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华润凤凰

CR Phoenix

## China Resources Phoenix Healthcare Holdings Company Limited

### 華潤鳳凰醫療控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1515)**

#### **VOLUNTARY ANNOUNCEMENT OPERATION AND MANAGEMENT AGREEMENT**

The board of directors (the “**Board**”) of China Resources Phoenix Healthcare Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that on March 21, 2018, the Company (through its wholly-owned subsidiary, China Resources Hospital Management Company Limited\* (華潤醫院管理有限公司) (the “**Hospital Management**”), entered into a hospital operation and management agreement (the “**Operation and Management Agreement**”) with Tai’an Taishan Urban and Rural Development Limited Company\* (泰安泰山城鄉建設發展有限公司) (the “**Tai’an Development**”) and Tai’an City High Speed Rail New District Development Centre\* (泰安市高鐵路新區建設發展中心) (the “**Tai’an Centre**”) for the purpose of providing operation and management services to Tai’an High Speed Rail Hospital\* (泰安高鐵路醫院) (“**Tai’an Hospital**”).

#### **KEY TERMS OF THE OPERATION AND MANAGEMENT AGREEMENT**

**Date:** March 21, 2018

**Parties:** Hospital Management, Tai’an Development and Tai’an Centre

The purposes of the Operation and Management Agreement are to:

1. develop a sustainable management model for Tai’an Hospital and to enhance the technical, service and management standard of Tai’an Hospital;
2. introduce and establish a modern hospital management model; and
3. strengthen the quality of medical resources in the region.

## **Key Arrangements under the Operation and Management Agreement**

The key arrangements under the Operation and Management Agreement are as follows:

1. Pursuant to the Operation and Management Agreement, the parties agreed that Hospital Management shall be appointed as the provider of operation and management services to Tai'an Hospital for a term of 20 years commencing on the day after the staff accredited by Hospital Management to the preparation working group of Tai'an Hospital commence their duties. In return, Hospital Management shall receive services fees from Tai'an Development or Tai'an Hospital.
2. Tai'an Development shall bear all fees incurred in the process of hospital construction and hospital renovation, as well as the procurement costs for medical equipments and devices. Tai'an Development shall also bear all daily operational costs incurred, including human resources expenditure, prior to Tai'an Hospital reaching its break-even point.
3. Hospital Management shall implement and complete the strategic development plan for Tai'an Hospital taking into consideration the time requirements of the set-up, preparation and construction of Tai'an Hospital, and shall drive forward the completion of the establishment plan of Tai'an Hospital, determine the functional layout and complete the decoration works in accordance with the development plan. Hospital Management shall assist Tai'an Development in staff recruitment, job training and set-up of human resources team, allocation of medical equipment, development of supply chain system and formulation of hospital rules and regulations prior to the official opening of Tai'an Hospital.
4. As set out in the Operation and Management Agreement, a council shall be established as the highest management authority of Tai'an Hospital. The council shall comprise seven members, of which four shall be appointed by Hospital Management and the remaining three shall be appointed by Tai'an Development. The chairman of the council will be appointed by Tai'an Development, whereas the executive councillor will be appointed by Hospital Management, who shall also be Tai'an Hospital's legal representative.
5. Hospital Management shall provide Tai'an Hospital with a professional and quality management team approved by Tai'an Development. The management team shall comprise (i) a hospital dean responsible for the overall management and public relations of Tai'an Hospital, (ii) a vice dean responsible for clinical management and the development of medical specialties, (iii) a vice dean responsible for the operations of the hospital, and (iv) a head accountant responsible for financial matters of the hospital.
6. Pursuant to the Operation and Management Agreement, the parties have agreed that cardiology and neurology shall be the areas of focus at Tai'an Hospital. Hospital Management shall appoint one leader, one to two specialists and one head nurse, who must have surgical and care experience related to their area, to each area respectively.

7. Tai'an Hospital shall be regarded as a member hospital of Hospital Management's healthcare group and shall enjoy full rights and privileges, such as brand resources, operation and management resources and supply chain resources.
8. Hospital Management shall ensure that Tai'an Hospital be provided with continuous support of Hospital Management's information system and other relevant technologies, including but not limited to internal management system, hospital personnel inquiry system, medicine procurement and inquiry system, medical equipment and consumables procurement and inquiry system, logistics management system and medical software development and training system.

### **Payment Arrangements under the Operation and Management Agreement**

As disclosed above, Hospital Management shall be eligible to receive service fees in return for provision of operation and management services and the provision of relevant medical sources. Pursuant to the Operation and Management Agreement, the service fees structure will be dependent on the operational stage of Tai'an Hospital.

In general, services fees payable shall be split into a fixed management fee and a performance-based management fee. In the set-up stage, the preparation stage, the construction stage and the initial operational stage, Hospital Management shall receive a fixed management fee. After Tai'an Hospital has reached a stable operational stage, Hospital Management shall be eligible to receive a performance-based fee in addition to a fixed management fee. The performance of Tai'an Hospital will be reviewed annually by an independent third party appointed by the hospital council.

### **INFORMATION ON TAI'AN, TAI'AN CENTRE, TAI'AN DEVELOPMENT AND TAI'AN HOSPITAL**

Tai'an is located in the central part of Shandong Province with a population of around 5.6 million and is famous for its Mountain Taishan and tourism industry.

Tai'an Center is an institution entity incorporated by the People's Government of Tai'an ("**Tai'an Government**") for the development of High Speed Rail New District of Tai'an.

Tai'an Development is an indirect holding subsidiary of Tai'an Bureau of Finance. Tai'an Development has been approved by Tai'an City Health and Family Planning Commission to establish Tai'an Hospital as its sponsor.

Tai'an Hospital is located in High Speed Rail New District of Tai'an and is currently under construction. It is aimed that Tai'an Hospital will be developed as a grade II general hospital featuring neurology and cardiology.

## **REASONS FOR AND BENEFITS OF THE OPERATION AND MANAGEMENT AGREEMENT**

The Operation and Management Agreement, which aims to develop a quality healthcare system in Tai'an, is the Group's significant exploration in the reformation of the healthcare services system in the PRC.

It is anticipated that the Operation and Management Agreement will provide the citizens of Tai'an with more diversified and comprehensive healthcare services and enable the Group to retain its edge in the healthcare industry in China.

The Board believes that the Operation and Management Agreement will allow the Group to generate a long-term and stable income. Accordingly, the Board is of the view that the Operation and Management Agreement is in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

This announcement is made by the Company on a voluntary basis and the Operation and Management Agreement does not constitute a transaction discloseable under Chapter 14 or Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the Company.

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

Hong Kong, March 22, 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. CHENG Hong, Mr. SUN Jianhua and Mr. LEE Kar Chung Felix as independent non-executive Directors.*

\* *Denotes English translation of the name of a Chinese entity is provided for identification purpose only.*