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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 ANNOUNCEMENT  
FRAMEWORK AGREEMENT  
AND  
RESUMPTION OF TRADING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on December 30, 2014 (after trading hours), the Company and Beijing Jing Mei Group Co. Ltd (“**Beijing Jing Mei**”) entered into a non-binding cooperation framework agreement (“**Framework Agreement**”), pursuant to which the parties agreed to establish a profitable joint venture company, Beijing Jing Mei General Hospital Co. Ltd (“**JV Company**”) for the overall restructuring of Jing Mei Group General Hospital (“**Jing Mei Hospital**”) (“**Proposed Restructuring**”). Upon the establishment of the JV Company, the JV Company will be owned as to 70% by the Company and as to 30% by Beijing Jing Mei.

The framework agreement in relation to the investment and management of Jing Mei Group General Hospital dated May 5, 2011 (“**Existing IOT Agreement**”) and the relevant supplemental agreements entered into between the Group and Beijing Jing Mei will cease to be effective upon the completion of the Proposed Restructuring.

The purpose of the Framework Agreement is to encapsulate the parties’ preliminary views and arrangement regarding the Proposed Restructuring.

Although the Company and Beijing Jing Mei intend to enter into definitive agreements as soon as specific details on the arrangement of the Proposed Restructuring are agreed upon, the Board wishes to emphasize that the Proposed Restructuring and the establishment of the JV Company may or may not proceed as they are still subject to the internal approval of the staff representatives of Jing Mei Hospital and the board of Beijing Jing Mei, as well as the relevant official approval of the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality of the PRC. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the shares of the Company.

In the event that the Proposed Restructuring contemplated under the Framework Agreement does not proceed or the Framework Agreement is terminated for any reasons, the Existing IOT Agreement shall continue to be implemented. Should the Proposed Restructuring materialises and the related definitive agreements are entered into, the Company will comply with the Listing Rules and make relevant disclosure as applicable and appropriate.

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

### **Capital Contribution to the JV Company**

The Company and Beijing Jing Mei will engage an accounting firm to conduct financial review and assessment of Jing Mei Hospital to ascertain the capital amount required from the JV Company for the Proposed Restructuring, and thereupon the parties will agree on their respective capital contributions for the establishment of the JV Company.

### **Management of the JV Company**

The board of directors of the JV Company (“**JV Company Board**”) will comprise 7 members, 2 of which will be nominated by Beijing Jing Mei and the remaining 5 members will be nominated by the Company. The chairman of the JV Company Board will be nominated by the Company and will be the legal representative of Jing Mei Hospital; whereas the vice-chairman of the JV Company Board will be nominated by Beijing Jing Mei.

The JV Company will also have a supervising committee (“**JV Company Supervising Committee**”) consisting of 3 members, and the chairman of which will be nominated by Beijing Jing Mei. The remaining 2 members will be nominated by the Company.

There will also be a president team in the JV Company (“**JV President Team**”), the members of which (including 1 chief financial officer) will be nominated by the Company and Beijing Jing Mei and appointed by the JV Company Board.

The JV Company Board, the JV Company Supervising Committee and the JV President Team will be responsible for the management of assets of Jing Mei Hospital after the Proposed Restructuring.

Beijing Jing Mei has the right to participate in the financial management of the JV Company and monitor the state-owned assets.

## **Employee Compensation in relation to the Proposed Restructuring**

The existing employees of Jing Mei Hospital can choose to participate in the Proposed Restructuring (“**the Participating Employees**”). Beijing Jing Mei agreed to be responsible for the compensation to the Participating Employees in relation to the Proposed Restructuring in the form of cash payment or by purchasing the Company’s shares on their behalf. The Company agreed that the salaries, bonuses and benefits currently enjoyed by the Participating Employees will not be adversely affected.

## **Sale of Equity Interest in the JV Company**

The Company agreed that Beijing Jing Mei can opt to sell its 30% equity interest in the JV Company to the Company at anytime within the one year from the first anniversary of the JV Company obtaining its business license. The resale price will be calculated based on the higher of (i) the then net profit of the JV Company times 20 times of the price equity ratio of the JV Company or (ii) the net asset value of the JV Company regarding the 30% equity interest in the JV Company owned by Beijing Jing Mei at the time of the Proposed Restructuring times 8% annual growth rate. The Company further agreed that the resale price will not be lower than the corresponding value of the state-owned assets to the 30% equity interest in the JV Company owned by Beijing Jing Mei.

## **INFORMATION ON BEIJING JING MEI AND JING MEI HOSPITAL**

Beijing Jing Mei is a large state-owned enterprise and the largest production and export base of anthracite in PRC. It is a combined enterprise group whose main product is coal, and has many other products like power plant, coal slurry, fuel, real estate, hotels, travel, mechanical manufacturing, explosives, building materials, foods and drinks, etc.

Jing Mei Hospital is a Grade III general hospital which offers healthcare treatments, medical training and research, preventive medicine and rehabilitation and is also a Basic Medical Insurance Designated Medical Institution in Beijing, PRC. As of the date of this announcement, Jing Mei Hospital employs approximately 90 senior medical professionals, has approximately 1,854 beds in operation and owns approximately 300 large-sized advanced medical equipment. In the year of 2013, Jing Mei Hospital served approximately 876,200 people, realizing a total revenue of approximately RMB0.67 billion.

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

The Proposed Restructuring is in compliance with the PRC national policies. As Jing Mei Hospital is a core member of the Group’s IOT managed hospitals, the Proposed Restructuring is a major step forward of the Group in the PRC healthcare system reformation, and creates modeling effect for the state-owned-enterprise related hospitals in the PRC, thereby further strengthening the Group’s pioneering state and enhancing the Group’s capability in future nationwide expansions in the PRC healthcare industry.

After the Proposed Restructuring, Jing Mei Hospital will become an integral part of the Group's general hospital services business, which can further optimize the Group's income structure. As the major investor of the JV Company, the Board believes that the establishment of the JV Company and the Proposed Restructuring will enable the Group to strengthen its control over Jing Mei Hospital, generate a stable long-term investment income and expand its hospital network. As such, the Board views that the Proposed Restructuring and the Framework Agreement 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 and the Proposed Restructuring may or may not proceed, subject to both internal and external approvals.

Should the Proposed Restructuring materialises and the related definitive agreements are entered into, the Company will comply with the Listing Rules and make relevant disclosure as applicable and appropriate.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted with effect from 9:30 a.m. on 30 December 2014 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 1:00 p.m. on 30 December 2014.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IOT”	The “invest-operate-transfer” model
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“RMB” Renminbi, the lawful currency of the PRC  
“Stock Exchange” The Stock Exchange of Hong Kong Limited

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

Hong Kong, December 30, 2014

*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.*