

HISTORY AND REORGANIZATION

OUR HISTORY

History of Beijing Phoenix

The history of our Group could be traced back to the incorporation of our primary operating subsidiary, Beijing Phoenix. In November 2007, Ms. Xu Jie, our founder and a Controlling Shareholder, and Ms. Xu Xiaojie, a Controlling Shareholder, established Beijing Phoenix through two companies, Beijing Wantong and Beijing Weike. Beijing Phoenix was established as a joint-stock company with an initial registered capital of RMB45.0 million, of which Beijing Wantong and Beijing Weike contributed RMB31.8 million and RMB13.2 million in cash on November 1, 2007, respectively.

Ms. Xu Jie, our founder, started her career as an orthopaedist at Jilin Central Hospital (吉林市中心醫院) between 1985 and 1988. Having gained some experience in operations of a hospital, Ms. Xu acquired Traumatic Hospital of Jilin (吉林市創傷醫院), a not-for-profit Grade II general hospital in Jilin, in 1988, using her own savings and family savings, and served as the legal representative and administrator of the Traumatic Hospital of Jilin from 1988 to 1995. Thereafter, she made investments in several hospitals, including Dalian New Century Hospital (大連新世紀醫院) and Wuxi New District Hospital (無錫新區醫院). Between 2005 to 2006, Ms. Xu disposed of some of her hospital investments, including the aforementioned two hospitals, and has not been a director, senior management or consultant of any of such hospitals since then. Ms. Xu contributed the initial registered capital of Beijing Phoenix in the amount of RMB45.0 million in November 2007, using her own financial resources. For more information about Ms. Xu Jie, see “Directors and Senior Management — Directors — Executive Directors”.

In December 2007, in order to fund the expansion of our business, Beijing Wantong subscribed for shares in Beijing Phoenix at a price of RMB1.0 per share, increasing Beijing Phoenix’s registered capital from RMB45.0 million to RMB72.0 million. The increased registered capital was contributed in full on December 4, 2007 and Beijing SAIC issued the updated business license to Beijing Phoenix reflecting the increased registered capital on the same date. In January 2008, in order to fund the further expansion of our business, a total of 78 individuals subscribed for shares in Beijing Phoenix at a price of RMB1.5 per share, increasing Beijing Phoenix’s registered capital from RMB72.0 million to RMB99.6 million. On January 7, 2008, Beijing SAIC issued the updated business license to Beijing Phoenix reflecting the capital increase and full contribution of the increased registered capital, and completed the registration of the new shareholding structure of Beijing Phoenix. Immediately after such capital increases, 59.04% of the equity interest of Beijing Phoenix were held by Beijing Wantong, 13.25% by Beijing Weike and 27.71% by a total of 78 individual shareholders, most of whom were employees of Beijing Phoenix and Yan Hua Hospital at that time, including our CEO, Mr. Liang Hongze and CFO, Mr. Jiang Tianfan. In January 2010, certain individual shareholders transferred their shares in Beijing Phoenix to Beijing Wantong in various transactions based on arm’s length negotiations. All of these share transfers were registered with Beijing SAIC and the considerations were paid in full by the relevant parties in due course. As a result, as of January 15, 2010, Beijing Wantong held 78.26%, Beijing Weike held 3.87% and 15 individual shareholders held 17.87% of the equity interest of Beijing Phoenix.

In January 2010, Beijing Wantong transferred a total of 23 million shares of Beijing Phoenix to four Independent Third Parties at a price of RMB3 per share, consisting of 1.2 million shares to Shenzhen Tiantu for a consideration of RMB3.6 million, 12.7 million shares to Tiantu Xingrui for a consideration of RMB38.1 million, 4.8 million shares to Wuhan

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Hengjiantong for a consideration of RMB14.4 million and 4.3 million shares to Beijing Dayao for a consideration of RMB12.9 million. Shenzhen Tiantu and Tiantu Xingrui are two private equity funds managed by Tiantu Partners. Tiantu Partners is a private equity fund manager and an Independent Third Party of our Group. Wuhan Hengjiantong is a limited liability company incorporated in the PRC and is an Independent Third Party. Beijing Dayao is a limited liability company incorporated in the PRC by an individual shareholder and is an Independent Third Party. The considerations of the share transfers were determined by the relevant parties based on arm's length negotiations and were paid in full by Shenzhen Tiantu, Tiantu Xingrui, Wuhan Hengjiantong and Beijing Dayao as of February 26, 2010. On January 22, 2010, Beijing SAIC completed the registration of these share transfers and the new shareholding structure of Beijing Phoenix. Immediately after the completion of these share transfers, Beijing Wantong held 55.17%, Beijing Weike held 3.87%, four Independent Third Party investors held 23.09% and 15 individual shareholders held 17.87% of the equity interest of Beijing Phoenix.

In May 2010, in order to fund our expansion and repay certain debts, the registered capital of Beijing Phoenix was increased from RMB99.6 million to RMB130.6 million through the issuance of a total of 31.0 million new shares at a price of RMB4.0 per share to Shenzhen Tiantu, Tiantu Xingrui, Wuhan Hengjiantong, Tianjin Tiantu and Shenzhen Tiantu Investment. Tianjin Tiantu and Shenzhen Tiantu Investment are also private equity funds managed by Tiantu Partners. The issue price was determined by the relevant parties based on arm's length negotiations and was paid in full by Shenzhen Tiantu, Tiantu Xingrui, Wuhan Hengjiantong, Tianjin Tiantu and Shenzhen Tiantu Investment as of May 6, 2010. On May 12, 2010, Beijing SAIC issued the updated business license to Beijing Phoenix reflecting the capital increase and the full contribution of the increased registered capital, and completed the registration of the new shareholding structure of Beijing Phoenix. Immediately after the completion of the capital increase, Beijing Wantong held 42.08%, Beijing Weike held 2.95%, Tiantu Funds (consisting of Shenzhen Tiantu, Tiantu Xingrui, Tianjin Tiantu and Shenzhen Tiantu Investment) held 27.94%, Wuhan Hengjiantong held 10.11%, Beijing Dayao held 3.29% and 15 individual shareholders held 13.63% of the equity interest of Beijing Phoenix.

In May 2011, to fund our further expansion and increase our working capital, Beijing Phoenix issued a total of 10 million new shares to Beijing Zhongjin and Beijing Rongzhi, two Independent Third Parties, for a total consideration of RMB60.0 million, or RMB6.0 per share, and increased its registered capital from RMB130.6 million to RMB140.6 million. The issuance price was determined by the relevant parties based on arm's length negotiations and was paid in full by Beijing Zhongjin and Beijing Rongzhi as of May 12, 2011. On the same date, Beijing SAIC issued the updated business license to Beijing Phoenix reflecting the capital increase and the full contribution of the increased registered capital, and completed the registration of the new shareholding structure of Beijing Phoenix. Immediately after the capital increase, Beijing Zhongjin held 4.98%, Beijing Rongzhi held 2.49%, Beijing Wantong held 39.66%, Beijing Weike held 1.99%, Tiantu Funds (consisting of Shenzhen Tiantu, Tiantu Xingrui, Tianjin Tiantu and Shenzhen Tiantu Investment) held 25.95%, Beijing Tianjian held 9.39%, Beijing Dayao held 3.06% and 16 individual shareholders held 12.48% of the equity interest of Beijing Phoenix.

In December 2011, to obtain funding for a potential hospital IOT agreement in Beijing, Beijing Phoenix issued a total of 25.0 million new shares to four Independent Third Parties for a total consideration of RMB200.0 million, or RMB8.0 per share, thereby increasing Beijing Phoenix's registered capital from RMB140.6 million to RMB165.6 million. The issuance price was determined based on arm's length negotiations and was paid in full by the four Independent Third Parties as of December 7, 2011. This capital increase was duly registered

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with Beijing SAIC on December 8, 2011. In March 2012, Beijing Phoenix decided not to pursue this particular hospital IOT arrangement, and repurchased all the 25.0 million shares held by these four Independent Third Parties at the original issuance price. Beijing Phoenix paid the consideration for the share repurchase in full on March 5, 2012. According to the updated business license issued by Beijing SAIC to Beijing Phoenix on March 22, 2012, Beijing Phoenix's registered capital was decreased to RMB140.6 million.

Between May 2011 to March 2013, the shareholders of Beijing Phoenix conducted a series of equity transfers among themselves in respect of their respective equity interest in Beijing Phoenix. In particular, between January to March 2013, Beijing Zhongjin, Beijing Rongzhi and two individual shareholders of Beijing Phoenix (collectively, the "Exiting Shareholders") desired to exit from Beijing Phoenix. Beijing Nuopu, an Independent Third Party, desired to acquire the shares of Beijing Phoenix from the Exiting Shareholders, but did not have sufficient funding resources for the acquisition. In order to consolidate shareholding and facilitate the Reorganization, in January and March 2013, Beijing Phoenix's board of directors and shareholders passed resolutions to advance loans in an aggregate amount of RMB92.0 million to Beijing Wantong, which in turn on-lent the loans to Beijing Nuopu for its proposed acquisition. On March 8, 2013, Beijing SAIC issued updated business license to Beijing Phoenix and completed the registration of the new shareholding structure of Beijing Phoenix. Immediately after the share transfers, Beijing Nuopu held 8.75%, Beijing Wantong held 40.58%, Tiantu Funds held 25.95%, Beijing Tianjian held 9.39%, Beijing Dayao held 3.06% and 16 individual shareholders in aggregate held 12.27% of the equity interest of Beijing Phoenix. On September 3, 2013, Beijing Wantong repaid the loans in the full amount of RMB92.0 million to Beijing Phoenix.

On April 1, 2013, the Tiantu Funds transferred their respective equity interest in Beijing Phoenix to Ms. Liu Xing (劉星), the spouse of Mr. Zhu Zhiwei, for a consideration of RMB129.6 million, or RMB3.55 per share. The consideration for the equity transfers was paid in full by Ms. Liu Xing on June 21, 2013. On April 1, 2013, Beijing SAIC completed the registration of the new shareholding structure of Beijing Phoenix. Immediately after these transfers, Beijing Wantong held 40.58%, Beijing Dayao held 3.06%, Beijing Tianjian held 9.39%, Beijing Nuopu held 8.75%, Ms. Liu Xing held 25.95% and 16 other individual shareholders (certain individual shareholders who held equity interest in Beijing Phoenix as of May 2011 subsequently transferred their respective equity interest to other individuals in the period between May 2011 and March 2013) held 12.27% of the equity interest of Beijing Phoenix. On March 8, 2013, Beijing Phoenix was converted from a joint-stock company into a limited liability company. For more details on Beijing Phoenix's corporate conversion and our Reorganizations, see "— The Reorganization".

Beijing Phoenix engages in the management and operation of IOT hospitals and clinics, and holds the equity interest of all five of our PRC operating subsidiaries, which are Jian Gong Hospital, Beijing Wanrong, Beijing Jiayi, Beijing Easylife and Easylife Technology and Trade. For more details of business activities of our PRC operating subsidiaries, see "Business — Our Business Model".

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The following table sets forth the key milestones of Beijing Phoenix's corporate development:

	Key Milestones and Achievements
December 2007	Beijing Phoenix acquired 66.00% of the equity interest in Jian Gong Hospital, which was the first reformed public hospital in Beijing
December 2007	Beijing Phoenix acquired Beijing Jiayi to operate our supply chain business in respect of medical devices and medical consumables
February 2008	Beijing Phoenix obtained the rights to manage and operate Yan Hua Hospital Group under an IOT agreement. Under our management, Yan Hua Hospital became the first reformed Grade III public hospital in Beijing
April 2008	Beijing Phoenix acquired Beijing Wanrong to operate our supply chain business in respect of pharmaceuticals
April 2008	Beijing Phoenix acquired Beijing Easylife to provide premium healthcare services at Jian Gong Hospital
July 2010	Beijing Phoenix began to manage and operate Mentougou Hospital under an IOT agreement. Mentougou Hospital is the first government-owned hospital in Beijing that is invested in and operated by a private hospital operator
April 2011	Beijing Phoenix established Easylife Technology and Trade
May 2011	Beijing Phoenix began to manage and operate Jing Mei Hospital under an IOT agreement
June 2012	Beijing Phoenix began to manage and operate Mentougou Traditional Chinese Medicine Hospital under an IOT agreement

Acquisition of Jian Gong Hospital

Reform of Jian Gong Hospital

Beijing Construction Engineering Group established Jian Gong Hospital as a not-for-profit public hospital in 1953 to provide healthcare services for its employees. Following negotiations between Beijing Construction Engineering Group and Ms. Xu Jie in 2000, Beijing Construction Engineering Group reformed Jian Gong Hospital from a public institution (事業單位) into a limited liability company. In connection with the reform of Jian Gong Hospital, Dalian New Century Hospital, an entity then wholly owned by Ms. Xu Jie, entered into separate cooperation agreements with Liaoning Machinery on June 5, 2000 and September 7, 2000, respectively. Pursuant to the cooperation agreements, Dalian New Century Hospital agreed to fund Liaoning Machinery's acquisition of 66.00% of the equity interest of Jian Gong Hospital but Dalian New Century Hospital would become the beneficial owner of such equity interest; and Liaoning Machinery agreed to transfer its equity interest in Jian Gong Hospital to Dalian New Century Hospital at the request of Dalian New Century

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Hospital. Pursuant to the hospital reform agreement between Beijing Construction Engineering Group and Liaoning Machinery dated September 9, 2000, Liaoning Machinery contributed a total of RMB52.8 million in cash to Jian Gong Hospital in exchange for 66.00% of the equity interest in Jian Gong Hospital. The remaining 34.00% of the equity interest of Jian Gong Hospital continued to be held by Beijing Construction Engineering Group. The reform of Jian Gong Hospital was duly approved by the Beijing Municipal Health Bureau and confirmed by the Beijing Municipal Finance Bureau.

Pursuant to the cooperation agreements, Beijing Construction Engineering Group, Liaoning Machinery and Dalian New Century Hospital entered into an equity transfer agreement dated May 28, 2002. According to the equity transfer agreement, Liaoning Machinery transferred 66.00% of the equity interest it held in Jian Gong Hospital to Dalian New Century Hospital and assigned to Dalian New Century Hospital all relevant rights and obligations under the hospital reform agreement dated September 9, 2000. The equity interest were assigned at no consideration because Liaoning Machinery's cash contribution to Jian Gong Hospital in 2000 was funded by Dalian New Century Hospital. On May 12, 2003, Jian Gong Hospital obtained a business license as a limited liability company and was successfully converted into a for-profit limited liability company. After Jian Gong Hospital became a for-profit limited liability hospital, Ms. Xu Jie (through Dalian New Century Hospital) and Beijing Construction Engineering Group held 66.00% and 34.00%, respectively, of the equity interest of Jian Gong Hospital, which had a registered capital of RMB80.0 million.

As advised by our PRC legal adviser, the cooperation agreements and the equity transfer agreement between Liaoning Machinery and Dalian New Century Hospital are valid, legally binding and enforceable, and are not in violation of any PRC laws, rules or regulations; and the incorporation of Jian Gong Hospital as a limited liability company in 2003 is legal and valid in accordance with PRC law.

Acquisition of Jian Gong Hospital by Our Group

In July 2004, Dalian New Century Hospital transferred 66.00% of the equity interest of Jian Gong Hospital to Beijing Juxin Wantong. Dalian New Century Hospital was wholly owned by Ms. Xu Jie and Beijing Juxin Wantong was wholly controlled by Ms. Xu Jie and Ms. Xu Xiaojie, our Controlling Shareholders, at that time. On July 9, 2004, pursuant to an equity transfer agreement dated June 18, 2007 and an equity trust agreement dated June 29, 2007, Beijing Juxin Wantong, as settlor and beneficiary, and CITIC Trust, as trustee, entered into a trust arrangement with respect to 56.00% of the equity interest of Jian Gong Hospital then held by Beijing Juxin Wantong, under which CITIC Trust would hold the 56.00% of the equity interest of Jian Gong Hospital on trust of Beijing Juxin Wantong. To effect the trust arrangement, on July 13, 2007, Beijing Juxin Wantong transferred 56.00% of the equity interest in Jian Gong Hospital to CITIC Trust for no consideration. Following such equity transfer and trust arrangement, CITIC Trust, Beijing Juxin Wantong and Beijing Construction Engineering Group owned 56.00%, 10.00% and 34.00% of the equity interest of Jian Gong Hospital, respectively.

In December 2007, as instructed by Beijing Juxin Wantong, CITIC Trust transferred 56.00% of the equity interest of Jian Gong Hospital to Beijing Phoenix, thus terminating the trust arrangement between Beijing Juxin Wantong and CITIC Trust. Beijing Phoenix further acquired the remaining 10.00% of the equity interest of Jian Gong Hospital from Beijing Juxin Wantong. The consideration for the total 66.00% of the equity interest was RMB25.9

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million, which was based on the then net assets of Jian Gong Hospital and was paid in full by Beijing Phoenix to Beijing Juxin Wantong on December 25, 2007. Beijing Phoenix paid the consideration out of its registered capital that was funded by Ms. Xu Jie. On December 12, 2007, Beijing SAIC completed the registration of the new shareholding structure of Jian Gong Hospital. As a result, Beijing Phoenix and Beijing Construction Engineering Group held 66.00% and 34.00%, respectively, of the equity interest of Jian Gong Hospital.

In January 2009, Beijing Phoenix contributed a total of RMB20.0 million in cash into the registered capital of Jian Gong Hospital and, as a result, Jian Gong Hospital's registered capital was increased from RMB80.0 million to RMB100.0 million. On January 5, 2009, Beijing SAIC issued the updated business license to Jian Gong Hospital reflecting the capital increase and the full payment of the increased registered capital. In May 2011, Jian Gong Hospital's registered capital was further increased from RMB100.0 million to RMB420.6 million, of which RMB150.0 million was contributed by Beijing Phoenix in cash on May 18, 2011, and RMB170.6 million was contributed by Beijing Construction Engineering Group in the form of land use rights of the premise of Jian Gong Hospital. The land use rights contributed by Beijing Construction Engineering Group was evaluated by an independent professional property valuer on November 29, 2010. On May 18, 2011, Beijing SAIC issued the updated business license to Jian Gong Hospital reflecting the capital increase and the full payment of the increased registered capital, and completed the registration of the new shareholding structure of Jian Gong Hospital. As a result, Beijing Phoenix and Beijing Construction Engineering Group held 52.98% and 47.02%, respectively, of the equity interest of Jian Gong Hospital.

Pursuant to an equity transfer agreement dated June 27, 2012 (as amended), Beijing Phoenix acquired 27.02% equity interest in Jian Gong Hospital from Beijing Construction Engineering Group for a total consideration of RMB128.9 million. This acquisition was conducted in accordance with relevant PRC regulations relating to the sales of state-owned assets, including the assets valuation, auction process and the relevant approvals from the State-owned Assets Supervision and Administration Commission of Beijing. The consideration of the equity transfer was paid in full by Beijing Phoenix as of November 6, 2012. On July 10, 2012, Beijing SAIC completed the registration of the equity transfer and the new shareholding structure of Jian Gong Hospital. Immediately after such equity transfer, Beijing Phoenix and Beijing Construction Engineering Group held 80.00% and 20.00%, respectively, of the equity interest of Jian Gong Hospital.

As of the Latest Practicable Date, Beijing Phoenix held 80.00% and Beijing Construction Engineering Group held 20.00% of the equity interest of Jian Gong Hospital. For more details of these arrangements, see "— The Reorganization — Transfer and Repurchase of 10% of the Equity Interest of Jian Gong Hospital by Beijing Phoenix". For the reason stated in "Connected Transactions", Jian Gong Hospital is not our connected person.

Acquisition of Beijing Jiayi

Beijing Jiayi was established under PRC law by two senior officers of Beijing Wantong in December 2004. The initial registered capital of Beijing Jiayi was RMB4.0 million. On August 5, 2005, Beijing Wantong and our CEO, Mr. Liang Hongze, acquired 51.00% and 29.00%, respectively, of the equity interest of Beijing Jiayi for a consideration of RMB2.0 million and RMB1.2 million, respectively. Between August 2005 to September 2007, the shareholders of Beijing Jiayi conducted a series of equity transfers in respect of the equity interest of Beijing Jiayi. On December 20, 2007, Beijing Phoenix acquired 100.00% of the

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equity interest of Beijing Jiayi from Phoenix United Hospital Management (Beijing) Co., Ltd. (鳳凰聯盟醫院管理(北京)有限公司) and an independent individual, who were the shareholders of Beijing Jiayi at that time. The consideration for the equity transfer was RMB4.0 million, which was based on the then paid-in registered capital of Beijing Jiayi and was paid in full by Beijing Phoenix on December 25, 2007. On December 20, 2007, Beijing SAIC Xicheng Branch issued the updated business license to Beijing Jiayi and completed the registration of this equity transfer. Beijing Jiayi is primarily involved in our supply chain business in relation to medical devices and medical consumables.

Acquisition of Beijing Wanrong

Beijing Wanrong was incorporated as a limited liability company under PRC law in March 2000 by Beijing Defurui General Merchandise Supermarket Co., Ltd. (北京得福瑞百貨超市有限責任公司), Beijing Yirui Medicine Co., Ltd. (北京頤瑞藥行有限公司), and Beijing Pharmaceutical Group Co., Ltd. (北京醫藥集團有限責任公司), all of which are Independent Third Parties, with an initial registered capital of RMB3.0 million. Between March 2000 to June 2006, the shareholders of Beijing Wanrong conducted a series of equity transfers in respect of the equity interest of Beijing Wanrong. On April 9, 2008, Beijing Phoenix acquired 100.00% of the equity interest in Beijing Wanrong from three independent individuals, who were the shareholders of Beijing Wanrong at that time. The consideration for the equity transfer was RMB3.0 million, which was based on the then paid-in registered capital of Beijing Wanrong and was paid in full by Beijing Phoenix as of April 30, 2008. On April 9, 2008, Beijing SAIC Xicheng Branch issued the updated business license to Beijing Wanrong and completed the registration of this equity transfer. Beijing Wanrong is primarily involved in our supply chain business in relation to pharmaceuticals.

Acquisition of Beijing Easylife

Beijing Easylife was established by Beijing Wantong as a limited liability company under PRC law on January 18, 2008 with the initial registered capital of RMB1.0 million. On April 18, 2008, Beijing Phoenix acquired 100.00% of the equity interest of Beijing Easylife from Beijing Wantong for a consideration of RMB1.0 million, which was based on the then paid-in registered capital of Beijing Easylife. The consideration was paid in full by Beijing Phoenix on December 25, 2007. On April 18, 2008, Beijing SAIC Xicheng Branch issued the updated business license to Beijing Easylife and completed the registration of this equity transfer. Beijing Easylife provides premium healthcare services to high-end patients at Jian Gong Hospital.

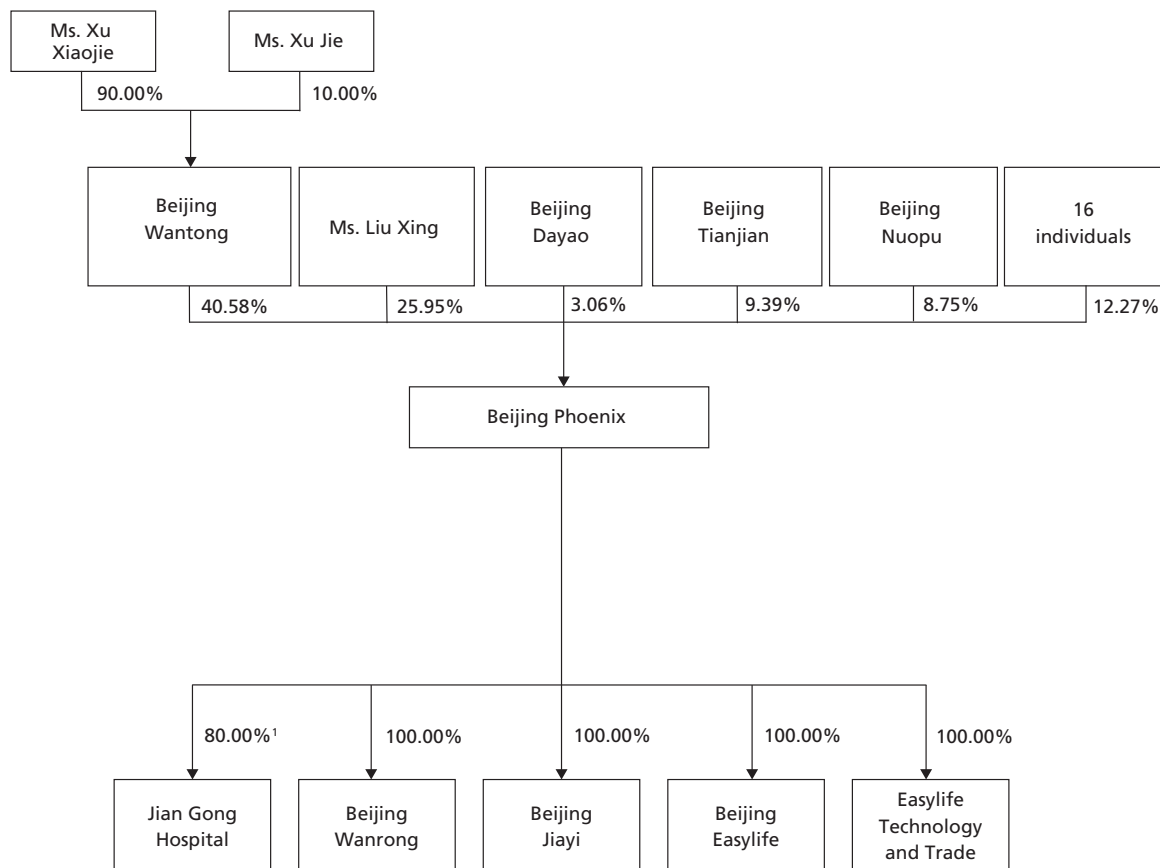
Establishment of Easylife Technology and Trade

Easylife Technology and Trade was incorporated by Beijing Phoenix on April 28, 2011 with a registered capital of RMB0.5 million. Beijing Phoenix made the capital contribution to Easylife Technology and Trade in full on April 21, 2011. We plan to operate ancillary hospital operations through Easylife Technology and Trade.

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THE REORGANIZATION

The following diagram shows our shareholding structure prior to the commencement of our Reorganization:



¹ The remaining 20.00% of the equity interest of Jian Gong Hospital was held by Beijing Construction Engineering Group, an Independent Third Party.

We undertook the restructuring described below in contemplation of the Listing.

Transfer and Repurchase of 10% of the Equity Interest of Jian Gong Hospital by Beijing Phoenix

In early 2013, we commenced our Reorganization, the first step of which involved the transfer of 30.02% of the equity interest in Beijing Phoenix to Star Target, a Hong Kong incorporated company that is indirectly wholly owned by Green Talent. Such transfer would result in the conversion of Beijing Phoenix from a PRC domestic company into a Sino-foreign joint venture company (中外合資企業). For more details regarding the transfer of 30.02% of the equity interest of Beijing Phoenix to Star Target, see “— First Round Acquisition of Beijing Phoenix”.

The conversion of Beijing Phoenix from a PRC domestic company into a Sino-foreign joint venture company requires the prior approval of Beijing MOFCOM. Based on our consultation with our PRC legal adviser at the time, our PRC legal adviser was of the view that, because Beijing Phoenix owned 80.00% of the equity interest in Jian Gong Hospital (a

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PRC incorporated company), Beijing MOFCOM might be of the view that the transfer of 30.02% of Beijing Phoenix to Star Target would result in Jian Gong Hospital becoming a Sino-Foreign Equity Joint Venture Medical Institutions (中外合資醫療機構) and hence might possibly be subject to the Interim Measures for the Administration of Sino-Foreign Equity or Cooperative Joint Venture Medical Institutions (中外合資、合作醫療機構管理暫行辦法) (the "Interim Measures").

The Interim Measures provide that the proportion of equity interest held by foreign parties in a Sino-foreign equity or cooperative joint venture medical institution shall be no more than 70%. Accordingly, prior to January 30, 2012, the original Industry Catalog for Guiding Foreign Investment (the "Industry Catalog") categorized medical institutions as a restricted industry for foreign investment. Following the relaxation of policy restrictions on the healthcare services industry in China, the restriction on foreign investment in medical institutions was removed in the revised Industry Catalogue issued by MOFCOM on January 30, 2012. Notwithstanding the foregoing, because Beijing MOFCOM had not yet issued any administrative policy recognizing this change in foreign investment policies, our PRC legal adviser was of the view that there might be inconsistency between PRC legal requirements and local administrative procedures on this issue. Therefore, our PRC legal adviser was of the view that, Beijing MOFCOM might not approve the transfer of 30.02% of Beijing Phoenix to Star Target if Beijing Phoenix held 80% of Jian Gong Hospital because as a result of such transfer, 80% of Jian Gong Hospital would be owned by a Sino-foreign joint venture company, which might be deemed by Beijing MOFCOM as contravening the 70% foreign ownership limit set forth in the Interim Measures.

To be prudent, upon our PRC legal adviser's advice, before the transfer of 30.02% of Beijing Phoenix to Star Target, we decided to transfer 10.00% of the equity interest of Jian Gong Hospital from Beijing Phoenix to Beijing Wantong on April 19, 2013 solely for the purpose of facilitating the obtaining of approval from Beijing MOFCOM for the transfer of equity interest in Beijing Phoenix to Star Target. Pursuant to the terms of the equity transfer agreement, Beijing Phoenix expressly reserved the following shareholder rights corresponding to such 10.00% equity interest:

- all rights to vote under all circumstances, including with respect to all reserved matters and winding up and liquidation arrangements of Jian Gong Hospital;
- all rights to receive dividends and other form of distribution, except in respect of the distribution of residual assets on a pro-rata basis upon the winding up or liquidation of Jian Gong Hospital;
- all rights that may be exercised by shareholders at general meetings;
- right to appoint directors to the board of Jian Gong Hospital; and
- right to subscribe to any increase of capital of Jian Gong Hospital.

In addition, Beijing Phoenix was entitled under the equity transfer agreement to request Beijing Wantong, and Beijing Wantong was obliged, to transfer title to such 10.00% equity interest of Jian Gong Hospital back to Beijing Phoenix at the original purchase price once such transfer became permissible under the applicable PRC laws, rules and regulations. To exercise this right, Beijing Phoenix was required to give a written notice to Beijing Wantong regarding such transfer, and Beijing Wantong was required to do all things

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necessary to facilitate and give effect to the transfer, including registering any change in shareholding of Jian Gong Hospital with Beijing SAIC. As advised by our PRC legal adviser, all of the terms in the equity transfer agreement, including all shareholder rights reserved by Beijing Phoenix, are legally binding, valid and enforceable and are in compliance with all applicable PRC laws, rules and regulations.

In April 2013, we submitted the application materials for the transfer of 30.02% equity interest in Beijing Phoenix to Star Target to Beijing MOFCOM for approval. The materials reflected the updated equity ownership of Jian Gong Hospital (70.00% owned by Beijing Phoenix, 20.00% owned by Beijing Construction Engineering Group and 10.00% owned by Beijing Wantong). Nevertheless, we understand from Beijing MOFCOM that they had decided to consult with the Beijing Municipal Health Bureau (北京市衛生局) to seek further clarification on the interpretation of the Interim Measures.

Pursuant to a response issued by the Beijing Municipal Health Bureau to Beijing MOFCOM dated May 13, 2013 (the "Reply"), Beijing Municipal Health Bureau explained that the conversion of Beijing Phoenix from a PRC domestic company into a Sino-foreign joint venture company would convert Jian Gong Hospital into a Company Re-invested by a Foreign-invested Company in the PRC (外商投資企業境內再投資企業) ("CRFIC"). Beijing Municipal Health Bureau further stated in the Reply that a CRFIC is not a foreign-invested company and consequently the conversion of Beijing Phoenix from a PRC domestic company into a Sino-foreign joint venture company did not amount to a conversion of Jian Gong Hospital into a Sino-Foreign Equity Joint Venture Medical Institution and does not require the approval of Beijing Municipal Health Bureau.

Based on the Reply, on May 22, 2013, Beijing MOFCOM approved the transfer of 30.02% equity interest in Beijing Phoenix to Star Target and Beijing Phoenix became a Sino-foreign investment company. Beijing MOFCOM also subsequently approved the transfer of 69.98% equity interest in Beijing Phoenix to Phoenix International on June 17, 2013. After such transfers, Beijing Phoenix became a wholly-owned foreign enterprise.

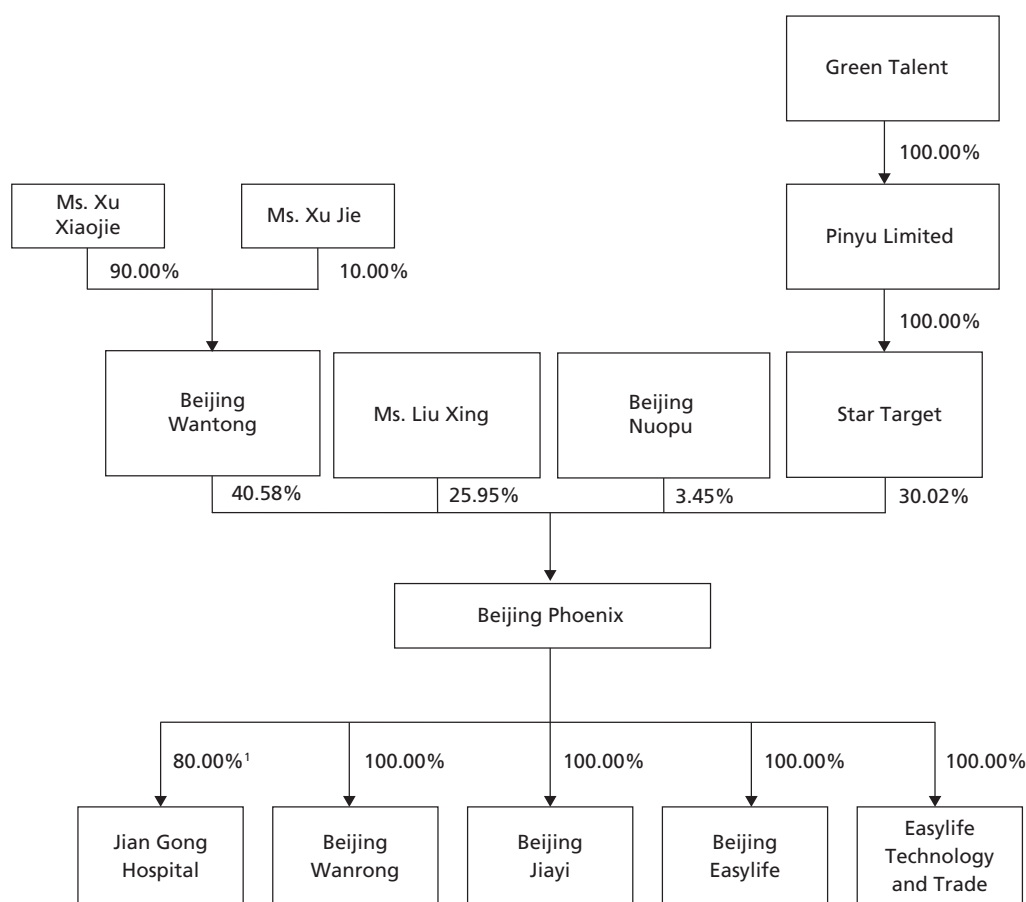
As stated in the Reply and advised by our PRC legal adviser, because the transfer of equity interest in Beijing Phoenix and the indirect transfer of equity interest in Jian Gong Hospital was not within the scope of the Interim Measures, we decided to repurchase the 10.00% equity interest in Jian Gong Hospital from Beijing Wantong to streamline the shareholding structure of Jian Gong Hospital. In August 2013, pursuant to the terms of the equity transfer agreement between Beijing Phoenix and Beijing Wantong dated April 18, 2013 and an equity transfer agreement between the parties dated August 20, 2013, Beijing Wantong transferred the 10.00% of the equity interest of Jian Gong Hospital back to Beijing Phoenix at the original purchase price at Beijing Phoenix's request. Beijing Phoenix made no cash payment to Beijing Wantong for this equity transfer because Beijing Wantong had not yet paid the original purchase price for such 10.00% equity interest. On August 27, 2013, this equity transfer was duly registered with Beijing SAIC.

As we continued to beneficially hold 80.00% of the equity interest of Jian Gong Hospital, we consolidated the operating results of Jian Gong Hospital with only 20.00% non-controlling interest attributable to Beijing Construction Engineering Group. For more details regarding accounting treatment of consolidation of the operating results of Jian Gong Hospital, see Note (ii) to "Accountants' Report — Equity interest attributable to the Group" in Appendix I to this prospectus.

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First Round Acquisition of Beijing Phoenix

In May 2013, Star Target, a wholly-owned subsidiary of Green Talent, an Independent Third Party, acquired a total of 30.02% of the equity interest of Beijing Phoenix from certain shareholders, including 9.39% equity interest from Beijing Tianjian, 3.06% equity interest from Beijing Dayao, 5.30% equity interest from Beijing Nuopu and 12.27% equity interest from 16 individual shareholders. Green Talent is a limited liability company incorporated in the British Virgin Islands and controlled by Greenwoods Bloom Fund, L.P. The total consideration paid for such equity interest was RMB150.0 million, which was based on the net asset value of Beijing Phoenix as of December 31, 2012 and was paid in full by Star Target as of July 24, 2013. The investment made by Star Target was approved by Beijing MOFCOM. Beijing Phoenix obtained the new business license from Beijing SAIC and became a Sino-foreign joint venture company on May 28, 2013. The following diagram shows our Group structure immediately after the first round of acquisition of Beijing Phoenix:



¹ Beijing Phoenix once transferred 10.00% of the equity interest of Jian Gong Hospital to Beijing Wantong on April 19, 2013, and repurchased such equity interest from Beijing Wantong on August 27, 2013. For more details, see “— Transfer and Repurchase of 10% of the Equity Interest of Jian Gong Hospital by Beijing Phoenix”. The remaining 20.00% of the equity interest of Jian Gong Hospital was held by Beijing Construction Engineering Group, an Independent Third Party.

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Incorporation of Offshore Holding Entities and Our Company

On February 28, 2013, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. On March 19, 2013, all of the Shares of the Company were transferred to Speed Key Limited by the then sole shareholder of the Company. On May 3, 2013, our Company allotted and issued Shares to Speed Key Limited, Hyde International Investment Limited and Exalt Great Limited. On June 13, 2013, our Company subsequently allotted and issued 36,480,000 Shares to Senmart Investments Limited and, upon completion of the transaction, our Company was 54.94%, 12.35%, 28.90% and 3.81% owned by Speed Key Limited, Hyde International Limited, Senmart Investments Limited and Exalt Great Limited, respectively. On the same date, our Company further allotted and issued 8,300,000 Shares to Silvapower Investments, and 1,480,000 Shares to Vertex Fund. For more details on equity investments made by Silvapower Investments and Vertex Fund, see “— The Reorganization — Equity Investments by Silvapower Investments, Vertex Fund and Green Talent”.

Speed Key Limited is a limited liability company incorporated in the British Virgin Islands and is controlled by Ms. Xu Xiaojie, the largest Shareholder of our Company and a Controlling Shareholder.

Hyde International Investment Limited is a limited liability company incorporated in the British Virgin Islands and is owned by a total of 19 individuals, 11 of whom are the former shareholders of Beijing Phoenix and are on our management team, including our current CEO, Mr. Liang Hongze and CFO, Mr. Jiang Tianfan.

Senmart Investments is a limited liability company incorporated in the British Virgin Islands and owned by Mr. Zhu Zhiwei, the spouse of Ms. Liu Xing.

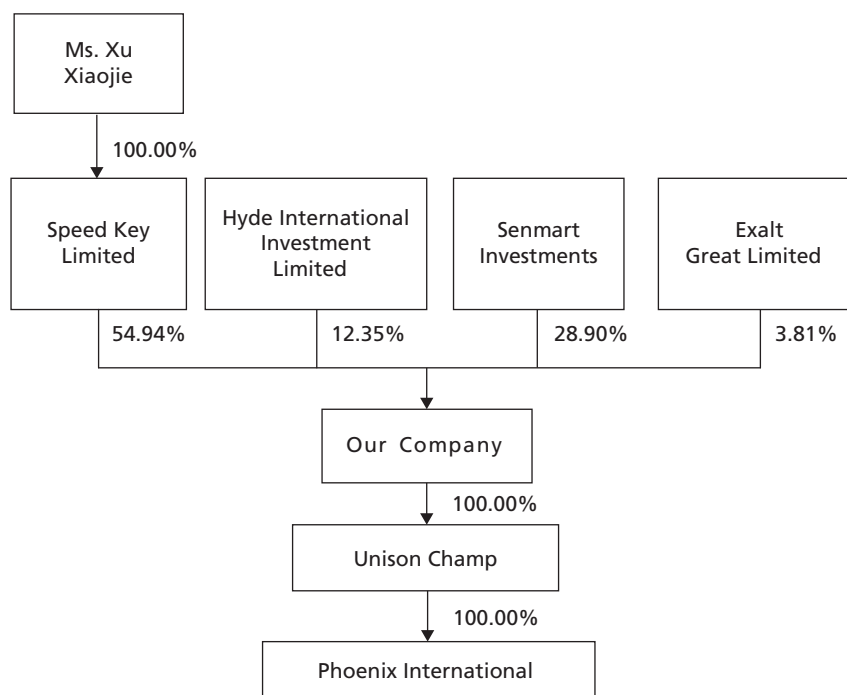
Exalt Great Limited is a limited liability company incorporated in the British Virgin Islands and owned by the shareholder of Beijing Dayao and another independent individual shareholder.

On January 7, 2013, Unison Champ was incorporated as a limited liability company in the British Virgin Islands. On March 22, 2013, Unison Champ became the sole shareholder of Phoenix International, which was incorporated as a limited liability company in Hong Kong on August 28, 2012.

As advised by our PRC legal adviser, all of our ultimate shareholders who are subject to the registration requirements under Circular 75 completed their initial Circular 75 registrations with Beijing SAFE on May 15, 2013 and their changes of registration under Circular 75 with Beijing SAFE with respect to the Reorganization on August 28, 2013.

HISTORY AND REORGANIZATION

The following chart sets forth the offshore structure of the Group immediately after the allotment of Shares to the initial Shareholders of our Company.



Exchangeable Notes Issued to Silvapower Investments, Vertex Fund and Green Talent

In order to finance certain steps of the Reorganization, on June 13, 2013, Speed Key Limited and the Company entered into three exchangeable note subscription agreements with Silvapower Investments, Vertex Fund and Green Talent, respectively, subsequent to which Speed Key Limited issued three exchangeable notes in the aggregate principal amount of US\$13,735,530, US\$2,452,774 and US\$24,282,454 to Silvapower Investments, Vertex Fund and Green Talent, respectively. The consideration payable for the subscriptions and the terms of the exchangeable notes were determined by the parties based on arm's length negotiations with regard to factors including the historical financial performance of the Group. As at the Latest Practicable Date, the proceeds from the issuance of the exchangeable notes have been fully on-lent to our Company. For more details, see "— Second Round Acquisition of Beijing Phoenix". The following table summarizes key information regarding the exchangeable notes.

Noteholder	Date of subscription agreement	Consideration paid	Payment date	Exchange price per Share as of date of subscription agreement	Adjusted Exchange Price per Share ¹	Discount to Offer Price ²
Silvapower Investments	June 13, 2013	US\$13,735,530	July 3, 2013	RMB30.66	RMB7.67	N/A
Vertex Fund	June 13, 2013	US\$2,452,774	July 2, 2013	RMB30.66	RMB7.67	N/A
Green Talent.	June 13, 2013	US\$24,282,454	July 2, 2013	RMB30.66	RMB7.67	N/A

¹ Exchange price per Share is adjusted as a result of the sub-division in our share capital on September 30, 2013. For more details, see "Statutory and General Information — A. Further Information about Our Group — 2. Changes in Share Capital" in Appendix V to this prospectus. Rounded to two decimal places.

² All of the rights of the Noteholders to exchange shares with their exchangeable notes expired on July 31, 2013.

HISTORY AND REORGANIZATION

The terms of the exchangeable notes of each Noteholder are identical. All exchange rights expired on July 31, 2013. The key terms of the exchangeable notes, pursuant to the respective subscription agreements and the note instruments, are as follows:

- | | |
|-------------------------|---|
| Issue price: | – 100% of the principal amount of the Exchangeable Notes |
| Issue dates: | – July 2, 2013 (for Green Talent and Vertex Fund) and July 3, 2013 (for Silvapower Investments) |
| Exchange: | – The principal amount of each exchangeable note and all of the accrued interest thereon are exchangeable for Shares in the Company owned by Speed Key Limited at a price equal to the U.S. dollar equivalent of RMB30.66 per Share on or prior to July 31, 2013. All such exchange rights expired on July 31, 2013 because none of the Noteholders had exercised their rights to exchange Shares with their exchangeable notes |
| Maturity date: | – the earlier of (i) the date of the first anniversary of the issue date; or (ii) the Listing Date |
| Interest rate: | – 12.00% per annum on the principal amount of the exchangeable notes outstanding accruing from (and including) the issue date on a daily basis and shall be calculated on the basis of the actual number of days elapsed in a year of 365 days |
| Payment of interest: | – Interest payment is accrued and shall be paid upon redemption of the exchangeable notes |
| Redemption at maturity: | – All the remaining outstanding notes shall be redeemed by Speed Key Limited on the maturity date at an aggregate redemption price that is equal to the sum of (i) 100.00% of the principal amount of the notes then outstanding; and (ii) all interest accrued thereon and unpaid as at the maturity date |

HISTORY AND REORGANIZATION

- Redemption at the option of Speed Key Limited:
- Speed Key Limited may at its discretion at any time before the maturity date, by giving a written notice to the Noteholder, redeem all the notes then outstanding at an aggregate redemption price equal to the sum of (i) 100.00% of the principal amount of the notes then outstanding; and (ii) all interest accrued thereon and unpaid as at the date of redemption
- No voting rights:
- The Noteholders had no voting or other rights in relation to the Shares of the Company prior to the exchange date
- Guarantee:
- A guarantee was granted by Ms. Xu Xiaojie and the Company jointly and severally in favor of each of the Noteholders to guarantee the repayment obligations of Speed Key Limited. This guarantee will lapse upon the Listing
- Share charges:
- On June 13, 2013, Speed Key Limited and the Company entered into separate share charge agreements with each of the Noteholders, pursuant to which Speed Key Limited charged 22,020,000 Shares, 12,447,273 Shares and 2,222,727 Shares of the Company in favor of Green Talent, Silvpower Investments and Vertex Fund, respectively, under a share charge, to secure Speed Key Limited's obligations under the exchangeable note subscription agreements and the Shareholders Agreement
 - The share charges will be terminated and released upon or prior to the Listing
 - For more details on the Shareholders Agreement, see “— The Reorganization — Equity Investments by Silvpower Investments, Vertex Fund and Green Talent”

HISTORY AND REORGANIZATION

- Use of proceeds:
- The proceeds raised from the exchangeable notes issued by Speed Key Limited were on-lent to our Company by way of shareholder loan at an interest rate of 12.00% per annum, and the proceeds were irrevocably received by our Company on July 3, 2013. The interest payable on the shareholder loan from Speed Key Limited to our Company accrues from July 3, 2013. All of the proceeds of the exchangeable notes were used by our Company to acquire Beijing Phoenix as part of our Reorganization. The Company is expected to repay the entire shareholder loan and the accrued interest using a portion of net proceeds from the Global Offering. For more details on repayment of the outstanding shareholder loan, see "Future Plans and Use of Proceeds". Pursuant to the terms of the exchangeable notes, the Company has undertaken to remit the outstanding principal and accrued interest to each of the Noteholders upon the Listing
- Default at Maturity:
- If Speed Key Limited fails to repay the outstanding principal amount of the notes and all interest accrued thereon upon maturity, the Noteholders may either foreclose the share charges or require Speed Key Limited to transfer such Shares to the Noteholders calculated by reference to a fixed formula. The formula is not linked to any of our IPO milestones. Since it is expected that the entire outstanding principal amount of the exchangeable notes and all interest accrued thereon will be repaid by the proceeds from the Global Offering, it is expected that default will not occur

HISTORY AND REORGANIZATION

Equity Investments by Silvpower Investments, Vertex Fund and Green Talent

Investment by Silvpower Investments

Pursuant to the Shareholders Agreement, the Company issued 8,300,000 Shares to Silvpower Investments for a consideration of RMB84,848,485. The consideration for the share subscription was determined based on arm's length negotiations with regard to our Group's financial condition and results of operations. The subscription was completed on July 3, 2013. The proceeds from the share subscription have been fully used by the Company for the acquisition of Beijing Phoenix as part of our Reorganization. For more details, see "— Second Round Acquisition of Beijing Phoenix".

Investment by Vertex Fund

Pursuant to the Shareholders Agreement, the Company issued 1,480,000 Shares to Vertex Fund for a consideration of RMB15,151,515. The consideration for the subscription was determined based on arm's length negotiations with regard to our Group's financial condition and results of operations. The subscription was completed on July 2, 2013. The proceeds from the share subscription have been fully used by the Company for the acquisition of Beijing Phoenix as part of our Reorganization. For more details, see "— Second Round Acquisition of Beijing Phoenix".

Investment by Green Talent

For more details on equity investment by Green Talent in our Company, see "— The Reorganization — First Round Acquisition of Beijing Phoenix" and "— The Reorganization — Acquisition of Pinyu Limited by Unison Champ".

The following table summarizes key information regarding the investments made by Silvpower Investments, Vertex Fund and Green Talent.

Investor	Date of Shareholders Agreement	Consideration paid	Payment date	Price per Share as of date of Shareholders Agreement ¹	Adjusted Price per Share ²	Discount to Offer Price ³	Discount to Offer Price ⁴	Discount to Offer Price ⁵
Silvpower Investments.	June 13, 2013	RMB84,848,485	July 3, 2013	RMB10.2	RMB2.56	45.01%	51.23%	56.19%
Vertex Fund	June 13, 2013	RMB15,151,515	July 2, 2013	RMB10.2	RMB2.56	45.01%	51.23%	56.19%
Green Talent	June 13, 2013	RMB150,000,000	July 2, 2013	RMB10.2	RMB2.56	45.01%	51.23%	56.19%

¹ Rounded to one decimal place.

² Price per Share is adjusted as a result of the sub-division in our share capital on September 30, 2013. For more details, see "Statutory and General Information — A. Further Information about Our Group — 2. Changes in Share Capital" in Appendix V to this prospectus. Rounded to two decimal places.

³ For illustration purpose only. Assuming the Offer Price is HK\$5.88 (equivalent to RMB4.66), which is the low end of the indicative Offer Price range.

⁴ For illustration purpose only. Assuming the Offer Price is HK\$6.63 (equivalent to RMB5.25), which is the mid-point of the indicative Offer Price range.

⁵ For illustration purpose only. Assuming the Offer Price is HK\$7.38 (equivalent to RMB5.84), which is the high end of the indicative Offer Price range.

HISTORY AND REORGANIZATION

Pursuant to the Shareholders Agreement (as amended) and the share redemption agreements (as amended) entered into among Shareholders of the Company dated June 13, 2013, the key terms of the investments made by Silvapower Investments, Vertex Fund and Green Talent are as follows. All such terms terminate automatically upon the Listing:

- Rights of Shareholders:
- (a) Board right — Green Talent is entitled to appoint one Director; Silvapower Investments and Vertex Fund do not have any board nomination rights;
 - (b) Pre-emption right and anti-dilution right — the Company shall not issue any securities that has any dilutive effect to the shareholding of Green Talent, Silvapower Investments and Vertex Fund unless the Company offers the same securities to the Shareholders on a pro rata basis, together with the right to oversubscribe on a pro-rata basis if other Shareholders elect not to purchase such securities; for the avoidance of doubt, this right shall not apply to the Global Offering;
 - (c) Tag along right — each Shareholder has a tag along right;
 - (d) Right of first refusal — if any Shareholder proposes to transfer any of its Shares, then such shareholder shall first offer its Shares to other Shareholders; and
 - (e) Information right — Green Talent, Silvapower Investments and Vertex Fund shall have the right to inspect the books and accounting records of the Company

Matters requiring unanimous consent of our Directors:

Prior to the IPO, the following matters require the unanimous consent of the Board of Directors of the Company, including the Director appointed by Green Talent (except for any such matters that arise in direct connection with the implementation of the Reorganization):

- (a) amending the memorandum and articles of association of any company of the Group;
- (b) changing the organizational form of any company of the Group;
- (c) any material change to the primary business of any company of the Group;

HISTORY AND REORGANIZATION

- (d) termination, dissolution or liquidation, or extension of the term of any company of the Group;
- (e) passing the relevant resolution or taking any action to cause the termination, liquidation, winding up, dissolution, cessation or bankruptcy liquidation of any company of the Group, or reaching a settlement or other arrangement with the creditors;
- (f) increasing or decreasing the registered share capital or authorized share capital of any company of the Group;
- (g) seeking for mergers and acquisitions, corporate restructuring, sale or any other transaction, so that all or substantially all of the assets or business of any company of the Group would be sold or transferred to a third party;
- (h) transfer of the shares of any company of the Group by one or more Shareholders;
- (i) granting of security over the shares of any company of the Group by one or more Shareholders;
- (j) merger or partition of any company of the Group;
- (k) sale, transfer, mortgage or other kinds of dispositions (except in the ordinary course of business of any company of the Group) of (i) all or part of the tangible assets of any company of the Group, which amounts to, whether individually or in the aggregate and on a consolidated basis for any 12 month period, 10% or more of the audited net asset value of such company of the Group of the previous financial year or (ii) any subsidiary or branch of any company of the Group;
- (l) amending, changing or adding any provisions regarding Shareholder's rights, preferences, privileges or powers under the Shareholders Agreement;

HISTORY AND REORGANIZATION

- (m) setting up of non-wholly owned subsidiaries, affiliated companies, joint ventures or partnerships by a company of the Group, or franchising a third party to operate any company of the Group other than in the ordinary course of business of the company of the Group;
- (n) increasing or decreasing the size of the Board or any board committee of any company of the Group;
- (o) declaring or making any payment by any company of the Group of a dividend or other distribution, or any other form of income or assets allocation;
- (p) approving and executing any share option scheme or amending any terms therein;
- (q) entry by any company of the Group into any binding contract or arrangement, if such contract or arrangement has not been included in the latest annual budget of any company of the Group approved by the board of the relevant company of the Group involving a payment obligation exceeding US\$1,000,000 or its equivalent by such company of the Group;
- (r) entry by any company of the Group into any transaction with a related party, a director, the senior management or the Affiliates of the Shareholders, including but not limited to, Ms. Xu Xiaojie and her designated family members;
- (s) advancing any loans or credit or financial assistance by any company of the Group to third parties involving a sum (individually or in the aggregate and on a consolidated basis for any 12 month period) exceeding 5% of the audited net asset value of the company of the Group of the previous financial year, except in the ordinary course of business to provide customers with a standard trade credit;

HISTORY AND REORGANIZATION

- (t) granting mortgage or other kinds of encumbrances over part or all of shares of any company of the Group, properties or assets (individually or in the aggregate and on a consolidated basis for any 12 month period) exceeding 5% of the audited net asset value of any company of the Group of the previous financial year, except in accordance with pre-approved operating and financial planning and the budgeting of the current financial year;
- (u) appointing or removing the auditors of any company of the Group, altering its accounting year end or any material accounting principles, approving the annual financial statements or the audited financial statements;
- (v) approving or amending (if such amendment involves a sum exceeding 5% of the audited net asset value of any company of the Group of the previous financial year) the annual budget by any company of the Group (including revenue forecasts);
- (w) authorizing or issuing, or creating an obligation on the part of any company of the Group to issue, any securities;
- (x) entering into, amending or terminating any IOT agreements;
- (y) agreeing in any action taken regarding items (a) to (x) above.

All of the above does not apply after the Listing.

Profit guarantee:

- If the consolidated audited annual net profit of the Company does not meet a certain threshold for the year ended December 31, 2013 and for the year ended December 31, 2014, Speed Key Limited and/or Ms. Xu Xiaojie shall compensate each of Green Talent, Silvapower Investments and Vertex Fund in cash or in Shares based on pre-determined formulae. The profit guarantee is only settled by Speed Key Limited and/or Xuxiaojie. The formulae are not linked to the marketprice or capitalization of the Shares, nor any of the milestones with respect to the Listing and such right shall not survive the Listing

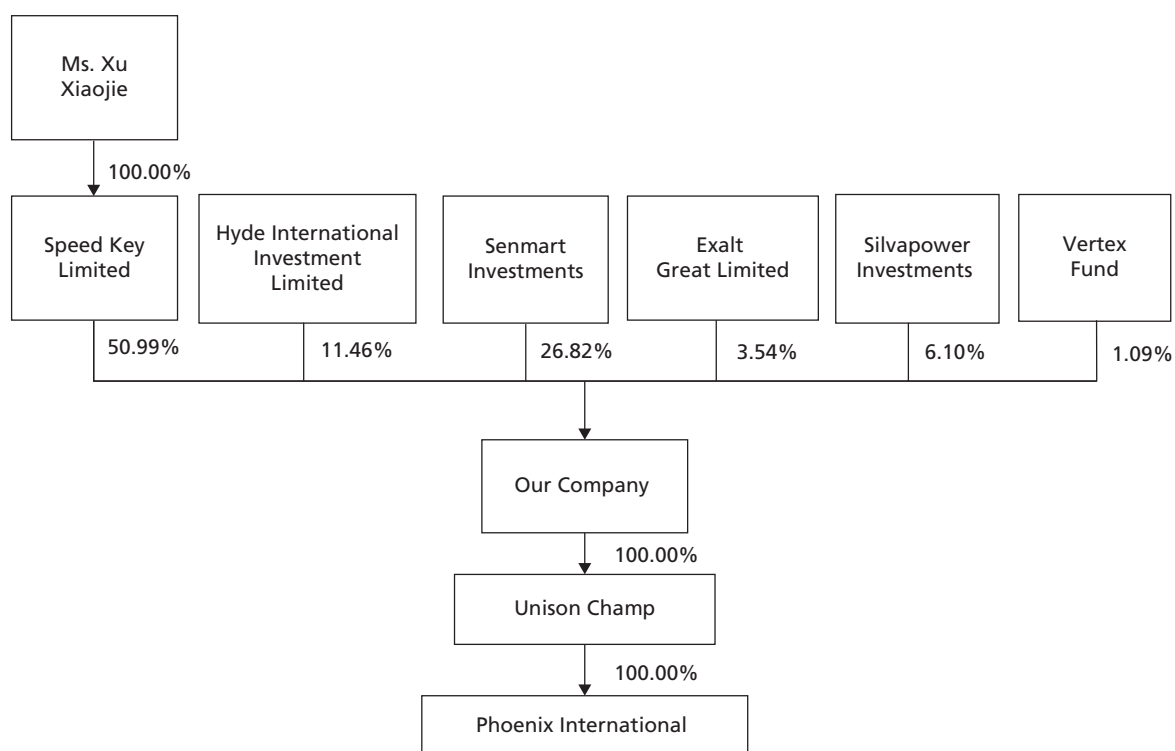
HISTORY AND REORGANIZATION

- Share redemption:
- The redemption right could only be exercised if the Global Offering has not taken place on or before December 31, 2014. In that circumstance, each of Green Talent, Silvapower Investments and Vertex Fund may request the Company, Ms. Xu Xiaojie and Speed Key Limited to redeem all of the Shares which are then held by them. The redemption price (the "Redemption Price") shall be the higher of (i) 15% of the respective amounts paid by each of Green Talent, Silvapower Investments and Vertex Fund for the Shares (i.e., the US\$ equivalent of RMB150.0 million for Green Talent, the US\$ equivalent of RMB84,848,485 for Silvapower Investments and the US\$ equivalent of RMB15,151,515 for Vertex Fund), compounded annually, plus after-tax dividends declared but not yet distributed, divided by the number of Shares then held by each of Green Talent, Silvapower Investments and Vertex Fund (as adjusted by share splits); and (ii) the net asset value of the Group on the redemption date divided by the aggregate number of issued Shares. The share redemption right is not exercisable under any other circumstances and such right shall not survive the Listing
- Transferability:
- Except with the prior written consent of Ms. Xu Xiaojie, none of the Shareholders shall sell, transfer or assign all or any part of or any direct or indirect interest in any Shares held by each of them

All of the above rights of the Shareholders will be automatically terminated upon the Listing.

HISTORY AND REORGANIZATION

The following diagram shows our Group structure immediately after the completion of the investment by Silvapower Investments and Vertex Fund:



Background of Green Talent, Silvapower Investments and Vertex Fund

Green Talent

Green Talent is a business company with limited liability incorporated in the British Virgin Islands and is controlled by Greenwoods Bloom Fund, L.P., an Independent Third Party.

Silvapower Investments

Silvapower Investments is a limited liability company incorporated in the British Virgin Islands and its principal activities are equity investments. Silvapower Investments is beneficially owned by four Independent Third Parties and is controlled by Mr. Zhu Zhiwei.

Vertex Fund

Vertex Fund is incorporated in Singapore and its principal activities are equity investments in companies with disruptive, emerging and high growth opportunities, primarily in Asia. Vertex Fund is associated with Temasek Holdings (Private) Limited, an investment company based in Singapore and an Independent Third Party.

HISTORY AND REORGANIZATION

Additional Information Regarding the Pre-IPO Exchangeable Notes and Pre-IPO Equity Investments

The pre-IPO equity investors have agreed with the Underwriters to subject their respective Shares to a lock-up period of one year from the date of Listing. Upon completion of the Global Offering, the Shares held by Green Talent and Vertex Fund will be considered part of the public float for the purposes of Rule 8.08 of the Listing Rules because Green Talent and Vertex Fund are not entitled to exercise, or control the exercise of, 10.00% or more of their voting power at any general meeting of the Company.

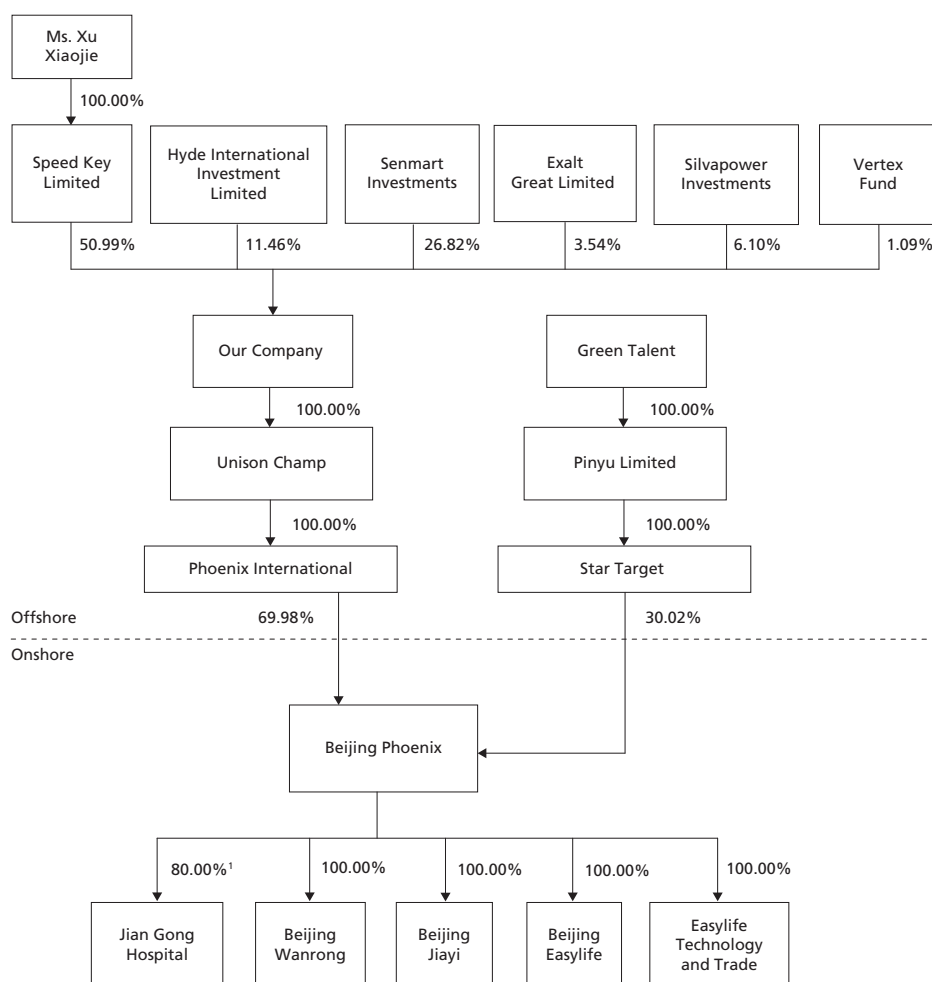
The investments made by the investors of the pre-IPO exchangeable notes and the pre-IPO equity investments are made with the primary goal to fund the acquisition of Beijing Phoenix by the Company as part of our Reorganization and enhance the Group's shareholder profile and growth prospects by bringing in international private equity investors.

The proceeds from the pre-IPO exchangeable notes and the pre-IPO equity investments have been irrevocably received by the Group more than 28 clear days before the submission of the listing application of the Company. In addition, we have been advised by our Hong Kong legal adviser that the amendments to the Shareholders Agreement and Share Redemption Agreement do not constitute new agreements. As a result, the Joint Sponsors are of the view that the Company is in compliance with the Interim Guidance on pre-IPO Investments published by the Listing Committee of the Stock Exchange on October 13, 2010, the Guidance on Pre-IPO Investments published by the Stock Exchange on October 25, 2012 and updated in July 2013 and the Guidance on Pre-IPO Investments in Convertible Instruments published by the Stock Exchange on October 25, 2012.

HISTORY AND REORGANIZATION

Second Round Acquisition of Beijing Phoenix

On June 25, 2013, Phoenix International acquired a total of 69.98% of the equity interest of Beijing Phoenix from its shareholders (except for Star Target), including 40.58% equity interest from Beijing Wantong, 25.95% equity interest from Ms. Liu Xing and 3.45% equity interest from Beijing Nuopu. The consideration of RMB350.0 million was based on an independent valuation of Beijing Phoenix conducted by a professional valuer on April 23, 2013. The acquisition was funded with proceeds from investments in our Company made by Green Talent, Silvapower Investments and Vertex Fund. The consideration was paid in full by Phoenix International as of July 17, 2013. This acquisition made by Phoenix International was approved by Beijing MOFCOM on June 24, 2013. Beijing Phoenix obtained the updated business license from Beijing SAIC and became a wholly foreign-owned company on June 25, 2013. After the completion of this acquisition, Phoenix International and Star Target held 69.98% and 30.02%, respectively, of the equity interest of Beijing Phoenix. The following diagram shows our Group structure immediately after the acquisition:



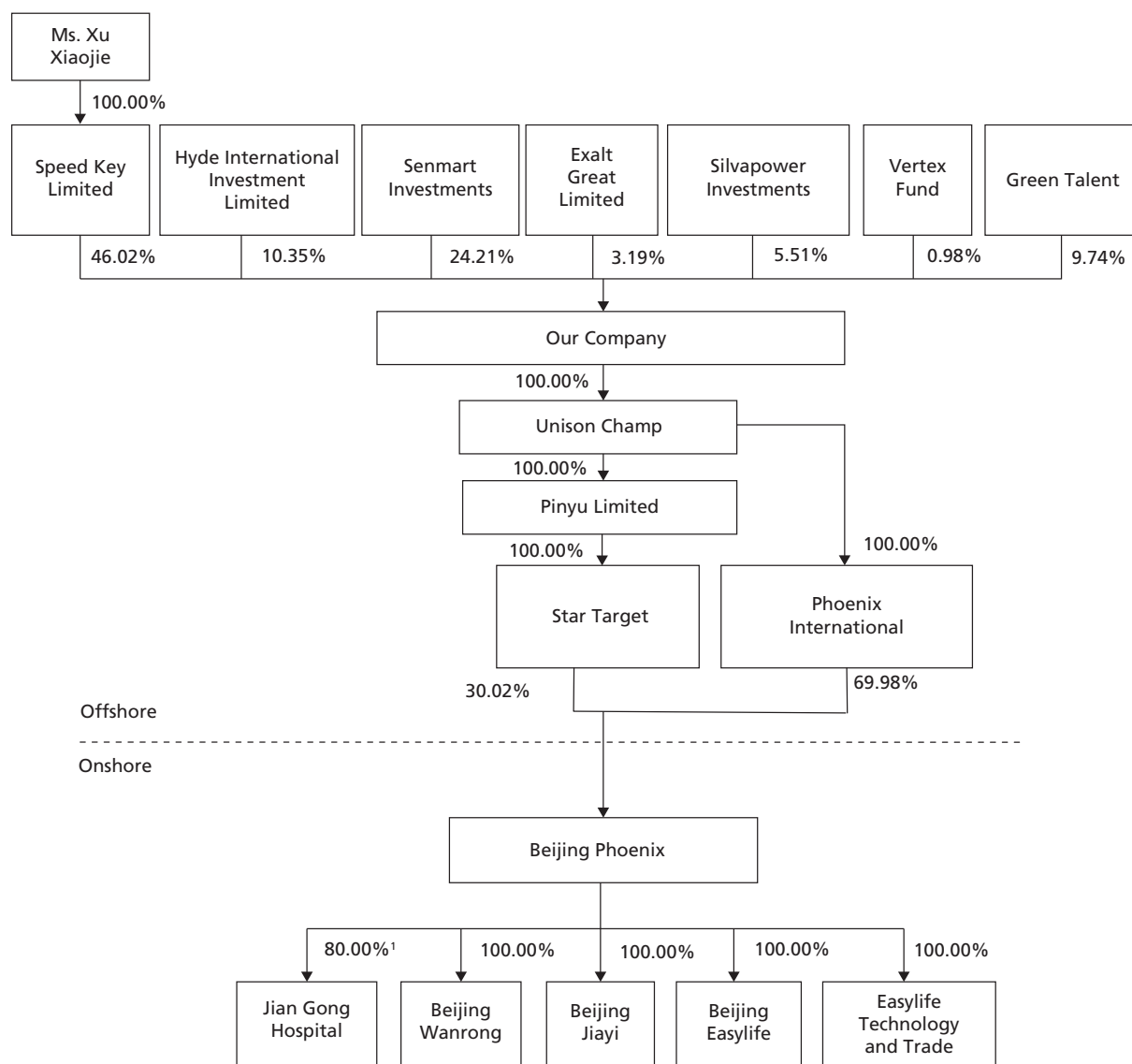
¹ Beijing Phoenix once transferred 10.00% of the equity interest of Jian Gong Hospital to Beijing Wantong on April 19, 2013, and repurchased such equity interest from Beijing Wantong on August 27, 2013. For more details, see “— Transfer and Repurchase of 10% of the Equity Interest of Jian Gong Hospital by Beijing Phoenix”. The remaining 20.00% of the equity interest of Jian Gong Hospital was held by Beijing Construction Engineering Group, an Independent Third Party.

HISTORY AND REORGANIZATION

Acquisition of Pinyu Limited by Unison Champ

On July 2, 2013, Unison Champ acquired 100.00% of the equity interest of Pinyu Limited from Green Talent, and in exchange, our Company issued 14,680,000 Shares to Green Talent. The consideration of issuance of these Shares to Green Talent was determined based on arm's length negotiations having regard to the appraised value of the equity interest of Beijing Phoenix held by Pinyu Limited, which was equal to RMB150.0 million.

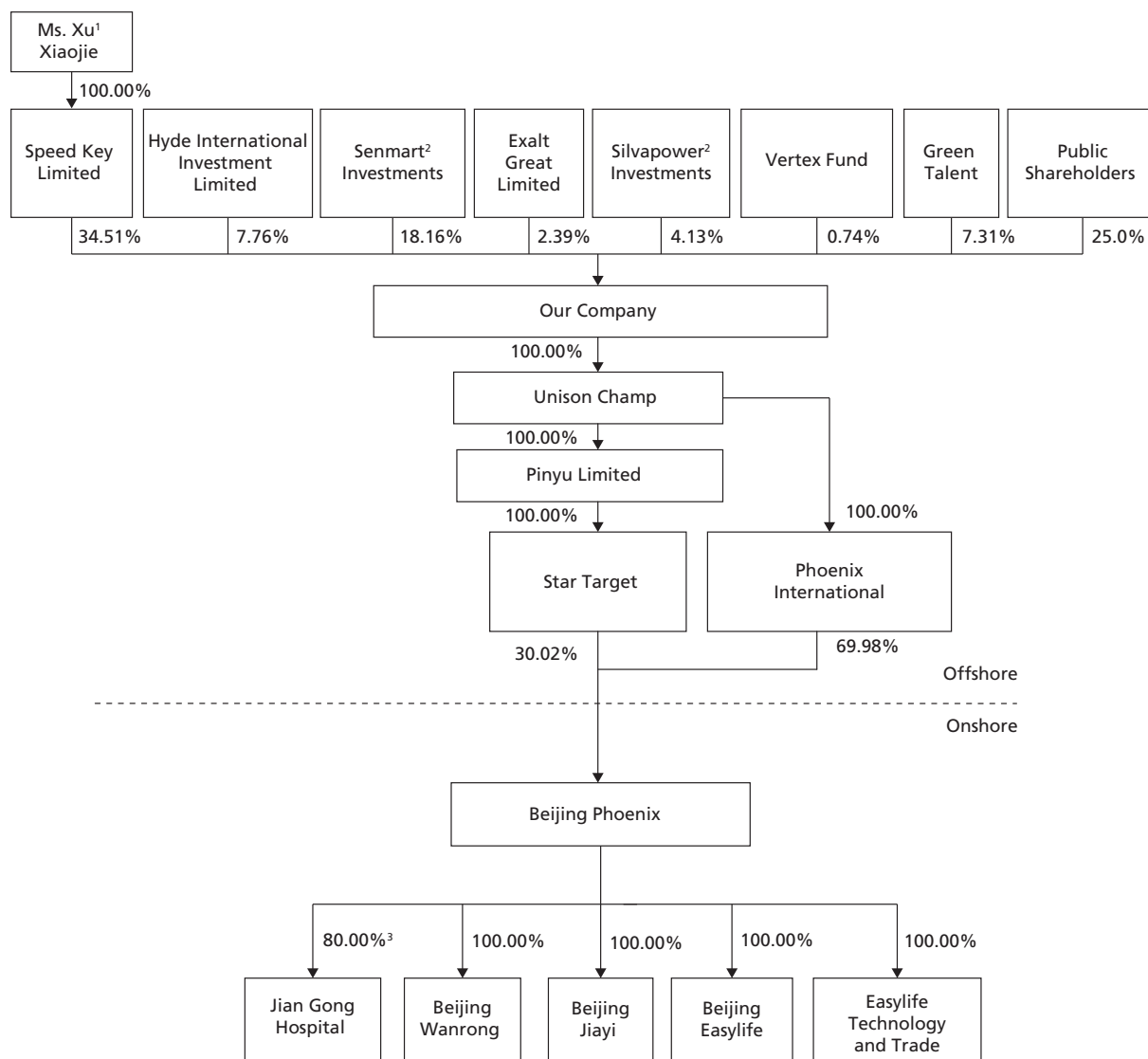
The following diagram shows our Group structure immediately after the completion of acquisition of Pinyu Limited by Unison Champ, and immediately prior to the completion of the Global Offering:



¹ Beijing Phoenix once transferred 10.00% of the equity interest of Jian Gong Hospital to Beijing Wantong on April 19, 2013, and repurchased such equity interest from Beijing Wantong on August 27, 2013. For more details, see “— Transfer and Repurchase of 10% of the Equity Interest of Jian Gong Hospital by Beijing Phoenix”. The remaining 20.00% of the equity interest of Jian Gong Hospital was held by Beijing Construction Engineering Group, an Independent Third Party.

HISTORY AND REORGANIZATION

The following chart sets forth our shareholding and corporate structure immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised).



1 Ms. Xu Xiaojie is the daughter of Ms. Xu Jie, our founder.

2 Senmart Investments is wholly owned by Mr. Zhu Zhiwei. Silvapower Investments is beneficially owned by four Independent Third Parties and is controlled by Mr. Zhu Zhiwei. Mr. Zhu Zhiwei was an Independent Third Party of the Group while working at Tiantu Funds and he became acquainted with the Group when Tiantu Funds made investments in Beijing Phoenix in 2010. When Tiantu Funds desired to exit from Beijing Phoenix in April 2013, Mr. Zhu Zhiwei, through his spouse, Ms. Liu Xing, acquired Tiantu Funds' equity interests in Beijing Phoenix because he was optimistic about the prospects of the Group and the healthcare services industry. During the Reorganization, Mr. Zhu Zhiwei swapped his spouse's equity interests in Beijing Phoenix for Shares in the Company.

3 The remaining 20.00% of the equity interest of Jian Gong Hospital is held by Beijing Construction Engineering Group, an Independent Third Party.

HISTORY AND REORGANIZATION

PRC LEGAL COMPLIANCE

Pursuant to Article 11 of the M&A Provisions promulgated by MOFCOM on June 22, 2009, any PRC domestic company, enterprise or natural person that proposes to acquire any of its related domestic enterprise or company in the name of an offshore company which has been legitimately established or controlled by such PRC domestic company, enterprise or natural person, shall obtain approval of MOFCOM prior to such acquisition. In addition, the parties to the acquisition shall not evade such requirements through domestic investment by a foreign-invested enterprise or any other means. As to our Reorganization for the purpose of the Listing, we acquired the shares of Beijing Phoenix through Star Target and Phoenix International in the proportions of 30.02% and 69.98% on May 28, 2013 and June 25, 2013, respectively, resulting in the conversion of Beijing Phoenix into a foreign-invested company. As advised by our PRC legal adviser, the largest Shareholder and a Controlling Shareholder of our Company, Ms. Xu Xiaojie, is not regarded as a PRC domestic natural person or resident under the M&A Provisions as Ms. Xu Xiaojie became a permanent resident of the United States on June 1, 2007 and cancelled her residential registration in China on March 14, 2013. Moreover, as advised by our PRC legal adviser, our Reorganization is not subject to the M&A Provisions and that it is not necessary for us to obtain approval from either MOFCOM for the Reorganization in accordance with Article 11 of the M&A Provisions or from the China Securities Regulatory Commission for the Listing and trading of our securities in accordance with Article 40 of the M&A Provisions. As advised by our PRC legal adviser, all of our ultimate shareholders who are subject to the registration requirements under Circular 75 completed their initial Circular 75 registrations with Beijing SAFE on May 15, 2013 and their changes of registration under Circular 75 with Beijing SAFE with respect to the Reorganization on August 28, 2013. Our PRC legal adviser also advised us that our Company has obtained all necessary consents and approvals from competent government authorities with respect to the Reorganization, to the extent related to PRC laws, rules and regulations, and is compliant with applicable PRC laws, rules and regulations.

Our Shareholders have entered into a shareholders agreement on June 13, 2013 to agree upon and confirm the major steps of our Reorganization. In addition, we have obtained shareholders' approval for our proposed Listing and Global Offering on September 30, 2013. As advised by our PRC legal adviser, we have obtained shareholders' approval for all onshore steps of our Reorganization in accordance with PRC law and no shareholders' approval is required for the proposed Listing under PRC law. For more details, see "Appendix V. Statutory and general information — A. Further Information About Our Group — 3. Resolutions of our Shareholders".