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PHOENIX  
HEALTHCARE  
GROUP  
鳳凰醫療集團

**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  
FRAMEWORK AGREEMENT ON THE ESTABLISHMENT OF  
JOINT VENTURE WITH UMP HEALTHCARE HOLDINGS LIMITED**

This announcement is made by Phoenix healthcare Group Co. Ltd (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (“**Board**”) is pleased to announce that on March 18, 2015, the Company and UMP Healthcare Holdings Limited (聯合醫務控股有限公司) (“**UMP**”) entered into a non-binding framework agreement (the “**Framework Agreement**”) in relation to the establishment of a joint venture to provide a clinic network of comprehensive family medicine and integrated specialists healthcare services, and also to provide customized preventive and health management schemes to both corporates and individuals.

Pursuant to the terms of the Framework Agreement, the parties agreed to establish an investment holding company named UMP Phoenix Healthcare Limited (鳳凰聯合醫療有限公司) (the “**JV Company**”) on a 50:50 apportionment basis (the “**Cooperation**”). The JV Company will then invest in establishing a clinic network in Beijing. In parallel to establishing the JV Company, the Company will also establish a separate investment holding company to purchase up to 20% of UMP from UMP’s existing shareholders (the “**Equity Investment**”).

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

### **Establishment of JV Company**

It is expected that each of the Company and UMP will contribute no less than HK\$100 million to establish a JV Company on a 50:50 apportionment basis. The JV Company will be responsible for the investment in and the establishment of a general clinic network in Beijing and the operation and management of the clinics.

### **Establishment of General Clinic Network**

Through the establishment of general clinic network by the JV Company in Beijing, the Company will work with UMP for the provision of supporting services to the JV Company, including operations management, medical staff recruitment and training, and supply chain support. It is expected that 3 general clinics will immediately be established during the initial period of Cooperation, and the network will expand to no less than 10 general clinics (including both self-owned and affiliated clinics) in Beijing within 3 years from the commencement of the Cooperation.

The general clinics will be established in accordance with JCI standards and/or other applicable accreditation standards. It is expected that the doctors and the medical staff at the clinics will be supervised and trained by the Professional and Training Committee (the “**Committee**”) established under the JV Company. The Committee will comprise representatives from both the Company and UMP. In particular, it is expected that UMP will deploy medical staff with expertise in family medicine to the Committee to help promote and develop the family medicine concept in Beijing. The clinic network will offer general and family medicine consultations, selected specialists consultations, primary and secondary dental services, health check-ups and other related medical services.

### **Health management schemes**

In parallel with the establishment of the clinics network, it is expected that the JV Company will market its health management schemes to both corporates and individuals in China. The health management schemes are expected to provide out-patient healthcare coverage to members and will be further customized for corporate clients based on their requirement. Enrolled members will be able to obtain quality healthcare services at our clinics network upon verification of their membership status.

### **Exclusivity**

Both UMP and the Company agreed that, without the prior written consent of the other party, they will not co-operate with any other third parties or independently establish clinics network and/or health management organisations in whatever form within the Jing-Jin-Ji region (Beijing-Tianjin-Hebei).

## **Equity Investment in UMP**

In parallel with the establishment of the JV Company, the Company will indirectly purchase up to 20% equity interests in UMP from the existing shareholders of UMP at no less than 15 times price-to-earnings multiple subject to certain upward valuation adjustments. Based on the information currently available to the Company, the total equity valuation of UMP is expected to be approximately HK\$900 million. Based on such preliminary valuation, the total purchase consideration for 20% of the equity interests in UMP is expected to be approximately HK\$180 million.

The Company is expected to establish a new investment holding company (the “**Phoenix Investment Holding Company**”) to purchase 20% equity interests in UMP from UMP’s existing shareholders. The Company will contribute HK\$162 million into the Phoenix Investment Holding Company, and certain selected management team members of the Company will contribute HK\$18 million into the Phoenix Investment Holding Company. As a result, the Company will own 90% of Phoenix Investment Holding Company (representing an effective interest of 18% in UMP) and selected management team members will own the remaining 10% of Phoenix Investment Holding Company (representing an aggregate effective interest of 2% in UMP).

Phoenix Investment Holding Company would be entitled to appoint one of the directors to the board of UMP.

The final valuation of UMP and other details regarding the Equity Investment would be announced separately upon the execution of the definitive agreement(s).

## **INFORMATION OF UMP**

UMP is a Hong Kong based health management organization delivering diversified healthcare services in Hong Kong, Macau, Beijing and Shanghai. UMP was established in 1990 by a group of enthusiastic physicians who are dedicated to the mission of delivering professional healthcare services. Together with its affiliates, UMP has approximately 600 point of services including numerous outpatient specialists and dental clinics, laboratories and imaging centers throughout Hong Kong, Macau and China. Through its years of experience, UMP has established itself as one of the leading healthcare organizations in Greater China, providing total healthcare management solutions to corporates and individuals.

For the 12 months ended December 31, 2014, UMP has delivered more than 1.3 million out-patient and dental consultations, serving a wide spectrum of industries, government organisations and also providing third party administration services to both local and international corporates and insurance companies.

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

The Company is of the view that the Cooperation is a significant strategic initiative for the Company to expand further into the primary care segment of the healthcare industry. The Company's decision to invest jointly with UMP to establish a primary care network in Beijing is in line with government policies of promoting private investments in multi-level healthcare delivery structure. The establishment of an extensive primary network will in turn lead to referral of secondary and tertiary care cases to our hospital network, where the Company's medical staff and comprehensive medical facilities will be able to provide further value-added healthcare services. The highly qualified general practitioners and physicians from Hong Kong could also provide support on the development and improvement of the Company's current clinic networks, laying solid foundation for expanding our community clinic services spectrum.

Furthermore, the Company believes that the development of a clinic network and the introduction of health management schemes to Beijing based corporates and individuals will lay the foundation for the future development of commercial health insurance in China. UMP has become an integral partner with insurance companies in providing health insurance products to corporates and individuals in Hong Kong, working alongside insurance companies to tailor-made affordable and accessible quality healthcare solutions to its members. The Company sees great potential in the JV Company as a platform for future partnerships with insurance companies in rolling out competitive healthcare insurance products in China.

The Equity Investment in UMP will further strengthen the strategic Cooperation between the Company and UMP, aligning the Company's interests in the sharing of resources, medical personnel, operations management and marketing, which is of strategic value for the business development of the Company and UMP.

The Board believes that the proposed Cooperation and Equity Investment would allow the Group to generate a long-term and stable investment income and expand its medical service network. As such, the Board views that the proposed Cooperation and the Equity Investment 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. The purpose of the Framework Agreement is to document the parties' understanding on the principal terms of the Cooperation and Equity Investment. The parties may or may not enter into further agreements and the Company will make further announcements in compliance with the Listing Rules as and when appropriate. The Cooperation and the Equity Investment may or may not proceed as they are subject to the signing of the definitive agreement(s) among the relevant parties. Potential investors of the Company are therefore advised to exercise caution when dealing in the shares of the Company.

Please also refer to the attached press release for further details of the proposed Cooperation.

By Order of the Board  
**Phoenix Healthcare Group Co. Ltd**  
**Liang Hongze**  
*Chairman*

Hong Kong, 18 March 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.*



PHOENIX  
 HEALTHCARE  
 GROUP  
 凤凰医疗集团



## UMP Signed Agreement with Phoenix Healthcare Group

### To Establish a Joint Venture Providing Comprehensive Healthcare Solutions in Beijing

(18 March 2015, Hong Kong) The Joint Venture Signing Ceremony between China's largest private hospital group, **Phoenix Healthcare Group Co. Ltd** (stock code: 1515) ("**Phoenix Healthcare**") and a leading healthcare management institution in Greater China, **UMP Healthcare Holdings Limited** ("**UMP**") was held at Mandarin Oriental Hong Kong today.

Due to significant demand for comprehensive healthcare solutions in China, the two companies have decided to establish a joint venture, named as UMP Phoenix Healthcare Limited ("**UMP Phoenix**") to provide a clinics network of comprehensive family medicine and integrated specialists healthcare services, and also to provide customised health management schemes to both corporates and individuals.

Under the non-binding agreement, UMP and Phoenix Healthcare will each hold a 50% interest in UMP Phoenix and has committed to contribute no less than HK\$100 million each into the joint venture. UMP Phoenix will immediately establish three wholly owned clinics in selected commercial and residential districts in Beijing. Both parties expect that within the next three years, the total number of clinics will increase to no less than 10 clinics (including both self-developed and affiliated clinics). Both UMP and Phoenix also agree that, without the prior written consent of the other party, they will not establish any medical clinics / health management organisations in the Beijing-Tianjin-Hebei region.

**Mr. Liang Hongze, Chairman of Phoenix Healthcare Group Co. Ltd**, said, "Today marks another milestone for Phoenix. We see our cooperation with UMP as a natural upstream extension of our healthcare services by getting closer to our patients' day-to-day healthcare needs. To fully utilise UMP's comprehensive strength and the value added services to be provided by Hong Kong professionals, UMP and Phoenix Healthcare will jointly leverage on their brands and their international network to attract and arrange Hong



Kong and foreign doctors, specialising in different fields, to practice medicine in China and also conduct training for local medical staff. In parallel with the establishment of the clinics network, UMP Phoenix will begin marketing its health management plans to both corporates and individuals in China. The health management plans are expected to provide outpatient healthcare coverage to members and will be further customised for our corporate clients based on their requirement. Enrolled members will be able to obtain quality healthcare services at our clinics network upon verification of their membership status. More importantly, we believe that the development of clinics network and family medicine is in line with government policies and will in turn encourage the development of private commercial healthcare insurance in China.”

“As the aging population grows, the central government is eager to advocate the development of universal coverage of medical insurance in China. Nevertheless, the universal coverage of medical insurance system requires the participation and collaboration of private medical institutions. Therefore, a number of favourable policies have been promulgated to encourage investment of private capital in the healthcare industry, such as sales tax exemption for private medical institutions and expanding the scope of social medical insurance coverage, manifesting the government’s increasing efforts to advocate healthcare reform in China. On 5 March 2015, Premier Le Keqiang’s work report mentioned that in order to push forward the comprehensive reform of primary care institutions, the (a) general practitioner system / family medicine concept must strengthen further, (b) multi-level healthcare system, where patients are diverted to the appropriate primary / secondary / tertiary healthcare facilities, must evolve and (c) doctors should be allowed to practice freely at multiple sites.”

“As the middle class continues to expand and seek more convenient and quality healthcare, we believe that the combination of encouraging government policies and macro trends provide favorable conditions for the long-term development of UMP Phoenix. We look forward to our future co-operation with UMP and we believe that by sharing our mutual resources, Phoenix Healthcare and UMP will play an important role in delivering quality healthcare services to all those in need.”

**Dr. Sun Yiu Kwong, Chairman of UMP Healthcare Holdings Limited**, added, “UMP has always been paying attention to the development of the healthcare market in China. We believe the current policies present a great opportunity for UMP to expand our business model in China. For the past year, we have been discussing in depth with Phoenix Healthcare on our visions for the healthcare management market in China and we are delighted that Phoenix Healthcare shares the same visions as us. Phoenix Healthcare is



an invaluable local partner to us, providing immediate access to vast clinical resources, medical experts and immediate support for our clinics network on all fronts. ”

“Our decision to jointly invest, together with Phoenix Healthcare, to establish a primary healthcare network in Beijing is in line with the relevant government policies of promoting a pyramid multi-level healthcare system, whereby patients suffering from minor illnesses, chronic diseases and patients in need of health management can be diverted to the primary healthcare network, and hence allowing larger scale general hospitals to focus on delivering secondary and tertiary care support for more serious illnesses. The expanded coverage of the primary healthcare network will also lead to referrals of patients suffering from more serious illnesses to Phoenix Healthcare’s general hospital network, where Phoenix Healthcare’s medical team and their comprehensive suite of advanced medical facilities can provide more value-added healthcare services.”

“We are very excited about forming this joint venture with Phoenix. UMP entered the China market 10 years ago through the establishment of our first healthcare center in Chong Wen Men and we have always been looking for opportunities to expand our presence. With the newly announced government policies of encouraging private capital investments in the healthcare industry and the government’s commitment to developing the commercial health insurance industry, we believe now is the perfect time for UMP to deploy its expertise and know-how in healthcare management into the China market.”

“Our vision is to deliver quality healthcare solutions that are accessible and affordable to all. We have done well in building UMP into one of the leading healthcare management organisations in Greater China, and we are confident that together with Phoenix Healthcare, UMP Phoenix will be able to adapt and localise for the China market and deliver quality healthcare solutions to our clients in China.”

– End –

### **About Phoenix Healthcare Group Company Limited**

**Phoenix Healthcare Group Company Limited (Stock Code : 1515)** is the largest private hospital group in the PRC. The Group’s hospitals and clinics are all located in Beijing. Its large general hospitals includes majority-owned Beijing Jian Gong Hospital, and those operated under IOT model: Beijing Yan Hua Hospital (北京燕化醫院), Beijing Mentougou Hospital (北京市門頭溝區醫院), Beijing Jing Mei Hospital (北京京煤集團醫院) and Beijing Mentougou TCM Hospital (北京市門頭溝區中醫院). The Group also manages a total of seven Grade I hospitals and 28 community clinics. As a pioneer of China’s public hospital





reform, Phoenix Healthcare has accumulated substantial experience in public hospital reform and hospital group management. In the Group's hospital and clinic portfolio, Beijing Jian Gong Hospital was the first privatization of State-owned hospital; Beijing Yan Hua Hospital was the first Grade III general hospital in Beijing undertaken reform; Beijing Mentougou Hospital was the first State-owned hospital in Beijing to outsource its management through a public-private partnership. Phoenix Healthcare was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 November 2013.

### **About UMP Healthcare Holdings Limited**

**UMP Healthcare Holdings Limited** ("UMP") is a Hong Kong based healthcare management organisation delivering diversified healthcare services in Hong Kong, Macau, Beijing and Shanghai. UMP was established in 1990 by a group of enthusiastic physicians who are dedicated to the mission of delivering professional healthcare services. Together with its affiliates, UMP has approximately 600 points of services including numerous outpatient, specialists and dental clinics, laboratories and imaging centers throughout Hong Kong, Macau and China. Through its years of experience, UMP has established itself as one of the leading healthcare organizations in Greater China, providing comprehensive healthcare management solutions to corporates and individuals. UMP delivers more than 1.3 million outpatient and dental consultations every year, serving a wide spectrum of industries, government organisations and also providing third party administration services to both local and international corporates and insurance companies.

This press release is distributed on behalf of **Phoenix Healthcare Group Company Limited** and **UMP Healthcare Holdings Limited** by Trinity Communications Group Limited.

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