in RMB millions)

Reference is made to (i) the section headed “Connected Transactions” in the prospectus of the Company dated December 30, 2016 and the announcement of the Company dated December 6, 2018 in relation to the transactions contemplated under the management consulting services agreements between Jiahua Yihe and Jiahua Likang, the annual caps of the corresponding fees were set as RMB42 million for the year ended December 31, 2018 and RMB21,000,000 for the period from January 1, 2019 to June 30, 2019, which is the same as the annual cap for the year ended December 31, 2018 on a pro rata basis.

In order to assess the fairness and reasonableness of the Proposed Management Consulting Services Annual Caps, we have reviewed the relevant fees calculations and discussed with the management of the Company and understand from them that the Proposed Management Consulting Services Annual Caps are determined with reference to (i) the expected timelines and milestones of the Likang Hospital projects; (ii) the expected number of personnel providing services in each phase of each Likang Hospital project; (iii) the expected level of seniority of the personnel required in each phase of each Likang Hospital project; (iv) the expected service hours spent by each level of seniority of the personnel providing services in each phase of each Likang Hospital project; and (v) the historical transaction amounts for the years ended December 31, 2016, 2017 and 2018 and the latest available transaction amount for the period from January 1, 2019 to March 31, 2019.

We noted from the calculations that the increase in fees in 2019 to 2021 is generally in line with the expected timelines and milestones of the Likang Hospital projects. In particular, we noted that there are four ongoing Likang Hospital projects in Tianjin, Suzhou, Qingdao and Foshan respectively. As discussed with the management of the Company, we understand that the four ongoing Likang Hospital projects are at different phases of operations and require different level of demand for consultancy services. For the hospital in Tianjin and Suzhou which have been operating for more than one year, the expected level of demand for consultancy services would be relatively stable over 2019 to 2021. For the hospital in Qingdao which only commenced operation in July 2018, the expected level of demand for consultancy services would generally be higher during 2019 which is its first year of operations and such level of demand is expected to be reduced and stabilized in 2020 and 2021. For the hospital in Foshan which commenced construction in 2018 and is expected to commence operation in 2020, the demand for consultancy services such as design and decoration of the hospital, setting up of policies and procedures for hospital operations, hiring and training of professional staff would gradually increase during 2019 to 2021.

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Furthermore, if we take the historical transaction volume of approximately RMB10.2 million for the period from January 1, 2019 to March 31, 2019 and annualize it, we would arrive at an annualized estimation of approximately RMB40.7 million for the year ending December 31, 2019 (the “**2019 Annualized Estimation**”). Such 2019 Annualized Estimation is generally in line with the annual cap for the year ending December 31, 2019 of RMB42.0 million.

Having considered the above, we are of the view that the Proposed Management Consulting Services Annual Caps are fair and reasonable.

3 Framework Property Management and Cleaning Services Agreement

3.1 *Principal terms of Framework Property Management and Cleaning Services Agreement*

As extracted from the Letter from the Board, the principal terms of the Framework Property Management and Cleaning Services Agreement are set out below:

- Parties:**
- (a) Muhe Jiaye (as a service provider); and
 - (b) Jiahua Yihe (as a customer).
- Subject matter:** Pursuant to the Framework Property Management and Cleaning Services Agreement, Muhe Jiaye has agreed to provide property management, facilities and equipment maintenance and cleaning services to Jiahua Yihe Hospitals. The transactions under the Framework Property Management and Cleaning Services Agreement are in the ordinary and usual course of business of the Group.
- Term:** From April 12, 2019 to December 31, 2021
- Condition:** The Framework Property Management and Cleaning Services Agreement and the transactions contemplated thereunder are conditional upon the approval by the Independent Shareholders at the EGM.
- Consideration of pricing policy:** In consideration for the services provided by Muhe Jiaye, Jiahua Yihe has agreed to pay Muhe Jiaye a monthly fee, to be adjusted based on: (i) increases in applicable statutory minimum wages, social insurance, other allowances or market price; (ii) deviations from the agreed scope of work and services to be provided by Muhe Jiaye; and (iii) if the increase or decrease in the actual number of beds, surgical procedures or emergency procedures for three consecutive months exceeds 10.0% of estimates which results in an increase or reduction in the agreed number and working hours of service personnel to be provided by Muhe Jiaye.

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

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

3.2 Evaluation of the Framework Property Management and Cleaning Services Agreement

To assess the fairness and reasonableness of the Framework Property Management and Cleaning Services Agreement, we have discussed with the management of the Company and understand that the major pricing terms of the Framework Property Management and Cleaning Services Agreement, including the services fee to be determined based on the gross floor area, medical facilities and medical equipment involved and the detailed services requirements and to be

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adjusted based on: (i) increases in applicable statutory minimum wages, social insurance, other allowances or market price; and (ii) deviations from the agreed scope of work and services, are generally in line with the terms in the property management and cleaning services agreements entered into with various independent contractors before firstly engaged Muhe Jiaye for the property management and cleaning services in 2015.

Regarding the service fee under the Framework Property Management and Cleaning Services Agreement, we have discussed with the management of the Company and understand that the Company has adopted a series of pricing policies to ensure that the price and terms offered by Muhe Jiaye are no less favorable than those offered by unrelated service providers. In particular, (i) the service fee shall be determined based on arm's length negotiations with regard to the gross floor area, medical facilities and equipment and the detailed services requirements of the Jiahua Yihe Hospital; and (ii) Jiahua Yihe Hospital shall solicit at least two other quotations from unrelated service providers for similar services, and take into account the quotations received, the payment terms, the qualification, the quality of services and the track record of the service providers to determine if the price and terms offered by Muhe Jiaye are not less favorable than those offered by unrelated service providers. As part of our due diligence works on a best-effort basis, we identified a non-exhaustive list of six similar continuing connected transactions in relation to the provision of property management and/or cleaning services entered into by other companies listed on the Stock Exchange, announced from May 1, 2018 and up to and including April 30, 2019, such as Aux International Holdings Limited (stock code: 2080), Jiayuan International Group Limited (stock code: 2768), Zhuhai Holdings Investment Group Limited (stock code: 908), Wison Engineering Services Co. Ltd. (stock code: 2236), Country Garden Holdings Company Limited (stock code: 2007) and Jinmao (China) Hotel Investments and Management Limited (stock code: 6139) and noted that it is not uncommon for the pricing in relation to the provision of property management and/or cleaning services to be determined with reference to the gross floor area of the properties and/or operational costs for providing such property management and/or cleaning services. We have discussed with the management of the Company and understand that the major operational cost of the Framework Property Management and Cleaning Services Agreement is labor cost and such cost is mainly driven by gross floor area of properties in which property management and cleaning services are required. The Directors believe that sufficient labor force to provide property management and cleaning services is the principal factor to maintain hygienic environment of the hospitals and clinics. With the opening of new hospitals and/or clinics, increased number of beds inside the same floor area and more surgeries being conducted, the demand for labor would increase.

Having considered the above, in particular that there are procedures in place to ensure that the Framework Property Management and Cleaning Services Agreement will be entered into on normal commercial terms or on terms no less favorable than those offered by independent third parties, we are of the view that the pricing mechanism and the terms of the Framework Property Management and Cleaning Services Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3.3 Proposed Property Management and Cleaning Services Annual Caps

The Proposed Property Management and Cleaning Services Annual Caps are as follows:

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	Year ending December 31,		
	2019	2020	2021
Total Fees	15.0	30.0	35.0

(in RMB millions)

In order to assess the fairness and reasonableness of the Proposed Property Management and Cleaning Services Annual Caps, we have reviewed the relevant calculations and discussed with the management of the Company and understand from them that the Proposed Property Management and Cleaning Services Annual Caps are derived from forecasts based on (i) the anticipated demand for Muhe Jiaye's services by Jiahua Yihe Hospitals; (ii) the past average adjustments of the statutory minimum wages and social insurance; (iii) the likelihood of future price adjustment due to increase in beds, surgical procedures or emergency procedures; (iv) the historical transaction amounts for the years ended December 31, 2016, 2017 and 2018 and the latest available transaction amount for the period from January 1, 2019 to March 31, 2019; (v) the potential acquisitions and establishment of healthcare institutions expected to be owned, operated, invested and/or managed by Jiahua Yihe during the period from 2019 to 2021; and (vi) a reasonable buffer.

With reference to the section headed "Business Overview and Outlook" in the 2018 AR Announcement, the Company completed the acquisition of Chengdu New Century in August 2018 and indirectly held 85.0% equity interest of Chengdu New Century. Further, with reference to the section headed "Change in Uses of proceeds" in the 2018 AR Announcement, the remaining balance of the proceeds for setting up, renovation and acquisition of new hospitals and clinics and the required working capital for such new hospitals and clinics is approximately of HK\$383.3 million as at March 25, 2019. As discussed with management of the Group, Muhe Jiaye would provide the property management and cleaning services for the newly acquired hospital and subsequently acquired or established hospitals and clinics complied with the terms under the Framework Property Management and Cleaning Services Agreement. As such, the anticipated demand for Muhe Jiaye's services by Jiahua Yihe Hospitals would significantly increase accordingly.

When reviewing the calculation of the Proposed Property Management and Cleaning Services Annual Caps, we noted that the Company has forecasted the annual adjustment of minimum wage level to be 5%. To assess the reasonableness of the forecasted annual adjustment of minimum wage level, we have reviewed "Notices of the minimum wage level in different provinces in PRC" ("全國各地區月最低工資標準情況") issued by 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) on April 4, 2019 and April 4, 2018, respectively (the "Notices"). By comparing the Notices, we found that the annual growth rate of the minimum wage level in Beijing, where the existing hospitals and clinics that require the Property Management and Cleaning Services Transaction are primarily located in, is approximately 6.0%, which is slightly above forecasted annual adjustment of minimum wage level at 5%. As such, we consider the basis of the forecast in relation to adjustment of minimum wage level is fair and reasonable and the Proposed Property Management and Cleaning Services Annual Caps should increase in line with the growth the minimum wage level because of the services provided is labor dependent.

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Furthermore, if we take the historical transaction volume of approximately RMB2.7 million for the period from January 1, 2019 to March 31, 2019 and annualize it, we would arrive at an annualized estimation of approximately RMB10.7 million for the 2019 Annualized Estimation. Such 2019 Annualized Estimation represents an increase of approximately 24.9% over the historical transaction volume of approximately RMB8.6 million recorded for the year ended December 31, 2018. As discussed with the management of the Company, we understand that such difference is mainly due to the increase in operational area as a result of the acquisition of Chengdu New Century in August 2018 and the opening of new clinics in 2018 and 2019.

Having considered the above, we are of the view that the Proposed Property Management and Cleaning Services Annual Caps are fair and reasonable.

4 Internal Control

To ensure that the price and terms offered under the Framework Agreements are not less favorable than the price and terms available to or from independent third parties and also the annual caps are closely monitored, the Company has adopted a system of internal controls as below:

- in respect of the services provided under the Framework Property Management and Cleaning Services Agreement, details of internal control policies are set out above under the paragraph headed “3.1 Principal terms of Framework Property Management and Cleaning Services Agreement” in this letter;
- in respect of the services provided under the Framework Management Consulting Services Agreement, the relevant business department of the Company shall conduct periodic market analysis and assess the services fees based on the market development and make price adjustment recommendation to the responsible senior management as appropriate, so as to ensure the price and terms offered under the Framework Management Consulting Services Agreement are not less favorable than the price and terms available to independent third parties;
- the finance department of the Company will closely monitor the procedures in the preparation of the engagement of property management and cleaning services under the Framework Property Management and Cleaning Services Agreement, so as to ensure that the pricing policies are strictly followed;
- the finance department of the Company will monitor the monthly transactions amount under the Framework Agreements and report the same to the senior management of the Company periodically so as to ensure it will not exceed the annual caps; and
- the independent non-executive Directors and the auditors of the Company will also review the transactions contemplated under the Framework Agreements annually pursuant to the requirements under the Listing Rules.

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Taking into account that above, we consider that the internal control policies to be adopted by the Group would help to ensure that the price and terms offered under the Framework Agreements are not less favorable than the price and terms available to or from independent third parties, in particular:

- (i) there is a systematic control process which (a) effectively compares the price and terms offered under the Framework Property Management and Cleaning Services Agreement by obtaining at least two other quotations from unrelated service providers for similar services to determine if the price and terms offered are not less favorable than the price and terms offered by unrelated service providers; and (b) assess the services fees under the Framework Management Consulting Services Agreement based on the market development so as to ensure the price and terms offered are not less favorable than the price and terms available to independent third parties; and
- (ii) the service fee under the Framework Property Management and Cleaning Services Agreement shall be determined based on arm's length negotiations with regard to the gross floor area, medical facilities and equipment and the detailed services requirements which is not uncommon with reference to similar continuing connected transactions entered into by other companies listed on the Stock Exchange.

Furthermore, we have also reviewed the letter issued by the auditor of the Company regarding the continuing connected transaction of the Company for the year ended December 31, 2018, pursuant to which nothing has come to the attention of the auditor that causes them to believe that the continuing connected transactions entered into by the Group (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involved the provision of goods and services by the Group; (iii) were not entered into, in all material respects, in accordance with the terms of the relevant agreements governing such transactions; and (iv) have exceeded the corresponding annual cap amounts.

In light of the above conditions, we are of the view that appropriate measures are in place to ensure that the Framework Agreements will be conducted on normal commercial terms and to safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the opinion that (i) the entering into the Framework Management Consulting Services Agreement and Framework Property Management and Cleaning Services Agreement is 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 (ii) the terms of the Framework Management Consulting Services Agreement and Framework Property Management and Cleaning Services Agreement (including the proposed annual caps) are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the resolution(s) to be proposed at the EGM to

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approve the Framework Management Consulting Services Agreement and Framework Property Management and Cleaning Services Agreement and the transactions contemplated therein and we recommend the Independent Shareholders to vote in favor of the resolution(s) in this regard.

Yours faithfully,

For and on behalf of

RED SOLAR CAPITAL LIMITED

Ernest Lam

Leo Chan

Managing Director

Managing Director

Mr. Ernest Lam is a licensed person and responsible officer of Red Solar Capital Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 17 years of experience in corporate finance industry.

Mr. Leo Chan is a licensed person and responsible officer of Red Solar Capital Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 13 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive of the Company

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) were as follows:

(i) Interests/short positions in the Shares of the Company

Name of Director or Chief Executive	Capacity and nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of interest in the Company
Mr. Zhou ⁽²⁾	Interests in a controlled corporation; interest held jointly with another person	216,201,394	44.12%
Ms. XIN Hong ⁽³⁾	Beneficial owner	450,000	0.09%
Mr. XU Han ⁽⁴⁾	Beneficial owner	450,000	0.09%

Notes:

- All interests stated are long positions.
- The entire issued share capital of each of JoeCare and Century Star is directly held by Mr. Zhou. Accordingly, Mr. Zhou is deemed to be interested in the 149,462,051 Shares held by JoeCare and the 8,999,162 Shares held by Century Star. Pursuant to the Voting Agreement, Ms. Liang irrevocably agreed to follow Mr. Zhou’s voting directions when exercising the voting rights attached to the Shares beneficially owned by her during the term of such agreement. Hence, Mr. Zhou is deemed to be interested in all the Shares held by Ms. Liang in aggregate by virtue of the SFO.

3. Ms. XIN Hong is interested in 450,000 restricted Shares granted to her under the RSA Scheme (as defined below), 180,000 of which have been vested on her.
4. Mr. XU Han is interested in 450,000 restricted Shares granted to him under the RSA Scheme (as defined below), 180,000 of which have been vested on him.

(ii) *Interests/short positions in the share capital or debentures of the associated corporations of the Company*

Name of Director or Chief Executive	Name of associated corporation of the Company	Capacity and nature of interest	Number of shares in the corporation	Approximate percentage of interest in the corporation
Mr. Zhou	BNC Women's and Children's Hospital	Interest of controlled corporation; interest of spouse ⁽¹⁾	N/A	30.0%
Mr. Zhou	BNC Harmony Clinic	Interest of controlled corporation; interest of spouse ⁽²⁾	N/A	30.0%

Notes:

1. BNC Women's and Children's Hospital is held as to 70.0% by Jiahua Yihe, a wholly-owned subsidiary of the Company, and as to 30.0% by Jiahua Kangming, a PRC company controlled by (as defined in the SFO) Mr. Zhou.
2. BNC Harmony Clinic is held as to 70.0% by Jiahua Yihe, a wholly-owned subsidiary of the Company, and as to 30.0% by Jiahua Kangming, a PRC company controlled by (as defined in the SFO) Mr. Zhou.

Save as disclosed above, as of the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interests of substantial Shareholders

As of the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholders	Capacity and nature of interest	Number of Shares	Approximate percentage of interest in the Company
JoeCare	Beneficial owner	149,462,051	30.5%
Victor Gains	Beneficial owner	57,740,181	11.8%
Ms. Liang ⁽¹⁾	Interests in a controlled corporation	57,740,181	11.8%
CDH Equity Investment Management (Tianjin) Co., Ltd. (鼎暉股權投資管理(天津)有限公司) ⁽²⁾	Interests in a controlled corporation	31,728,156	6.5%
Tianjin Taiding Investment Company Limited (天津泰鼎投資有限公司) ⁽²⁾	Interests in a controlled corporation	31,728,156	6.5%
Tianjin Haoyong Investment Management Co., Ltd. (天津浩永投資管理有限公司) ⁽²⁾	Interests in a controlled corporation	31,728,156	6.5%
Tianjin Weiyuan Investment Management Co., Ltd. (天津維遠投資管理有限公司) ⁽²⁾	Interests in a controlled corporation	31,728,156	6.5%
Mr. WU Shangzhi ⁽²⁾	Interests in a controlled corporation	31,728,156	6.5%
Mr. JIAO Shuge ⁽²⁾	Interests in a controlled corporation	31,728,156	6.5%
Anyi Hekang (Tianjin) Investment Partnership L.P. (安怡和康(天津)投資合夥企業(有限合夥))	Beneficial owner	31,562,713	6.4%
Boyu Guangqu (Shanghai) Investment Management Co., Ltd. (博裕廣渠(上海)投資管理有限公司) ⁽³⁾	Interests in a controlled corporation	31,562,713	6.4%
Boyu (Shanghai) Equity Investment Management Co., Ltd. (博裕(上海)股權投資管理有限責任公司) ⁽³⁾	Interests in a controlled corporation	31,562,713	6.4%
XIA Meiyang ⁽³⁾	Interests in a controlled corporation	31,562,713	6.4%
HUANG Ailian ⁽³⁾	Interests in a controlled corporation	31,562,713	6.4%
China Life Reinsurance Company Ltd. ⁽⁴⁾	Beneficial owner	31,609,000	6.5%
China Reinsurance (Group) Corporation ⁽⁴⁾	Interests in a controlled corporation	31,609,000	6.5%
Central Huijin Investment Ltd. ⁽⁴⁾	Interests in a controlled corporation	31,609,000	6.5%

Notes:

1. The entire issued share capital of Victor Gains is directly held by Ms. Liang. Accordingly, Ms. Liang is deemed to be interested in the 57,740,181 Shares held by Victor Gains. Pursuant to the Voting Agreement, Ms. Liang irrevocably agreed to follow Mr. Zhou's voting directions when exercising the voting rights attached to the Shares beneficially owned by her during the term of such agreement.
2. Shanghai Fuji Investment Partnership L.P. (Limited Partnership) is a limited liability partnership organized and existing under the laws of the PRC. The general partner of Shanghai Fuji Investment Partnership L.P. (Limited Partnership) is CDH Equity Investment Management (Tianjin) Co., Ltd. (鼎暉股權投資管理(天津)有限公司), which is owned directly as to 85.4% by Tianjin Taiding Investment Company Limited (天津泰鼎投資有限公司). Tianjin Taiding Investment Company Limited is owned directly as to 55.0% by Tianjin Haoyong Investment Management Co., Ltd. (天津浩永投資管理有限公司) (whose entire issued share capital is held by Mr. WU Shangzhi) and as to 45.0% by Tianjin Weiyuan Investment Management Co., Ltd. (天津維遠投資管理有限公司) (whose entire issued share capital is held by Mr. JIAO Shuge). Accordingly, each of CDH Equity Investment Management (Tianjin) Co., Ltd., Tianjin Taiding Investment Company Limited, Tianjin Haoyong Investment Management Co., Ltd., Tianjin Weiyuan Investment Management Co., Ltd., Mr. WU Shangzhi and Mr. JIAO Shuge is deemed to be interested in such number of Shares held by Shanghai Fuji Investment Partnership L.P. (Limited Partnership).
3. Anyi Hekang (Tianjin) Investment Partnership L.P. (安怡和康(天津)投資合夥企業(有限合夥)) is a limited liability partnership organized and existing under the laws of the PRC. The general partner of Anyi Hekang (Tianjin) Investment Partnership L.P. is Boyu Guangqu (Shanghai) Investment Management Co., Ltd. (博裕廣渠(上海)投資管理有限公司) whose sole shareholder is Boyu (Shanghai) Equity Investment Management Co., Ltd. (博裕(上海)股權投資管理有限責任公司) which is owned as to 50% by Xia Meiyang and 50% by Huang Ailian. Accordingly, each of Boyu Guangqu (Shanghai) Investment Management Co., Ltd. (博裕廣渠(上海)投資管理有限公司), Boyu (Shanghai) Equity Investment Management Co., Ltd. (博裕(上海)股權投資管理有限責任公司), XIA Meiyang and HUANG Ailian is deemed to be interested in such number of Shares held by Anyi Hekang (Tianjin) Investment Partnership L.P..
4. China Life Reinsurance Company Ltd. is a company incorporated in the PRC with limited liability, whose sole shareholder is China Reinsurance (Group) Corporation, which is owned as to 71.6% by Central Huijin Investment Ltd. China Reinsurance (Group) Corporation and Central Huijin Investment Ltd. are deemed to be interested in such number of Shares held by China Life Reinsurance Company Ltd..

Save as disclosed above, as of the Latest Practicable Date, the Directors had not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which shall be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept pursuant to Section 336 of the SFO.

(c) Directors' or chief executive's rights to acquire interests or short positions in Shares and debentures

A restricted shares award scheme (the "**RSA Scheme**") was adopted pursuant to the written resolutions of the Shareholders passed on August 29, 2016 (the "**RSA Scheme Adoption Date**"). The purpose of the RSA Scheme is to give incentives thereto in order to retain key employees for the continual operation and development of the Group and to attract suitable personnel for further

development of the Group. The RSA Scheme shall be valid and effective for a period of ten years commencing on the RSA Scheme Adoption Date, under the administration of the administration committee and the trustee.

Details of the interests of the Directors in the restricted Shares under the RSA Scheme are set out below.

Name of grantees of restricted Shares	Position held with the Group	Number of Shares represented by the restricted Shares as of date of grant	Date of grant	Exercise price HKD	Vested between the date of grant and the Latest Practicable Date	Lapsed between the date of grant and the Latest Practicable Date	Number of Shares represented by the restricted Shares as of the Latest Practicable Date
Directors							
Ms. XIN Hong	Executive Director	450,000	July 25, 2017	3.825	(180,000)	-	270,000
Mr. XU Han	Executive Director	450,000	July 25, 2017	3.825	(180,000)	-	270,000
	Total	<u>900,000</u>			<u>(360,000)</u>	<u>-</u>	<u>540,000</u>

Save as disclosed above, at no time during the period, there were rights to acquire benefits by means of the acquisition of the Shares in or debentures of the Company granted to any Directors or their respective spouse or minor children, or were any such rights exercised by the Directors; or was the Company, or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

(d) Interests of the substantial shareholders of any member of the Group (other than the Company)

As of the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following person (not being Directors or chief executive of the Company) was, directly or indirectly, interested in 10% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any member of the Group (other than the Company):

Name of other member of the Group	Person with 10% or more interest therein (other than the Group)	Approximate percentage of shareholding interest
Beijing New Century Children's Hospital Co., Ltd.	Beijing Children's Hospital, Capital Medical University	35.0%

3. DISCLOSURE OF OTHER INTERESTS

(a) Interests in contract or arrangement

As of the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant to the business of the Group.

(b) Interests in assets

As of the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since December 31, 2018, being the date to which the latest published audited accounts of the Group were made up.

(c) Interests in competing business

As of the Latest Practicable Date, Jiahua Likang was owned by, among others, a company controlled by executive Director Mr. Zhou as to 41.3%. Jiahua Likang is an investment holding company that held a majority equity interest in the following hospitals and hospital projects (collectively, the “**Likang Hospitals**”) as of the Latest Practicable Date:

Hospital	Location	Date of incorporation	Equity interest held by Jiahua Likang ⁽¹⁾	Status	Registered beds
Tianjin Heping New Century Women's and Children's Hospital (天津和平新世紀婦兒醫院有限公司)	Tianjin	April 1, 2011	80.0%	Commenced operation in 2013	121
Suzhou New Century Children's Hospital (蘇州新世紀兒童醫院有限公司)	Suzhou	November 6, 2015	65.0%	Commenced operation in 2015	90
Qingdao New Century Women's and Children's Hospital (青島新世紀婦兒醫院有限公司)	Qingdao	December 15, 2015	100.0%	Commenced operation in 2018	100
Foshan New Century Huanhu Women's and Children's Hospital (佛山市新世紀環湖婦兒醫院有限公司)	Foshan	September 21, 2017	100.0%	Construction expected to be completed by end of 2021, Medical Institution Practicing License (醫療機構執業許可證) expected to be obtained by end of 2021, and operation expected to commence shortly thereafter	N/A

Hospital	Location	Date of incorporation	Equity interest held by Jiahua Likang ⁽¹⁾	Status	Registered beds
Foshan Chancheng Yihe Clinic (佛山市禪城怡和門診部有限公司)	Foshan	March 29, 2018	100.0%	Construction expected to be completed by September 2019, Medical Institution Practicing License (醫療機構執業許可證) expected to be obtained by January 2020, and operation expected to commence shortly thereafter.	N/A
Foshan Shunde Yihe Clinic (佛山市順德怡和門診部有限公司)	Foshan	December 28, 2018	100.0%	Construction expected to be completed by September 2019, Medical Institution Practicing License (醫療機構執業許可證) expected to be obtained by January 2020, and operation expected to commence shortly thereafter.	N/A

Note:

- Each minority shareholder of each Likang Hospitals is, as far as the Directors are aware, not connected with the Company or its connected persons within the meaning of the Listing Rules.

For the following reasons, the Directors are of the view that (i) it is desirable for the Likang Hospitals to be excluded from the Group; (ii) there is no or minimal competition between the Group and the Likang Hospitals; and (iii) there is a clear delineation between the Group's and the Likang Hospitals' businesses allowing the former to be carried on independently of and at arm's length from the latter:

- geographical separation:* all of the Group's medical institutions are located in Beijing and the Group's customers are largely residents of Beijing, while the Likang Hospitals primarily serve customers who are residents within or close to their respective cities of operation, so it is unlikely that any of the Likang Hospitals could feasibly compete with the Group or solicit the Group's customer base in Beijing;
- management and operational separation:* the Likang Hospitals are managed by the board of directors and senior management of Jiahua Likang independently of the Group and there is no overlap between the members of our Board or senior management with those of Jiahua Likang and the Likang Hospitals, and the Group and the Likang Hospitals have their respective own teams of medical professionals and possess their respective own licenses, approvals and certificates necessary to carry out their respective businesses; and

- *financial separation:* Jiahua Likang and the Likang Hospitals are financially independent from the Group and are able to independently make financial decisions and fund their operations based on their own business and operational needs, and as of the Latest Practicable Date, there were no outstanding loans extended between the Group and Jiahua Likang or any of the Likang Hospitals or which were guaranteed by the latter.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules.

4. QUALIFICATIONS OF EXPERTS

The following are the qualifications of the experts who have given an opinion or advice on the information contained in this circular:

Name	Qualification
Red Solar	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As of the Latest Practicable Date, Red Solar was not beneficially interested in the share capital of any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

5. CONSENT

Red Solar has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter dated May 15, 2019 and reference to its name and letter, where applicable, in the form and context in which they respectively appear.

6. MISCELLANEOUS

- (a) None of the Directors has entered into a service contract with any member of the Group which does not expire or which is not determinable by the employer within one year without payment of compensation, other than statutory compensation.
- (b) As of the Latest Practicable Date, Red Solar did not have any interest, either directly or indirectly, in any assets which have been, since December 31, 2018 being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

- (c) As of the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.
- (d) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (e) The principal share registrar of the Company is Walkers Corporate Limited.
- (f) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

7. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2018, being the date to which the latest published audited financial statements of the Group were made up.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong from the date of this circular to the date of the EGM (both dates inclusive) and also at the EGM:

- (a) the Framework Management Consulting Services Agreement;
- (b) the Framework Property Management and Cleaning Services Agreement;
- (c) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (d) the letter from Red Solar, the text of which is set out in this circular;
- (e) the written consent of the expert as referred to in paragraph 5 of this appendix;
- (f) the Company's memorandum of association and the Articles of Association; and
- (g) this circular.

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of New Century Healthcare Holding Co. Limited (the “**Company**”) will be held at Training Room, Pediatrics Building, Beijing New Century Women's and Children's Hospital, No. 51 Wangjingbei Road, Chaoyang District, Beijing, the PRC on Friday, May 31, 2019 at 10:30 a.m., for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions which will be proposed as ordinary resolutions. Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated May 15, 2019 (the “**Circular**”):

ORDINARY RESOLUTIONS

1. “**THAT** the Framework Management Consulting Services Agreement, the Management Consulting Services Transaction contemplated thereunder and the Proposed Management Consulting Services Annual Caps be and are hereby approved, confirmed and ratified; and the Directors acting together or by committee, or any Director acting individually, be and is/are hereby authorized to do all such acts and things (including, without limitation, signing, execution (under hand or under seal), perfection and delivery of all documents) on behalf of the Company as he or she or they may, in his/her/their absolute discretion, consider necessary, desirable or expedient for the purposes of, or in connection with, the performance and implementation of the Framework Management Consulting Services Agreement, the Management Consulting Services Transaction contemplated thereunder and the Proposed Management Consulting Services Annual Caps and any other documents relating thereto or contemplated thereby (in each case amended if necessary) and to make or agree such alterations, amendments and additions thereto as the Director(s) may, in his/her/their absolute discretion, consider necessary, desirable or expedient in the interests of the Company.”
2. “**THAT** the Framework Property Management and Cleaning Services Agreement, the Property Management and Cleaning Services Transaction contemplated thereunder and the Proposed Property Management and Cleaning Services Annual Caps be and are hereby approved, confirmed and ratified; and the Directors acting together or by committee, or any Director acting individually, be and is/are hereby authorized to do all such acts and things (including, without limitation, signing, execution (under hand or under seal), perfection and delivery of all documents) on behalf of the Company as he or she or they may, in his/her/their absolute discretion, consider necessary, desirable or expedient for the purposes of, or in connection with, the performance and implementation of the Framework Property Management and Cleaning Services Agreement, the Property Management and Cleaning Services Transaction

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contemplated thereunder and the Proposed Property Management and Cleaning Services Annual Caps and any other documents relating thereto or contemplated thereby (in each case amended if necessary) and to make or agree such alterations, amendments and additions thereto as the Director(s) may, in his/her/their absolute discretion, consider necessary, desirable or expedient in the interests of the Company.”

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

Hong Kong, May 15, 2019

Registered Office:
c/o Walkers Corporate Limited
Cayman Corporate Centre
27 Hospital Road
George Town
Grand Cayman KY1-9008
Cayman Islands

*Headquarter and Principal Place
of Business in the PRC:*
56 Nanlishi Road
Xicheng District
Beijing
PRC

*Principal Place of Business
in Hong Kong:*
31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Notes:

- (a) As set out in the Circular, the register of members of the Company will be closed from Tuesday, May 28, 2019 to Friday, May 31, 2019, both dates inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the extraordinary general meeting, all transfers of Shares accompanied by the relevant share certificates and properly completed and signed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Monday, May 27, 2019.
- (b) Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of Shares in respect of which each such proxy is appointed.
- (c) Form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not less than 48 hours before the time appointed for holding of the extraordinary general meeting or any adjourned meeting.

NOTICE OF EGM

- (d) In accordance with Chapter 14A of the Listing Rules, Mr. Zhou, the controlling Shareholder and an executive Director, and his associates (as defined in the Listing Rules) are required to abstain from voting on the above ordinary resolutions. In light of the Voting Agreement, Ms. Liang, a substantial Shareholder, and her associates (as defined in the Listing Rules) will also abstain from voting on the above ordinary resolutions.
- (e) The ordinary resolutions set out above will be determined by way of poll.
- (f) The Chinese version of the resolutions set out in this notice is for reference only. If there is any inconsistency between the English and the Chinese versions, the English version shall prevail.

As of the date of this notice, the executive Directors are Mr. Jason ZHOU, Ms. XIN Hong and Mr. XU Han; the non-executive Directors are Mr. GUO Qizhi, Mr. WANG Siye, Dr. CHENG Chi-Kong, Adrian, Mr. YANG Yuelin and Mr. FENG Xiaoliang; and the independent non-executive Directors are Mr. WU Guanxiong, Mr. SUN Hongbin, Mr. JIANG Yanfu and Dr. MA Jing.