

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



PHOENIX  
HEALTHCARE  
GROUP  
凤凰医疗集团

**Phoenix Healthcare Group Co. Ltd**

**鳳凰醫療集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1515)**

**INSIDE INFORMATION ANNOUNCEMENT  
FRAMEWORK AGREEMENT  
AND  
RESUMPTION OF TRADING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on January 5, 2015 (after trading hours), the Company and the People's Government of Baoding, Hebei Province, the PRC ("**Baoding Government**") entered into a non-binding framework agreement ("**Framework Agreement**") pursuant to which the Company agrees to set up a company, "Phoenix (Baoding) Investment Management Company Limited" (tentative name) ("**Investment Company**") to work with the public medical institutions and medical education institutions in Baoding and partake in the future healthcare construction projects organized by the Baoding Government through various cooperation modes mainly by the Public-Private-Partnership ("**PPP**") cooperation mode for the purposes of establishing an all-round healthcare services system in Baoding ("**Proposed Cooperation**"). The healthcare services system will focus on medical healthcare but will also cover elderly care, nursing and medical education, with an objective to provide diversified and multi-leveled medical services and healthcare management for the citizens in Baoding.

The Proposed Cooperation will be divided into several phases. The first phase will focus on cooperating with and reforming the representative public hospitals in Baoding, and thereafter, the scope of cooperation will gradually expand to other medical institutions in Baoding.

The purpose of the Framework Agreement is to encapsulate the parties' preliminary views and arrangement regarding the Proposed Cooperation.

Although the Company and the Baoding Government intend to enter into definitive agreements as soon as specific details on the arrangement of the Proposed Cooperation are agreed upon, the Board wishes to emphasize that the Proposed Cooperation may or may not proceed as they are still subject to approvals from the relevant government authorities. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the shares of the Company.

Should the Proposed Cooperation materialises and the related definitive agreements are entered into, the Company will comply with the Listing Rules and make relevant disclosure as applicable and appropriate.

## **KEY TERMS OF THE FRAMEWORK AGREEMENT**

### **Cooperation Arrangement**

The Company will, through the Investment Company and with the assistance of its potential strategic business partners, work with the Baoding Government to establish the healthcare services system in Baoding under various cooperation modes such as the PPP cooperation mode. The Proposed Cooperation is expected to help establish an internationally competitive healthcare services system in Baoding which covers not only medical services but also elderly care, nursing and medical education, and improve the overall supply, quality and efficiency of the healthcare services in Baoding.

The arrangement for the Proposed Cooperation is as follows:

1. The scope of the Proposed Cooperation includes public medical institutions set up by the Baoding Government, related medical education institutions and future key healthcare construction projects;
2. During the first phase of the Proposed Cooperation, the Investment Company will work with the representative public medical institutions in Baoding through various cooperation modes mainly by the PPP cooperation mode;
3. From the year of 2015 to 2019, the scope of the Proposed Cooperation will be expanded to include medical institutions of different levels and types in Baoding, with an objective to establish a unified healthcare services system in Baoding which will supply approximately 5,000 hospital beds;
4. Before the year of 2021, the Investment Company will have, through the Proposed Cooperation, preliminarily established a healthcare services system with the entire value chain which will cover various aspects such as elderly care, nursing and medical education; and
5. During the Proposed Cooperation, the Investment Company will be entitled to lawful income and benefits through collecting operating benefit distribution and receiving income from the assets acquired in accordance with the terms of the definitive agreements to be entered into by the Company and Baoding Government.

## **Capital Injection**

The Investment Company will be a wholly-owned foreign enterprise, with the registered capital of US\$100 million. The entire registered capital will be financed by the Company.

The Company will continue to inject capital into the Investment Company pursuant to the terms of the related definitive agreements to be entered into. It is expected that the total capital to be injected will be no less than US\$300 million before the year of 2021.

## **INFORMATION ON BAODING**

Baoding is located in the west-central portion of Hebei province of the PRC and lies on the North China Plain. It is one of the major cities in the Hebei province and is also one of the cities located in the centre of the Bohai Rim economic area which includes Beijing, Tianjin and Shijiazhuang.

There are 3 districts, 18 counties and 3 county-level cities in Baoding, with a total geographic area of 22,185 square kilometers. According to the sixth census conducted by the PRC National Bureau of Statistics, as at the end of the year of 2010, the total population of Baoding is approximately 11.2 million, making Baoding the most populated city in Hebei province and the seventh most populated city in the PRC.

Baoding has abundant medical resources. According to the statistics of the National Health and Family Planning Commission of the Bureau of Medical Administration of the PRC, as at the end of the year of 2014, in addition to the military hospitals and Chinese medicine hospitals, Baoding has 4 Grade III general hospitals, 46 Grade II general hospitals and a number of Grade I general hospitals and other medical institutions, supplying approximately 40,000 hospital beds in total.

## **REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT**

The Proposed Cooperation is a significant innovative attempt to comprehensively enhance the reformation of the healthcare services system in the PRC. The Group's professional medical service management capabilities and flexible social capital help introduce market-oriented management mechanism to the public hospital system, reform the existing medical system and establish a new healthcare services system with the entire value chain in Baoding through innovative cooperation mode such as the PPP cooperation mode. While the provision of medical services will form an integral part of the new healthcare services system, the healthcare services system will also cover other aspects such as elderly care, nursing and medical education.

The Proposed Cooperation will not only provide the citizens of Baoding with more diversified and comprehensive healthcare services, it will also enable the Group to strengthen its pioneering status and create modeling effect for the Group for its business expansion in the national healthcare industry.

It is expected that through cooperating with the Baoding Government to establish a unified, market-oriented healthcare services system with the entire value chain, the Group's medical industry management scale and medical service capabilities can be further enhanced. The new healthcare

services system under the Proposed Cooperation, given its significant size, can also benefit the Group by creating synergies with the Group to promote resources sharing and cooperation among the member agencies, and thus comprehensively optimizing the Group's medical services structure, enhancing the quality of the Group's medical service and management capacities, and promoting a unified "Beijing, Tianjin and Shijiazhuang" medical industry group.

The Proposed Cooperation is another major step forward of the Group to expand its business outside Beijing, the PRC and establishes a benchmark model for reforming the healthcare services system in the PRC, thereby helping the Group in achieving its business strategy to move from focusing on individual hospitals to creating an entire healthcare services system. The Proposed Cooperation is also an important milestone in comprehensively promoting the reformation of the healthcare services system in the PRC, which will bring significant strategic value to the Group in expanding its business.

The Board believes that the Proposed Cooperation can also allow the Group to generate a stable long-term investment income and significantly expand its hospital network. As such, the Board views that the Proposed Cooperation and the Framework Agreement are in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The entering into of the Framework Agreement does not constitute a notifiable transaction under Chapter 14 of the Listing Rules as the Framework Agreement is a non-binding agreement and the Proposed Cooperation may or may not proceed, subject to the approvals from relevant government authorities. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the shares of the Company.

Should the Proposed Cooperation materialises and the related definitive agreements are entered into, the Company will comply with the Listing Rules and make relevant disclosure as applicable and appropriate.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted with effect from 9:30 a.m. on 5 January 2015 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:30 a.m. on 6 January 2015.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Board”	The board of directors of the Company
“Company”	Phoenix Healthcare Group Co. Ltd, a company with limited liability incorporated in the Cayman Islands on February 28, 2013
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	The lawful currency of the United States of America

By the order of the Board  
**Phoenix Healthcare Group Co. Ltd**  
**LIANG Hongze**  
*Chairman*

Hong Kong, January 5, 2015

*As at the date of this announcement, the Board comprises Mr. LIANG Hongze, Ms. XU Jie, Mr. ZHANG Xiaodan, Mr. XU Zechang and Mr. JIANG Tianfan, as executive directors; Mr. YANG Huisheng and Mr. RUI Wei, as non-executive directors; and Mr. KWONG Kwok Kong, Ms. CHENG Hong, Mr. WANG Bing and Mr. SUN Jianhua, as independent non-executive directors.*