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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)**

## **ENTERING INTO NEW INVEST-OPERATE-TRANSFER AGREEMENT**

This announcement is made by the board of directors (the “**Board**”) of Phoenix Healthcare Group Co. Ltd (the “**Company**”), together with its subsidiaries (the “**Group**”) on a voluntary basis.

On September 23, 2014, Beijing Phoenix, a wholly-owned subsidiary of the Company, entered into a new invest-operate-transfer agreement (the “**IOT Agreement**”) with the Mentougou District government of Beijing pursuant to which Beijing Phoenix shall manage and operate the Mentougou Healthcare Hospital for Women and Children (門頭溝區婦幼保健院). Pursuant to the terms of the IOT Agreement, Beijing Phoenix shall make an one-off investment of RMB15 million to Mentougou Healthcare Hospital for Women and Children in return for the right to manage and receive performance based annual management fees from the Mentougou Healthcare Hospital for Women and Children until December 31, 2030.

The Mentougou Healthcare Hospital for Women and Children is a not-for-profit hospital established in 1983 located in the Mentougou District of Beijing and is owned by the Mentougou District government. It is a Grade IIA hospital providing comprehensive healthcare services mainly to women and children aged below six, covering aspects such as obstetrics, gynaecology, health management, health education and research and development. The number of outpatient visit for the year 2013 was approximately 128,000 times. Currently, the hospital has an area of approximately 2,500 square meters, with a total of 206 staff and 30 beds in operation. Construction to expand its premises is completed and will be available for use by 2015. The number of beds will be increased to 120 within an operational area of approximately 16,000 square meters.

The Board considers that the entering into the IOT Agreement and co-operation with the Mentougou District government is in-line with the strategies of the Group as disclosed in the prospectus of the Company dated November 18, 2013 and will enhance the development of the business of the Group as a whole. The co-operation with the Mentougou District government is a step to extend our existing hospital network and will further consolidate the Group's leading position in the healthcare industry in Beijing. The Group's existing hospital networks will also benefit from the economies of scale and synergies created by the Group's management of the Mentougou Healthcare Hospital for Women and Children. Accordingly, the Board is of the view that the entering into the IOT Agreement will be beneficial to the Group and the shareholders of the Company.

As each of the applicable percentage ratios in respect of the entering into the IOT Agreement is below 5%, the entering into the IOT Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

“Beijing Phoenix”	Beijing Phoenix United Hospital Management Consulting Co., Ltd. (北京鳳凰聯合醫院管理諮詢有限公司), formerly known as Beijing Phoenix United Hospital Management Co., Ltd. (北京鳳凰聯合醫院管理有限公司) and Beijing Phoenix United Hospital Management Joint Stock Co., Ltd. (北京鳳凰聯合醫院管理股份有限公司), a limited liability company established under the laws of the PRC on November 6, 2007, and a wholly-owned subsidiary of the Company;
“IOT”	invest-operate-transfer;
“outpatient visit”	a patient visit during which the patient is not hospitalized overnight but visits a hospital for diagnosis or treatment;
“PRC”	the People's Republic of China, for the purpose of this announcement, excluding Taiwan, the Hong Kong Special Administrative Region and the Macau Special Administrative Region; and
“RMB”	Renminbi, the lawful currency of the PRC

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

Hong Kong, September 25, 2014

*As at the date of this announcement, the Board comprises Mr. Liang Hongze, Ms. Xu Jie, Mr. Xu Zechang, Mr. Jiang Tianfan and Mr. Zhang Xiaodan, 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.*