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**PHOENIX
HEALTHCARE
GROUP**
凤凰医疗集团

China Resources Healthcare Group Limited

華潤醫療集團有限公司

(Incorporated in Hong Kong with limited liability)

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
ACQUISITION OF THE TARGET COMPANY
POSSIBLE APPLICATION FOR WHITEWASH WAIVER
AND
RESUMPTION OF TRADING**

THE ACQUISITION

After the trading hours on April, 8 2016, the Company, Pinyu (which is a wholly-owned subsidiary of the Company) and the Seller entered into a binding Term Sheet, pursuant to which the Company has conditionally agreed to acquire via Pinyu, and the Seller has conditionally agreed to sell, the entire equity interest in the Target Company, through which the Company will acquire the assets and equity interests of and/or the right to operate the Subject Institutions. The Consideration for the Acquisition is HK\$3,721,824,669, which will be satisfied by the issue of 462,913,516 Consideration Shares at the Issue Price of HK\$8.04 per Consideration Share to the Seller (or its nominee) upon the Completion. Upon the Completion, the Consideration Shares shall represent not less than 35.7% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Seller will become a controlling shareholder of the Company.

The Subject Institutions comprise forty-seven medical institutions (including four Grade III hospitals, six Grade II hospitals, twenty-five Grade I hospitals and twelve community healthcare centres) and three elderly care institutions. All of the medical institutions are medical insurance designated medical institutions. There are a total of 4,954 registered beds and approximately 6,000 beds in operation for the medical institutions and 300 registered beds, which was also the actual number of beds in operation, for the elderly care institutions as at the date of this announcement. The scale of annual income from medical and healthcare services provided by the Subject Institutions operated by the Seller reached approximately RMB2.41 billion in 2015, based on the management accounts of the Subject Institutions. Such income scale is for illustration and reference only and the revenue of the Target Company will depend on the reorganization of the Target Group and the future operation model of the Subject Institutions.

IMPLICATIONS UNDER THE LISTING RULES AND THE TAKEOVERS CODE

It is contemplated that the Acquisition would (i) constitute a major transaction of the Company for the purpose of the Listing Rules and (ii) result in the Seller becoming a controlling shareholder of the Company upon issue of the Consideration Shares by the Company as the Consideration. In addition, as the Seller would become a controller (as defined in the Listing Rules) of the Company upon the Completion, the Acquisition would constitute a connected transaction under Rule 14A.28 of the Listing Rules. Accordingly, the Acquisition would be subject to reporting, announcement and Independent Shareholders' approval requirements in accordance with Chapters 14 and 14A of the Listing Rules.

Under Rule 26.1 of the Takeovers Code, upon the Completion, the Seller would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it or parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Seller will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established pursuant to the Listing Rules and the Takeovers Code to advise the Independent Shareholders in respect of the proposed resolution(s) to approve the Acquisition, the issue of Consideration Shares and the Whitewash Waiver. An independent financial adviser will be appointed, subject to the approval of the Independent Board Committee, to advise the Independent Board Committee and the Independent Shareholders on the Acquisition, the issue of Consideration Shares and the Whitewash Waiver.

WARNING

The Acquisition will be subject to a number of conditions including Independent Shareholders' approval of the Sale and Purchase Agreement and the transaction contemplated thereunder, the issue of the Consideration Shares and the Whitewash Waiver, which may or may not be fulfilled. The terms and conditions of the Sale and Purchase Agreement are still subject to the negotiations between the parties. Shareholders of the Company and potential investors should exercise caution when they deal or contemplate dealing in the Shares or other securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading of the Shares was halted with effect from 9:00 a.m. on Tuesday, April 5, 2016 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on Monday, April 11, 2016.

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board is pleased to announce that, after the trading hours on April 8, 2016, the Company, Pinyu (which is a wholly-owned subsidiary of the Company) and the Seller entered into a binding Term Sheet, pursuant to which the Company has conditionally agreed to acquire via Pinyu, and the Seller has conditionally agreed to sell, the entire equity interest in the Target Company in consideration for the issue by the Company of the Consideration Shares to the Seller (or its nominee).

TERM SHEET

A summary of the major terms of the Term Sheet is set out below:

Date: April 8, 2016

Parties: the Seller;

the Company; and

Pinyu, a wholly-owned subsidiary of the Company

The Acquisition

Pursuant to the Term Sheet, the Company has conditionally agreed to acquire via Pinyu, and the Seller has conditionally agreed to sell, the entire equity interest in the Target Company, through which the Company will acquire the assets and equity interests of and/or the right to operate the Subject Institutions.

Consideration

The Consideration for the Acquisition is HK\$3,721,824,669, which will be satisfied by the issue of 462,913,516 Consideration Shares, to be credited as fully paid and ranking *pari passu* in all respects with all the Shares in issue as at the date of allotment and issue of the Consideration Shares, at the Issue Price of HK\$8.04 per Consideration Share to the Seller (or its nominee) upon the Completion. The Consideration Shares shall represent not less than 35.7% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Seller will become a controlling shareholder of the Company upon the Completion.

The Issue Price represents:

- a discount of approximately 11.6% to the closing price of the Shares of HK\$9.10 per Share as quoted on the Stock Exchange on the Last Trading Day;
- the average of the closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of HK\$8.04 per Share; and
- a premium of approximately 5.0% to the average of the closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of approximately HK\$7.66 per Share.

The Consideration and the Issue Price were arrived at after arm's length negotiations between the Company and the Seller, taking into account various factors, including:

- (a) the financial performance and market position of the Subject Institutions;
- (b) the significant growth potential of the business of the Subject Institutions;
- (c) the estimated assets value of the Subject Institutions; and
- (d) the perceived strategic value of the Enlarged Group, being the largest medical healthcare group in Asia measured by the number of beds in operation and patient visits.

Sale and Purchase Agreement and Exclusivity

The Seller has granted an exclusive right to the Company to enter into a definitive conditional Sale and Purchase Agreement to further specify the terms and conditions of the Acquisition (including details of the reorganization of the Target Group and representations and warranties by the Seller) to be agreed between the parties within 180 days after the date of the Term Sheet or before such later date as the parties may agree.

Conditions Precedent

The Completion of the Acquisition is conditional upon satisfaction of certain conditions precedent, including but not limited to:

- (a) the passing by the Independent Shareholders of the Company at the EGM of resolutions by poll approving (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the issue of the Consideration Shares; and (iii) the Whitewash Waiver;
- (b) filing procedures for state-owned assets valuation in relation to the Acquisition having been fulfilled by the Seller, and the Seller may sell the entire issued share capital of the Target Company at the Consideration in compliance with applicable laws;
- (c) approval having been obtained from the State-owned Assets Supervision and Administration Commission of the State Council of the PRC for the Acquisition (if applicable);
- (d) approval having been obtained from the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares;
- (e) the Whitewash Waiver having been granted by the Executive to the Seller; and
- (f) the completion of the reorganization of the Target Group in accordance with the terms and conditions set out in the Sale and Purchase Agreement, including but not limited to the acquisition, reorganization and signing of management agreements with respect to the Subject Institutions.

In relation to sub-paragraph (e) above, the parties have agreed that the receipt by the Seller of the Whitewash Waiver in respect of the allotment and issue of the Consideration Shares is a condition to the Completion which cannot be waived.

Change of Name

Upon the Completion, the name of the Company shall be changed to “China Resources Phoenix Healthcare Group Co. Ltd 華潤鳳凰醫療集團有限公司”.

Appointment of Directors

Upon the Completion, the Seller shall have the right to nominate four Directors, subject to the usual conditions of appointment under the Listing Rules and the Takeovers Code and whilst the total number of the Board members and the number of independent non-executive Directors will remain unchanged.

The Company's Undertakings

The Company undertakes (i) to continue to carry on its business in the normal and ordinary course; and (ii) not to undertake or agree to undertake any acquisitions, asset disposals or joint venture that would constitute a notifiable transaction under Chapter 14 of the Listing Rules, or any transaction that would result in the issue or disposal of Shares or shares in any member of the Group, for the period from the date of the Term Sheet to the Long Stop Date, unless otherwise agreed by the Seller in writing. In addition, the Company undertakes to procure that there will not be any material change in its shareholding structure during the said period.

Binding Effect and Termination

All provisions in the Term Sheet, including but not limited to the Consideration, the exclusivity provisions and the undertakings by the Company referred to under the section headed "The Company's Undertakings" in this announcement, are binding on the parties. However, if the Seller and the Company fail to enter into the Sale and Purchase Agreement on or before the Long Stop Date or such later date as the parties may agree, the Term Sheet shall terminate.

IMPLICATIONS UNDER THE LISTING RULES

It is contemplated that the Acquisition would (i) constitute a major transaction for the purpose of the Listing Rules and (ii) result in the Seller becoming a controlling shareholder of the Company upon issue of the Consideration Shares by the Company as the Consideration. In addition, as the Seller would become a controller (as defined in the Listing Rules) of the Company upon the Completion, the Acquisition would constitute a connected transaction under Rule 14A.28 of the Listing Rules. Accordingly, the Acquisition would be subject to reporting, announcement and Independent Shareholders' approval requirements in accordance with Chapter 14 and 14A of the Listing Rules.

IMPLICATIONS UNDER THE TAKEOVERS CODE

The Whitewash Waiver

Upon the Completion, the Seller together with the Concert Party Group will hold in total 462,913,516 Shares, representing not less than 35.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares).

Under Rule 26.1 of the Takeovers Code, upon the Completion, the Seller would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it or parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Seller will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll.

As at the date of this announcement, the Seller, its close associates (as defined in the Listing Rules) and members of the Concert Party Group do not hold any Shares and no Shareholder is required to abstain from voting at the EGM and all the Shareholders are eligible to vote on the resolutions to be proposed at the EGM.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Kwong Kwok Kong, Ms. Cheng Hong, Mr. Sun Jianhua and Mr. Lee Kar Chung Felix, has been established pursuant to the Listing Rules and the Takeovers Code to advise the Independent Shareholders in respect of the proposed resolution(s) to approve the Acquisition, the issue of the Consideration Shares and the Whitewash Waiver.

An independent financial adviser will be appointed, subject to the approval of the Independent Board Committee, to advise the Independent Board Committee and the Independent Shareholders on the Acquisition, the issue of Consideration Shares and the Whitewash Waiver.

INFORMATION ON THE PARTIES

Information on the Group and the Company

The Company was incorporated in the Cayman Islands and the Shares are listed on the Main Board of the Stock Exchange.

The Group is one of the largest private hospital groups in the PRC and there are 60 medical institutions with approximately 5,780 beds in operation in Beijing, Tianjin and Hebei owned or operated by the Group, including three Grade III hospitals, six Grade II hospitals and nine Grade I hospitals. The network hospitals and clinics of the Group offer healthcare services from community healthcare to primary preventive care and acute care.

Information on the Seller and the Target Company

The Seller is principally engaged in the businesses of hospital investment, operation, management and relevant extended services and is a wholly-owned subsidiary of China Resources (Holdings) Company Limited, a diversified conglomerate in Hong Kong and the PRC, which is one of the key and large scale state-owned enterprises under the administration of the State-owned Assets Supervision and Administration Commission of the State Council in the PRC.

The Target Company is a wholly-owned subsidiary of the Seller, which owns or will prior to the Completion own the assets and equity interests of and/or the right to operate the Subject Institutions. The scale of annual income from medical and healthcare services provided by the Subject Institutions operated by the Seller reached approximately RMB2.41 billion in 2015. Such income scale is for illustration and reference only and the revenue of the Target Company will depend on the reorganization of the Target Group and the future operation model of the Subject Institutions.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Seller and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Information on the Subject Institutions

The Subject Institutions comprise forty-seven medical institutions (including four Grade III hospitals, six Grade II hospitals, twenty-five Grade I hospitals and twelve community healthcare centres) and three elderly care institutions. All of the medical institutions are medical insurance designated medical institutions. There are a total of 4,954 registered beds and approximately 6,000 beds in operation for the medical institutions and 300 registered bed, which is also the actual number of beds in operation, for the elderly care institutions as at the date of this announcement.

REASONS FOR THE ACQUISITION

The Acquisition represents a valuable opportunity for the Company to significantly and quickly expand its hospital network, which is one of its key strategies to become the leading hospital group in Asia, as described in its prospectus of November 18, 2013. The Group's current hospital network focuses on Beijing, Tianjin and Hebei only and the Acquisition will significantly expand the geographical coverage of the Group's hospital network to a nation-wide coverage. The Subject Institutions will become the regional centers of the Group, based on which a national medical and healthcare resources platform would be established. These immediate benefits align with the Group's long established development strategy and will also boost up the Group's brand.

The Seller, as one of the largest state-owned enterprises in the healthcare industry in the PRC, will become a controlling shareholder of the Company. The Company considers that the cooperation is of critical value for the integration of the resources of the Group and China Resources Group, which will further advance the expansion of the Group's hospital network. Combining China Resources Group's extensive resources and diversified business structures in the medial healthcare industry and the

Group's experience and expertise in public hospital reform and hospital group management, the alignment of interests through the Acquisition will enable the Enlarged Group to become a leading player of the medical healthcare industry in the PRC with international influence.

The Acquisition will also establish a national healthcare platform to promote the sharing of resources among the member agencies and lower the procurement costs through economies of scale, by which the Enlarged Group's operation efficiencies will be increased. This will further optimize the Group's medical service business structure, enhance the quality of the Group's medical service as well as operation and management capabilities and provide stronger support for the Enlarged Group's long-term development.

The Enlarged Group will focus on development of regional integrated delivery system and building the hierarchical medical system to optimize medical resources allocation through the synergies among the service networks of primary preventive care, acute care and post-operative rehabilitation. With the strategic expansion into industry chains, including elderly care and insurance, the Enlarged Group will explore the integration of healthcare with insurance and elderly care so as to become an important part of the national ecosystem of medical healthcare services supply.

The Directors (excluding the independent non-executive Directors who will give their view after receiving the advice from the independent financial adviser) are of the view that the Acquisition is on normal commercial terms and the terms and conditions of the Term Sheet are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

WARNING

The Acquisition is subject to a number of conditions including Independent Shareholders' approval of the Sale and Purchase Agreement and the transaction contemplated thereunder, the issue of the Consideration Shares and the Whitewash Waiver, which may or may not be fulfilled. The terms and conditions of the Sale and Purchase Agreement are still subject to the negotiations between the parties. Shareholders of the Company and potential investors should exercise caution when they deal or contemplate dealing in the Shares or other securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading of the Shares was halted with effect from 9:00 a.m. on Tuesday, April 5, 2016 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on Monday, April 11, 2016.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Acquisition”	the sale and purchase of the entire issued share capital of the Target Company as contemplated under the Term Sheet;
“acting in concert”	has the same meaning given to it under the Takeovers Code;
“Board”	the board of Directors of the Company;
“Company”	Phoenix Healthcare Group Co. Ltd., a company incorporated in the Cayman Islands with limited liability whose registered office is at Harneys Services (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1001, the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01515);
“Completion”	completion of the Acquisition pursuant to the terms of the Term Sheet and the Sale and Purchase Agreement;
“Concert Party Group”	parties acting in concert with the Seller;
“Consideration Shares”	462,913,516 Shares to be issued to the Seller (or its nominee) at the Issue Price to satisfy the Consideration;
“Consideration”	the total consideration of HK\$3,721,824,669 for the Acquisition which will be satisfied by the issue of the Consideration Shares by the Company to the Seller (or its nominee);
“controlling shareholder”	has the meaning given to it under the Listing Rules;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to approve, among other things, matters relating to the Sale and Purchase Agreement and the transaction contemplated thereunder, the issue of Consideration Shares and the Whitewash Waiver;
“Enlarged Group”	the Group and the Target Group;
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission from time to time or any of his delegate;

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Kwong Kwok Kong, Ms. Cheng Hong, Mr. Sun Jianhua and Mr. Lee Kar Chung Felix, established to advise the independent Shareholders in respect of the proposed resolution(s) to approve the Acquisition, the issue of the Consideration Share and the Whitewash Waiver;
“Independent Shareholders”	Shareholders other than the Seller, its close associates, the Concert Party Group and other Shareholders who are interested in or involved in the Acquisition or the Whitewash Waiver;
“Issue Price”	the per share price of HK\$8.04 for the issue of each Consideration Share;
“Last Trading Day”	April 1, 2016, being the last full trading day for the Shares before the date of this announcement;
“Listing Committee”	has the meaning given to it under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Long Stop Date”	the 180th day after the date of the Term Sheet, or the date of the Pinyu and the Seller agreeing not to proceed with the Acquisition, or the date of issue of any regulation or decision by the relevant regulatory authorities that makes it inexpedient or impracticable to proceed with the Acquisition, whichever is the earliest;
“Pinyu”	Pinyu Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“RMB”	Renminbi, being the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement in relation to the Acquisition to be entered into by the Company, Pinyu and the Seller;

“Seller”	China Resources Healthcare Group Limited, a company incorporated under the laws of Hong Kong whose registered office is at 44th Floor, China Resources Building, No. 26 Harbour Road, Hong Kong;
“Shareholders”	holders of the Shares;
“Shares”	ordinary shares of HK\$0.00025 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subject Institutions”	the medical institutions which are or prior to the Completion will be owned by or under the operation of the Target Company, comprising forty-seven medical institutions (including four Grade III hospitals, six Grade II hospitals, twenty-five Grade I hospitals and twelve community healthcare centres) and three elderly care institutions;
“subsidiary”	has the meaning given to it under the Listing Rules;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Target Company”	Ample Mighty Limited, a company incorporated under the laws of the British Virgin Islands whose registered address is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, the British Virgin Islands and a wholly-owned subsidiary of the Seller;
“Target Group”	the Target Company and its subsidiaries;
“Term Sheet”	the term sheet entered into among the Company, Pinyu and the Seller in relation to the Acquisition;
“Whitewash Waiver”	a whitewash waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code to be granted by the Executive in respect of the obligations of the Seller to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by the Seller or the Concert Party Group which may arise as a result of the issue of the Consideration Shares.

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

Hong Kong, April 8, 2016

As at the date of this announcement, the Board comprises Mr. LIANG Hongze, Ms. XU Jie, Mr. ZHANG Xiaodan, Mr. XU Zechang, Mr. JIANG Tianfan, Mr. SHAN Baojie and Mr. CHENG Libing as executive directors; Mr. KWONG Kwok Kong, Ms. CHENG Hong, Mr. SUN Jianhua and Mr. Lee Kar Chung Felix as independent non-executive directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.