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華潤鳳凰醫療控股有限公司

China Resources Phoenix Healthcare Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1515)

INSIDE INFORMATION ENTERING INTO OF COOPERATION FRAMEWORK AGREEMENT

This announcement is made by China Resources Phoenix Healthcare Holdings Company Limited (the “**Company**”, together with its subsidiaries the “**Group**”) 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 the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (“**Board**”) of the Company announces that China Resources Hospital Investment (China) Co., Ltd (“**CR Hospital Investment**”), a wholly-owned subsidiary of the Company, Beijing Jing Mei Group Co., Ltd. (“**Jing Mei Group**”) and CNIC (Zhejiang) Fund Partnership (Limited Partner) (“**CNIC**”, together with CR Hospital Investment and Jing Mei Group, the “**Contract Parties**”) entered into the cooperation framework agreement (the “**Cooperation Framework Agreement**”) on July 20, 2018 for purpose of establishing the cooperation framework for the proposed joint investment and development of the medical institutions affiliated to Jing Mei Group.

THE COOPERATION FRAMEWORK AGREEMENT

(1) Purposes of entering into of the Cooperation Framework Agreement

The Contract Parties agreed to leverage their respective advantages and jointly conduct the reorganization of Beijing Jing Mei Hospital Group and its affiliated institutions (the “**Target Hospital Group**”), on one hand to establish Kengmuchang Branch of the Target Hospital Group, and on the other hand to provide the Target Hospital Group with additional fund, and resources in medical and management aspects to ensure the sustainable development of the Target Hospital Group and achieve the preservation and appreciation of state-owned assets.

(2) Proposed cooperation framework

The Contract Parties agreed to actively implement the following cooperation plan in compliance with the relevant laws and regulations:

1. **Arrangement of the land use rights for the Kengmuchang Branch project:** Jing Mei Group shall inject the land use rights for the Kengmuchang Branch project to the Target Hospital Group.

2. **Change of sponsor of the Target Hospital Group:** Jing Mei Group shall first set up the new sponsor entity, and the sponsorship of the Target Hospital Group will then be transferred to such sponsor entity. CR Hospital Investment and CNIC will then inject new capital in such amounts to be further determined by the Contract Parties to the sponsor entity by cash. Following completion of the capital increase, the sponsor entity should be 40%, 35% and 25% owned by Jing Mei Group, CR Hospital Investment and CNIC, respectively.
3. **Establishing the management joint venture:** the Contract Parties agreed to jointly fund the establishment of a new hospital management company in such amounts to be further determined by the Contract Parties as the operation and management platform of the Target Hospital Group.

(3) Terms of the agreement and follow up works

The Cooperation Framework Agreement is valid for one year after signing. The Contract Parties shall actively carry out relevant work during the period, including forming a project team to further discuss and finalise the implementation details, and formalize the cooperation framework and shareholding structure as set out in the Cooperation Framework Agreement in compliance with the relevant laws, and also gradually carry out the relevant follow-up procedures including audit, valuation and due diligence, and carry out negotiations in respect of the formal cooperation agreement. The Company expects that the formal cooperation agreement could be reached by the end of 2018 and further announcement(s) shall be published in accordance with the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE COOPERATION FRAMEWORK AGREEMENT

Since 2011, the Group has been cooperating with the Target Hospital Group based on IOT (Investment-Operation-Transfer) model and taking part in its reform. As part of the cooperation, the Group has injected development funds and resources into the Target Hospital Group and improved its operation via various measures in the following aspects, including: 1. enhance the general environment and operation efficiency of the hospital via renovation and process optimization; 2. improve the technical standard and quality of medical treatment of the hospital through introduction of different equipment; and 3. formalize the remuneration policies and introduce the salary review mechanism for the employees. After completion of the reform, Beijing Jing Mei Hospital Group has become a Grade III general hospital in western Beijing. In 2017, the Target Hospital Group's annual income relating to provision of medical services has exceeded RMB1 billion, which is approximately 2.2 times of the annual income in 2011 (i.e. right before the reform and restructuring), and achieved the preservation and appreciation of state-owned assets.

Under a series of national policies on reforming enterprise-operated medical institutions, Jing Mei Group is required to carry out the reform of its medical institutions which is its non-core business unit. The Group has participated in Jing Mei Hospital Group's previous reform to separate ownership and management function and satisfactory results have been achieved. The Group is also willing to actively participate in the cooperation with Jing Mei Group in the next stage reform of the Target Hospital Group during the tenure of the IOT agreement.

The Contract Parties have discussed and finally agreed to establish the abovementioned sponsor entity which will become the sponsor of the Target Hospital Group, and implement the development plan of Kengmuchang Branch in Mentougou district of Beijing. The expected number of its licensed beds is 400.

According to the proposal, the cooperation between the Group and Jing Mei Group shall be furthered when compared with the existing IOT model, and the reform shall be extended to asset level. First of all, through the transformation of cooperation mechanism, the entrusted management relation shall be developed into the cooperation via equity investment, which shall strengthen the foundation of cooperation and also the hospital-management bonding between the Group and Jing Mei Hospital Group. Secondly, the reform shall introduce new funding for the development of the Target Hospital Group, extend the reform and restructuring of the institutions, enhance its core competitiveness, and ensure its sustainable development. Thirdly, through the cooperation with Jing Mei Group in establishing Kengmuchang Branch and utilising idle land which shall expand the scope of cooperation, it is expected that the Group's influence shall be strengthened and its market shares in Mentougou district of Beijing shall increase. Fourthly, it will be a good example of how the IOT model could be transformed to cooperation in asset level for the reform of non-core business of state-owned enterprises.

By Order of the Board
China Resources Phoenix Healthcare Holdings Company Limited
HAN Yuewei
Executive Director and Chief Executive Officer

Beijing, July 20, 2018

As at the date of this announcement, the Board comprises Mr. WANG Yin and Mr. WANG Yan as non-executive Directors; Mr. CHENG Libing, Mr. HAN Yuewei, Ms. REN Yuan and Ms. FU Yanjun as executive Directors; Mr. KWONG Kwok Kong, Ms. CHIU Kam Hing Kathy and Mr. LEE Kar Chung Felix as independent non-executive Directors.