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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)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that on July 7, 2014, it resolved to adopt the share award scheme (the “**Scheme**”) as a means to recognise the contribution of and provide incentives for the key management personnel including Directors and senior management, employed experts and core employees of the Group. The Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date. The shares to be awarded under the Scheme will be acquired by the Company through the Trustee from the open market out of cash contributed by the Group and be held in trust for the relevant Selected Participants until such Shares are vested with the relevant Selected Participants in accordance with the provisions of the Scheme.

The Board will implement the Scheme in accordance with the Scheme Rules including but not limited to providing necessary funds to the Trustee for purchase of no more than 5% of the total number of issued Shares of the Company as at the Adoption Date with each Selected Participant receiving not more than 1% of the total number of issued Shares as at the Adoption Date. Pursuant to the Scheme Rules, the Board may, in its sole discretion, award Shares to the Selected Participants at no consideration.

Given that the Scheme does not involve the grant of options over any new Shares of the Company, it does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is not required to comply with the rules thereunder. No Shareholders’ approval is required to adopt the Scheme.

However, in the event that the Board selects a Director of the Company as a Selected Participant for the Scheme, the grant of the Award Shares pursuant to the Scheme may constitute a connected transaction under Chapter 14A of the Listing Rules and the Company will comply with relevant reporting, announcement and independent shareholders’ approval requirements under the Listing Rules as appropriate accordingly.

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that on July 7, 2014, it resolved to adopt the Scheme, pursuant to which existing Shares will be purchased by the Trustee from the market out of cash contributed by the Group and be held in trust for the relevant Selected Participants until such Shares are vested with the relevant Selected Participants in accordance with the provisions of the Scheme.

The Board will implement the Scheme in accordance with the Scheme Rules including but not limited to providing necessary funds to the Trustee for purchase of no more than 5% of the total number of issued Shares of the Company as at the Adoption Date and not awarding each Selected Participant for more than 1% of the total number of issued Shares as at the Adoption Date.

For the avoidance of doubt, no new Share will be issued and allotted by the Company pursuant to the Scheme.

SUMMARY OF THE SCHEME RULES

(1) Purpose and Objective

The Directors believe that the future success of the Company is closely tied to the commitment and efforts of the Group's key management personnel including Directors and senior management, employed experts and core employees. The purpose and objective of the Scheme are (i) to recognise and motivate the contribution of the key management personnel, employed experts and core employees of the Group; (ii) to enhance the value of the Company and further align the interests of the Selected Participants directly to the shareholders of the Company through ownership of Shares; and (iii) to help the Group to retain the Selected Participants in attaining the long-term business objectives of the Company.

(2) Eligible Persons for the Scheme

Pursuant to the Scheme, the Board may, from time to time, in its absolute discretion, select the Selected Participant(s) after taking into various factors as they deem appropriate and determine the number of Award Shares to be awarded to each of the Selected Participants. The Selected Participants shall cover (i) key management personnel including the Directors and senior management; (ii) employed experts and (iii) core employees of the Group.

(3) Administration

The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the Scheme Rules and the Trust Deed. The Board may act through the authorised representatives to give instructions or notices to the Trustee on matters in connection with the operation and administration of the Scheme and the Trust. The Trustee shall hold the Shares and the income derived therefrom in accordance with the Scheme Rules and the terms of the Trust Deed.

(4) Maximum Limit

The Board shall not make any further award of Award Shares which will result in the aggregate number of Award Shares awarded by the Board throughout the duration of the Scheme to exceed 5% of the total number of issued Shares of the Company as at the Adoption Date and shall not award more than 1% of the total number of issued Shares to each of the Selected Participants as at the Adoption Date.

(5) Operation

The Board may, from time to time, in its absolute discretion select the Selected Participants after taking into various factors as they deem appropriate and determine the number of Award Shares to be awarded to each of the Selected Participants at no consideration.

Pursuant to the Scheme Rules, the Board shall cause to pay the Trustee the purchase price and the related expenses from the Group's resources for the Award Shares and the Trustee shall apply the purchase price to purchase from the market all of the Award Shares to be awarded under the Scheme and shall hold such Shares until they are vested to the Selected Participants in accordance with the Scheme Rules and the Trust Deed. For the avoidance of doubt, all Shares purchased as aforesaid shall only be used for allocation to the Selected Participants in accordance with the Scheme Rules.

(6) Restrictions

No award shall be made to Selected Participants and no payment shall be made to the Trustee and no directions or recommendation to acquire Shares shall be given to the Trustee under the Scheme where any Director is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

(7) Vesting and Lapse

A Selected Participant shall be entitled to receive the Award Shares held by the Trustee in accordance with the vesting schedule as determined by the Board in its sole discretion. Vesting of the Shares will be conditional on the Selected Participant remaining as an employee of the Group until and on each of the relevant Vesting Date and his/her execution of the relevant documents to effect the transfer from the Trustee.

In the event of change in control (as specified in The Codes on Takeovers and Mergers and Share Repurchases from time to time) of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the Award Shares which will vest in the next 12 months shall immediately vest on the date when such change in control event becomes unconditional and such date shall be deemed the Vesting Date.

If there occurs any special circumstances which may affect the eligibility of the Selected Participant or the vesting of Award Shares, the Award Shares shall be dealt with in accordance with the Scheme Rules. However, for those which are not currently covered therein, the Board shall, from time to time, have sole discretion to determine how such Award Shares should be handled.

(8) Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust including but not limited to the Award Shares.

(9) Duration and Termination

The Scheme shall be effective from the Adoption Date and shall continue in full force and effect for a term of 10 years or such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant.

(10) Alternation of the Scheme

The Scheme may be altered in any respect from time to time by a resolution of the Board.

LISTING RULES IMPLICATIONS

Given that the Scheme does not involve the grant of options over any new Shares of the Company, it does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is not required to comply with the rules thereunder. No Shareholders' approval is required to adopt the Scheme.

However, in the event that the Board selects a Director as a Selected Participant for the Scheme, the grant of the Award Shares pursuant to the Scheme may constitute a connected transaction under Chapter 14A of the Listing Rules and the Company will comply with the relevant reporting, announcement and independent Shareholders' approval requirements under the Listing Rules as appropriate accordingly.

INFORMATION ON THE GROUP

The Company is a limited liability company incorporated in the Cayman Islands and its shares have been listed on the Stock Exchange since November 29, 2013. The Group is principally engaged in the provision of general hospital services, hospital management services and the supply of pharmaceuticals, medical devices and medical consumables to the Group's in-network hospitals and clinics.

DEFINITIONS

“Adoption Date”	July 7, 2014, being the date on which the board of directors of the Company adopted the Scheme
“Award Shares”	such Shares awarded pursuant to the Scheme, the maximum number of which shall not exceed 5% of the total issued capital of the Company as at the Adoption Date and 1% of the total number of issued Shares to each of the Selected Participant as at the Adoption Date
“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
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Persons”	any of the (i) key management personnel including the Directors and senior management of the Group; (ii) employed experts as nominated by the Board; and (iii) core employees of the Group.
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Scheme”	the share award scheme of the Company adopted by the Board whereby awards of Shares may be made to Selected Participants (such Shares being purchased by the Trustee) pursuant to the Trust Deed and the Scheme Rules
“Selected Participant(s)”	means Eligible Persons selected by the Board in accordance with the terms of the Scheme
“Scheme Rules”	the rules relating to the Scheme adopted by the Board
“Share(s)”	ordinary share(s) of HK\$0.00025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Trust”	the trust constituted under the Trust Deed from which Award Shares may be granted to a Selected Participant in accordance with the Scheme Rules

“Trust Deed”	the trust deed to be entered into between the Company as settlor and the Trustee (as restated, supplemented and amended from time to time) as trustee in respect of the appointment of the Trustee for the administration of the Scheme
“Trustee”	Computershare Hong Kong Trustees Limited (which is independent of and not connected with the Company), being appointed by the Company for the administration of the Scheme, or any additional or replacement trustee(s)
“Trust Period”	shall have the meaning defined in the Trust Deed
“Vesting Date”	The date on which any Award Share held by the Trustee on behalf of a Selected Participant pursuant to the Scheme Rules is vested in such Selected Participant in accordance with the vesting schedule as set out in the award letter
“%”	per cent

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

Hong Kong, July 7, 2014

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Liang Hongze, Ms. Xu Jie, Mr. Zhang Liang, 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.