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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)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITIONS OF THE TARGET COMPANIES INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

Financial advisers to the Company in respect of the Acquisitions



THE ACQUISITIONS

Reference is made to the announcement issued by the Company on May 3, 2016 with regard to the signing of the Term Sheet, pursuant to which the Company has conditionally agreed to acquire (via Pinyu Limited), and the Seller has conditionally agreed to sell the Subject Interests in consideration for the issue by the Company of the Consideration Shares to the Seller.

The Board is pleased to announce that outside trading hours on October 28, 2016, the Company, Easylife Yongxin (Beijing) Trade Co., Ltd. (益生永信(北京)商貿有限公司) (the “**Purchaser**”) ^{Note}, a wholly-owned subsidiary of the Company, the Target Companies and CITIC Medical & Health Group Co. (the “**Seller**”) entered into the Sale and Purchase Agreements and the Equity Subscription Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Seller has conditionally agreed to sell the Subject Interests. The Total Consideration for the Acquisitions is HK\$1,240,432,453, subject to adjustments in accordance with the terms of the Sale and Purchase Agreements. The Total Consideration will be satisfied by the Company by way of the allotment and issue of 130,571,837 Consideration Shares in total (subject to adjustment) at the Issue Price of HK\$9.50 per Consideration Share (subject to adjustment) to the Seller (or an offshore company as the Seller may nominate) upon Completion. The Consideration Shares represent approximately 15.66% of the issued share capital of the Company as at the date of this announcement and approximately 13.54% of the issued share capital of the Company as enlarged by the 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 from the date of this announcement and up to the completion of the Acquisitions). The Consideration Shares will be issued by the Company under the Specific Mandate to be sought for approval by the Shareholders at the EGM.

Note The Company and the Seller have agreed that Easylife Yongxin (Beijing) Trade Co., Ltd., instead of Pinyu Limited, shall be the purchaser to acquire the Subject Interests.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the relevant percentage ratios in respect of the Acquisitions exceeds 25% but all of them are less than 100%, the Acquisitions constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

DESPATCH OF CIRCULAR AND EGM

The Company will despatch the Circular in accordance with the requirements under the Listing Rules as soon as practicable containing, among other things, (i) further information of the Sale and Purchase Agreements, the Equity Subscription Agreement and the transactions contemplated thereunder; (ii) the financial information of the Group and the Target Companies; and (iii) the notice of the EGM. The Circular is expected to be despatched to the Shareholders within 15 Business Days from the date of this announcement pursuant to Rule 14A.68(11) of the Listing Rules.

WARNING

Completion of the Acquisitions is conditional upon fulfilment (or waiver, where applicable) of the conditions precedent in the Sale and Purchase Agreements and the Equity Subscription Agreement. Accordingly, the Acquisitions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares or other securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.

THE ACQUISITIONS

Reference is made to the announcement issued by the Company on May 3, 2016 with regard to the signing of the Term Sheet, pursuant to which the Company has conditionally agreed to acquire (via Pinyu Limited), and the Seller has conditionally agreed to sell the Subject Interests in consideration for the issue by the Company of the Consideration Shares to the Seller (or an offshore company as the Seller may nominate).

The Board is pleased to announce that outside trading hours on October 28, 2016, the Company, the Purchaser ^{Note}, the Target Companies and the Seller entered into the Sale and Purchase Agreements pursuant to which the Purchaser has conditionally agreed to acquire, and the Seller has conditionally agreed to sell the Subject Interests for a Total Consideration of HK\$1,240,432,453, subject to adjustments in accordance with the terms of the Sale and Purchase Agreements.

Note The Company and the Seller have agreed that Easylife Yongxin (Beijing) Trade Co., Ltd., instead of Pinyu Limited, shall be the purchaser to acquire the Subject Interests.

HUIZHOU HOSPITAL SPA

A summary of the major terms of the Huizhou Hospital SPA is set out below:

Date

October 28, 2016

Parties

- (1) the Company
- (2) the Purchaser (as the purchaser)
- (3) the Seller (as the seller)
- (4) Huizhou Hospital

The Huizhou Hospital Acquisition

Pursuant to the Huizhou Hospital SPA, the Purchaser has conditionally agreed to acquire from the Seller the Huizhou Hospital Sale Shares with all rights attaching to them. The Huizhou Hospital Sale Shares represent the 60% issued share capital of Huizhou Hospital.

Huizhou Hospital is a company owned as to 60% by the Seller and 40% by CITIC Kingview. Further information on Huizhou Hospital is set out in the section headed “Information on Huizhou Hospital” below.

HANGZHOU HOSPITALS SPA

A summary of the major terms of the Hangzhou Hospitals SPA is set out below:

Date

October 28, 2016

Parties

- (1) the Company
- (2) the Purchaser (as the purchaser)
- (3) the Seller (as the seller)
- (4) Hangzhou Hospitals

The Hangzhou Hospitals Acquisition

Pursuant to the Hangzhou Hospitals SPA, the Purchaser has conditionally agreed to acquire from the Seller the Hangzhou Hospitals Sale Shares with all rights attaching to them. The Hangzhou Hospitals Sale Shares represent the 70% issued share capital of Hangzhou Hospitals.

Hangzhou Hospitals are wholly-owned by the Seller. Further information on Hangzhou Hospitals is set out in the section headed “Information on Hangzhou Hospitals” below.

EQUITY SUBSCRIPTION AGREEMENT

In connection with the Acquisitions, the Company, the Purchaser, the Seller and the Target Companies have entered in to the Equity Subscription Agreement on October 28, 2016, for the purpose of settling the consideration payable under the Sale and Purchase Agreements. Pursuant to the Equity Subscription Agreement, the Purchaser has conditionally agreed to acquire, and the Seller has conditionally agreed to sell the Subject Interests subject to the terms of the Sale and Purchase Agreements at a total consideration of HK\$1,240,432,453 which will be satisfied by the allotment and issue of the Consideration Shares.

CONDITIONS PRECEDENT

Pursuant to the Sale and Purchase Agreements and the Equity Subscription Agreement, Completion of the Acquisitions is subject to the following conditions:

- (1) the Seller and Target Companies have obtained all internal and external approvals for the transfer of the Subject Interests, including but not limited to approvals by CITIC Group Corporation and/or the Ministry of Finance of the PRC, the Ministry of Commerce of the PRC (if required), NHFPC (if required) and other applicable government authorities (if required);
- (2) the Seller and Target Companies have completed the relevant registration and filing procedures at the relevant industry and commence authority in the PRC in relation to the transfer of the Subject Interests;
- (3) from the date of the Sale and Purchase Agreements and the Equity Subscription Agreement to the date of Completion, satisfaction by each of the parties of all the representations and warranties given by them being true, correct and complete;
- (4) the Seller and Target Companies have completed all the steps to discharge existing pledges over the Subject Interests, including all the registration and filing procedures; and
- (5) the entry into and performance of the Sale and Purchase Agreements and the Equity Subscription Agreement and the transactions contemplated thereunder, namely the Acquisitions and the issue of the Consideration Shares having been approved by the Shareholders by way of poll at the EGM duly convened by the Company and all the conditions and procedures for the issue of the Consideration Shares (including but not limited to the approval for the listing of, and permission to deal in the Consideration Shares having been granted by the Stock Exchange) have been fulfilled.

APPOINTMENT OF DIRECTORS AND SUPERVISORS

After the Completion, subject to the applicable laws and regulations, the board of each of the Target Companies shall comprise five Directors out of which three, including the chairman of the board, shall be nominated by the Purchaser and two shall be nominated by the Seller. Each of the Target Companies shall appoint two supervisors and each Seller and Purchaser can nominate one supervisor.

CONSIDERATION AND CONSIDERATION SHARES

The consideration for the Huizhou Hospital Acquisition is approximately HK\$655,221,500, and the consideration for the Hangzhou Hospitals Acquisition is approximately HK\$585,211,000, which are to be satisfied by the issuance of the Consideration Shares under the Equity Subscription Agreement.

The Total Consideration of HK\$1,240,432,453 will be satisfied by the allotment and issue of approximately 130,571,837 Consideration Shares, to be credited as fully paid, at the Issue Price of HK\$9.50 per Consideration Share to the Seller (or an offshore company as the Seller may nominate) upon Completion. The Issue Price of HK\$9.50 per Consideration Share and the number of Consideration Shares shall be adjusted accordingly in the event that the Shares are traded on ex-rights and ex-dividends basis. The Company does not have any plans to conduct any activity which would result in the Shares being traded on ex-rights and ex-dividends basis before completion of the Acquisitions.

As at the date of this announcement, the Company has 833,763,000 Shares in issue. The Consideration Shares represent approximately 15.66% of the issued share capital of the Company as at the date of this announcement; approximately 13.54% of the issued share capital of the Company as enlarged by the 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 from the date of this announcement up to the completion of the Acquisitions) and approximately 9.15% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the CR Consideration Shares (assuming that the CR Acquisition is to proceed and there is no change in the issued share capital of the Company other than the issue of the Consideration Shares and the CR Consideration Shares from the date of this announcement up to the Completion Date or the date of completion of the CR Acquisition, whichever is the later).

The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with all the Shares in issue as at the date of allotment and issue of the Consideration Shares, including the right to receive all dividends, distributions or any return of capital declared, made or paid on or after the date of allotment and issue of the Consideration Shares.

The Consideration Shares will be issued by the Company under the Specific Mandate to be sought for approval by the Independent Shareholders at the EGM. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Issue Price of HK\$9.50 per Consideration Share represents:

- a discount of approximately 19% to the closing price of the Shares as quoted on the Stock Exchange on the last trading day before the date of the Term Sheet of HK\$11.78 per Share;
- a discount of approximately 15% to 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 before the date of the Term Sheet of approximately HK\$11.16 per Share;
- a discount of approximately 13% 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 before the date of the Term Sheet of approximately HK\$10.96 per Share; and
- a discount of approximately 23% to the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day of HK\$12.30 per Share.

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

- (1) the financial performance and market position of the Huizhou Hospital and the Hangzhou Hospitals;
- (2) the significant growth potential of the business of the Subject Hospitals;
- (3) the assets value of the Subject Institutions; and
- (4) the perceived strategic value of the expansion of the Group's hospital network resulting from the Acquisitions.

COMPLETION OF THE ACQUISITIONS

Completion shall take place on the date falling ten business days after the day on which the last of the conditions precedent stated in the Sale and Purchase Agreements and the Equity Subscription Agreement has been satisfied or (if applicable) waived or such other date as the Purchaser and the Seller may agree in writing.

INFORMATION ABOUT THE PARTIES

Information on the Seller

The Seller is principally engaged in the businesses of medical and healthcare services and other related businesses, and is a wholly-owned subsidiary of CITIC Group Corporation, a key and large scale state-owned enterprise under the administration of the State Council of the PRC. The business scope of the Seller mainly covers medical and healthcare services, eldercare service, healthcare management, pharmaceuticals distribution, medical logistics service and other related businesses. The Seller's group adopts strategies focusing on the combination of featured specialized medical treatment and healthcare services, asset management, capital operation, and asset-lite operation. Its businesses center on the medical and healthcare services, creates differentiated comparative advantages, based on the concept of full life-cycle and focus on the featured specialized medical

services. The Seller also endeavors to expand its value chain based on the featured specialized medical services and strategically control its resources. To maximize the overall value and value re-creation, the Seller established a development business model that combines medical treatment, rehabilitation and eldercare services. Taking full advantage of the comprehensive financial system of the CITIC group, the Seller integrates its financing and business operation and innovates its business operation model. Based on the comprehensive upgrade of the professional operation capabilities, the Seller has established an operating mechanism with its own culture features.

Information on the Purchaser

The Purchaser is a company established on November 8, 2013 in the PRC with limited liability and a wholly-owned subsidiary of the Company. The Purchaser is mainly in the business of hospital management and investment of medical assets.

Information on Huizhou Hospital

Huizhou Hospital is a limited liability company established in accordance with the PRC laws on March 31, 2012. It is a Grade III hospital owned as to 60% by the Seller and 40% by CITIC Kingview.

Set out below is certain financial information of the Huizhou Hospital:

	For the year ended December 31, 2014	For the year ended December 31, 2015
Profit (loss) before taxation ^{Note 1}	RMB (-1,729,000)	RMB (5,958,000)
Profit (loss) after taxation ^{Note 1}	RMB (-1,729,000)	RMB (5,958,000)
		As of May 31, 2016
Total assets ^{Note 2}		RMB677,750,000
Net assets ^{Note 2}		RMB619,807,000

1 Based on the audited report of the Huizhou Hospital for the two years ended December 31, 2014 and 2015.

2 Based on the audited accounts of the Huizhou Hospital for the five months ended May 31, 2016.

Information on Hangzhou Hospitals

Hangzhou Plastic Surgery Hospital Co., Ltd. is a limited liability company established in accordance with the PRC laws on June 30, 2005. It is a Grade III tertiary plastic surgery hospital.

Hangzhou Hand Surgery Hospital is a branch of the Hangzhou Plastic Surgery Hospital Co., Ltd., established in accordance with the PRC laws on October 12, 2005.

Hangzhou Aegean Medical & Beauty Clinic Co., Ltd. (杭州愛琴海醫療美容門診部有限公司) is a limited liability company established in accordance with the PRC laws on September 29, 2010. It is a controlled subsidiary owned as to 52% by Hangzhou Plastic Surgery Hospital Co., Ltd.

Set out below is certain consolidated financial information of the Hangzhou Hospitals including Hangzhou Plastic Surgery Hospital Co., Ltd. (and its branch, Hangzhou Hand Surgery Hospital) and Hangzhou Aegean Medical & Beauty Clinic Co., Ltd.:

	For the year ended December 31, 2014	For the year ended December 31, 2015
Profit (loss) before taxation ^{Note 1}	RMB 30,034,000	RMB 36,185,000
Profit (loss) after taxation ^{Note 1}	RMB 20,570,000	RMB 27,079,000
		As of May 31, 2016
Total assets ^{Note 2}		RMB140,613,000
Net assets ^{Note 2}		RMB120,729,000

1. Based on the consolidated audited report of the Hangzhou Hospitals for the two years ended December 31, 2014 and 2015.

2. Based on the consolidated audited accounts of the Hangzhou Hospitals for the five months ended May 31, 2016.

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, 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.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Seller, Huizhou Hospital and Hangzhou Hospitals and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR THE ACQUISITIONS

The Group regards the Acquisitions as a long-term strategic cooperation with the Seller. Upon the Completion, the Seller, one of the largest state-owned enterprises in the medical and healthcare industry, will become a shareholder and strategic partner of the Group. The Company is of the view that such cooperation would greatly streamline the resources of the Group and the Seller's Group, which will further enhance the expansion and development of the Group's hospital network. Through consolidating the Group and the Seller's ownership in the Subject Institutions and through synergizing the Seller's abundant resources and diversified operational structure in the medical industry with the Group's extensive experience and expertise in public hospital reform and management, the Group will become the leading industry player with international influence within the medical and healthcare industry in the PRC.

The Acquisitions are strategic arrangements by the Group in the medical and health space. This arrangement will unleash the potential from an alliance of major PRC players in terms of their advantage in resources and in the international capital markets. It will effectively aggregate each party's information and resources relating to technology, talent and operations to help create Asia's largest medical services platform that will have international impact. The Acquisitions also have significant symbolic importance for the parties' development. The Acquisitions will help optimize operations and act as a conduit for international development. The alliance of the major PRC players can assist in realizing resource sharing and providing complementary functions for the parties, and establish a mutually beneficial development model, which allows the parties to maintain their commanding heights in operational development. The Acquisitions will also ensure liquidity in the parties' assets in the market and maximize their impact.

Upon the completion of the Acquisitions, the Group will integrate all resources from the Group and the Seller and establish a national medical network platform to promote the sharing of resources among members within the network, and enhance the Group's operational efficiency through economies of scale. This will further optimize the operational structure of the Group's medical service business and enhance the quality of the Group's medical services, as well as its operation and management capabilities, while providing more robust support for the long-term development of the Group. The Directors are of the view that the Acquisitions are on normal commercial terms and the terms and conditions of the Sale and Purchase Agreements and the Equity Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECT OF THE ACQUISITIONS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 833,763,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible into or exchangeable into Shares.

The following table illustrates the shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately after Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Consideration Shares from the date of this announcement up to the Completion); and (iii) immediately after Completion and the completion of the CR Acquisition (assuming that the CR Acquisition is to proceed and there is no change in the issued share capital of the Company other than the issue of the Consideration Shares and the CR Consideration Shares from the date of this announcement up to the Completion Date and the date of completion of CR Acquisition, whichever is the later):

Name of the Shareholder	(i) At the date of this announcement		(ii) Immediately after Completion		(iii) Immediately after Completion and the completion of the CR Acquisition	
	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
Seller	0	0%	130,571,837	13.54%	130,571,837	9.15%
CRH (Phoenix Healthcare) Limited	0	0%	0	0%	462,913,516	32.43%
Ms. Xu Jie and parties acting in concert with her ¹	208,860,000	25.05%	208,860,000	21.66%	280,860,000	14.63%
Mr. Liang Hongze ²	26,860,912	3.22%	26,860,912	2.79%	26,860,912	2.79%
Mr. Jiang Tianfan ³	10,551,648	1.27%	10,551,648	1.09%	10,551,648	0.74%
Other Directors ⁴	6,677,580	0.80%	6,677,580	0.69%	6,677,580	0.47%
Other public Shareholders	580,812,860	69.66%	580,812,860	60.23%	580,812,860	40.69%
Total	833,763,000	100%	964,334,837	100%	1,427,248,353	100%

1 Including Ms. Xu Jie, who is an executive Director and the chairman of the Company and is interested in 13,868,000 Shares (representing 1.66% of the existing issued Shares), Ms. Xu Xiaojie, who is the daughter of Ms. Xu Jie and is interested in 13,590,640 Shares (representing 1.63% of the existing issued Shares), and Speed Key Limited, which is wholly owned by Xu Baorui, the father of Xu Jie, and is interested in 181,401,360 Shares (representing 21.76% of the existing issued Shares).

2. Mr. Liang Hongze is an executive Director and the chief executive officer of the Company.

3. Mr. Jiang Tianfan is an executive Director and the chief financial officer of the Company.

4. Including Mr. Zhang Xiaodan, Mr. Xu Zechang, Mr. Shan Baojie and Mr. Cheng Libing.

Based on the current shareholding structure of the Company, the Company will continue to be able to satisfy the public float requirement under the Listing Rules following the issue of the Consideration Shares.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the relevant percentage ratios in respect of the Acquisitions exceeds 25% but all of them are less than 100%, the Acquisitions constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

DESPATCH OF CIRCULAR AND EGM

The Company will despatch the Circular in accordance with the requirements under the Listing Rules as soon as practicable containing, among other things, (i) further information of the Sale and Purchase Agreements, the Equity Subscription Agreement and the transactions contemplated thereunder; (ii) the financial information of the Group and the Target Companies; and (iii) the notice of the EGM. The Circular is expected to be despatched to the Shareholders within 15 Business Days from the date of this announcement pursuant to Rule 14A.68(11) of the Listing Rules.

The EGM will be held to consider and, if thought fit, pass the resolutions to approve the Sale and Purchase Agreements, the Equity Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate. To the best knowledge of the Directors, none of the Shareholders has a material interest in the Acquisitions and therefore no Shareholder is required to abstain from voting on the resolutions.

WARNING

Completion is conditional upon fulfilment (or waiver, where applicable) of the conditions precedents in the Sale and Purchase Agreements and the Equity Subscription Agreement. Accordingly, the Acquisitions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares or other securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.

DEFINITIONS

“Acquisitions”	collectively, the Huizhou Hospital Acquisition and the Hangzhou Hospitals Acquisition;
“Board”	the board of Directors;
“Circular”	the circular to be despatched to the Shareholders containing, among other things, (i) further information of the Sale and Purchase Agreements, the Equity Subscription Agreement and the transactions contemplated thereunder; (ii) the financial information of the Group and the Target Companies; and (iii) the notice of the EGM;
“CITIC Kingview”	CITIC Kingview Capital Management Co., Ltd. (中信錦繡資本管理有限責任公司), a company incorporated in the PRC with limited liability, the shareholders of which are CITIC Trust Co., Ltd., CITIC Capital Holdings Limited and China CITIC Limited;
“Company”	Phoenix Healthcare Group Co. Ltd, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 01515);
“Completion”	completion of the Acquisitions in accordance with the terms and conditions of the Sale and Purchase Agreements and the Equity Subscription Agreement;

“Completion Date”	the date falling ten Business Days after the day on which the last of the Conditions has been satisfied or (if applicable) waived or such other date as the Purchaser and the Seller may agree in writing;
“Consideration Shares”	130,571,837 Shares to be issued to the Seller at the Issue Price to satisfy the Total Consideration;
“CR Acquisition”	the acquisition of certain hospital businesses of CR Healthcare pursuant to the share sale and purchase agreement dated August 30, 2016 as disclosed in the announcement dated August 30, 2016 and the circular dated October 7, 2016 issued by the Company;
“CR Consideration Shares”	the 462,913,516 Shares to be issued as consideration for the CR Acquisition;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to approve the Sale and Purchase Agreements, the Equity Subscription Agreement and the transactions contemplated thereunder;
“Equity Subscription Agreement”	the equity subscription agreement dated October 28, 2016 and entered into by the Company, the Purchaser, the Seller and the Target Companies;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hangzhou Hospitals”	the Hangzhou Plastic Surgery Hospital Co., Ltd. (杭州整形医院有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Seller and its branch, Hangzhou Hand Surgery Hospital (杭州手外科醫院);
“Hangzhou Hospitals Acquisition”	the sale and purchase of the Hangzhou Hospitals Sale Shares as contemplated under the Hangzhou Hospitals SPA;
“Hangzhou Hospitals Sale Shares”	the shares in Hangzhou Hospital representing 70% issued share capital of Huizhou Hospital;
“Hangzhou Hospitals SPA”	the sale and purchase agreement dated October 28, 2016 and entered into by the Company, the Purchaser, the Seller and Hangzhou Hospitals in relation to the sale of purchase of the Hangzhou Hospitals Sale Shares;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Huizhou Hospital”	CITIC Huizhou Hospital Co., Ltd (中信惠州醫院有限公司), a company incorporated in the PRC with limited liability, of which 60% is owned by the Seller and 40% is owned by CITIC Kingview;
“Huizhou Hospital Acquisition”	the sale and purchase of the Huizhou Hospital Sale Shares as contemplated under the Huizhou Hospital SPA;
“Huizhou Hospital Sale Shares”	the shares in Huizhou Hospital held by the Seller, representing 60% issued share capital of Huizhou Hospital;
“Huizhou Hospital SPA”	the sale and purchase agreement dated October 28, 2016 and entered into by the Company, the Purchaser, the Seller and Huizhou Hospital in relation to the sale of purchase of the Huizhou Hospital Sale Shares;
“Issue Price”	the per share price of HK\$9.50 for the issue of each Consideration Share, which shall be adjusted accordingly in the event that the Shares are traded ex-rights and ex-dividends;
“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 (as amended from time to time);
“Last Trading Day”	October 28, 2016, being the last trading day for the Shares before the date of this announcement;
“NHFPC”	the National Health and Family Planning Commission of the PRC (中華人民共和國衛生和計劃生育委員會), which was reorganised from the former Ministry of Health (衛生部) and the National Population and Family Planning Commission (國家人口和計劃生育委員會) in March 2013 and includes such predecessor regulatory board for the purpose of this announcement;
“Purchaser”	Easylife Yongxin (Beijing) Trade Co., Ltd. (益生永信(北京)商貿有限公司), a company incorporated in the PRC 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 PRC and Taiwan;
“RMB”	Renminbi, being the lawful currency of the PRC;
“Sale and Purchase Agreements”	collectively, the Huizhou Hospital SPA and the Hangzhou Hospitals SPA;

“Seller”	CITIC Medical & Health Group Co., Ltd (中信醫療健康產業集團有限公司), a company incorporated in the PRC with limited liability;
“Shares”	ordinary shares of HK\$0.00025 each in the share capital of the Company;
“Shareholders”	holders of the Shares;
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders for the allotment and issue of the Consideration Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subject Interests”	collectively, the Huizhou Hospital Sale Shares and the Hangzhou Hospitals Sale Shares;
“subsidiary”	has the meaning given to it under the Listing Rules;
“Target Companies”	collectively, the Huizhou Hospital and the Hangzhou Hospitals;
“Term Sheet”	the term sheet entered into among the Company, Pinyu Limited and the Seller in relation to the Acquisitions dated April 29, 2016; and
“Total Consideration”	the total consideration of HK\$1,240,432,453 for the Acquisitions which will be satisfied by the issue of the Consideration Shares by the Company to the Seller (or an offshore company as the Seller may nominate).

By Order of the Board
Phoenix Healthcare Group Co. Ltd
Xu Jie
Chairman

Hong Kong, October 28, 2016

As at the date of this announcement, the Board comprises Ms. XU Jie, Mr. LIANG Hongze, 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.