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If you have sold or transferred all your securities in **Evergrande Health Industry Group Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**EVERGRANDE HEALTH
INDUSTRY GROUP**

EVERGRANDE HEALTH INDUSTRY GROUP LIMITED

恒大健康產業集團有限公司

(a company incorporated in Hong Kong with limited liability)

(Stock code: 708)

**MAJOR TRANSACTION
ACQUISITION OF LAND USE RIGHTS
OF LAND PLOTS IN SANYA, THE PRC**

A letter from the Board is set out on pages 3 to 7 of this circular.

Capitalised terms used on this cover page should have the same meanings as those defined in the section headed “Definitions” in this circular.

There can be no assurance that any forward-looking statements regarding the business development of the Group set out in this circular and any of the matters set out herein are attainable, will actually occur or will be realised or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place any excessive reliance on the information disclosed herein. Any Shareholder or potential investor who is in doubt is advised to seek advice from professional advisors.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“Announcement”	the announcement of the Company dated 27 January 2016 in relation to the Bidding;
“Bidding”	the successful bidding for the state-owned construction land use rights of the Land Plots on 27 January 2016 by the Company through its subsidiary;
“Bid Winner”	三亞恒合融醫院投資管理有限公司 (Sanya Hengherong Hospital Investment Management Limited*), a company incorporated in the PRC and a wholly-owned subsidiary of the Company;
“Board”	the board of directors of the Company;
“China” or “PRC”	the People’s Republic of China which, for the purpose of this circular, does not include Hong Kong, the Macau Special Administrative Region and Taiwan;
“Commercial Services Land”	Land Plot F-4-1 which is located in the Linwangpian District, Haitang Bay, Sanya City, Hainan Province, the PRC;
“Company”	Evergrande Health Industry Group Limited, a company incorporated in Hong Kong with limited liability whose shares are listed and traded on the Stock Exchange;
“Controlling Shareholder”	Evergrande Health Industry Holdings Limited, the controlling shareholder of the Company directly holding 6,479,500,000 shares in the Company, which represented approximately 74.99% of the issued shares of the Company as at the Latest Practicable Date;
“Crowe Horwath (HK)”	Crowe Horwath (HK) Consulting & Valuation Limited;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hospital Land”	Land Plot F-3-2 which is located in the Linwangpian District, Haitang Bay, Sanya City, Hainan Province, the PRC;

DEFINITIONS

“Land Plots”	the Commercial Services Land and the Hospital Land;
“Latest Practicable Date”	21 March 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Property Valuation Report”	a valuation report prepared by Crowe Horwath (HK), qualified valuer, of the Land Plots in accordance with the Listing Rules and included as Appendix III to this circular;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Sanya Land Plots Acquisition”	the acquisition of the land use rights of the Land Plots pursuant to the Sanya Land Plots Acquisition Agreement;
“Sanya Land Plots Acquisition Agreement”	The State-Owned Construction Land Use Rights Bid Contract (《國有建設用地使用權掛牌出讓合同》) in relation to the Sanya Land Plots Acquisition entered into between the Bid Winner and the Vendor on 1 February 2016;
“Sanya Land Plots Bid Confirmation”	The Sanya City State-Owned Construction Land Use Rights Bid Confirmation (《三亞市國有建設用地使用權掛牌出讓成交確認書》) signed by the Bid Winner on 27 January 2016;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	三亞市國土環境資源局 (The National Land, Environment and Resources Bureau of Sanya City*); and
“%”	per cent.

For illustrative purpose only, RMB is converted into HK\$ at an exchange rate of RMB1 = HK\$0.842 in this circular.

** For identification purpose only*



EVERGRANDE HEALTH
INDUSTRY GROUP

EVERGRANDE HEALTH INDUSTRY GROUP LIMITED

恒大健康產業集團有限公司

(a company incorporated in Hong Kong with limited liability)

(Stock code: 708)

Executive Directors:

Ms. Tan Chaohui (*Chairlady*)
Mr. Peng Sheng
Mr. Han Xiaoran

Registered Office:

Suites 1501–1507
One Pacific Place
88 Queensway
Hong Kong

Independent Non-executive Directors:

Mr. Chau Shing Yim, David
Mr. Guo Jianwen
Mr. Xie Wu

24 March 2016

To the Shareholders:

Dear Sir/Madam,

**MAJOR TRANSACTION
ACQUISITION OF LAND USE RIGHTS
OF LAND PLOTS IN SANYA, THE PRC**

INTRODUCTION

Reference is made to the Announcement in relation to the Bidding. The purpose of this circular is to provide you with further details of the Sanya Land Plots Acquisition. As disclosed in the Announcement, the Bid Winner entered into the Sanya Land Plots Bid Confirmation on 27 January 2016. The Bid Winner and the Vendor entered into the Sanya Land Plots Acquisition Agreement on 1 February 2016.

LETTER FROM THE BOARD

THE SANYA LAND PLOTS ACQUISITION AGREEMENT

Date	:	1 February 2016
Vendor	:	The Vendor
Purchaser	:	The Bid Winner
Location of the Land Plots	:	Land Plots F-3-2 and F-4-1, Lingwangpian District, Haitang Bay, Sanya City, Hainan Province, the PRC
Site Area of the Land Plots	:	Total area is 151,906.64 square metres, comprising: (a) Hospital Land: 80,096.18 square meters; and (b) Commercial Services Land: 71,810.46 square metres
Term of land use rights	:	(a) Hospital Land: 50 years; and (b) Commercial Services Land: 40 years
Nature of the land use rights	:	Hospital Land: for medical, hygienic and charitable use; and Commercial Services Land: for use of commercial activities and other services
Consideration	:	RMB491,000,000 (equivalent to approximately HK\$583,135,392)
Expected payment term	:	To be settled within 60 days from the date of the entering into of the Sanya Land Plots Acquisition Agreement in cash in one lump-sum

Consideration and payment terms

The total consideration of the Sanya Land Plots Acquisition is RMB491,000,000 (which is equivalent to HK\$583,135,392) and is expected to be settled by the Group with internal resources and an interest-free loan from a wholly-owned subsidiary of Evergrande Real Estate Group Limited, the holding company of the Controlling Shareholder. As the said loan constitutes “financial assistance” as defined under the Listing Rules and is (i) conducted on normal commercial terms or better; and (ii) not secured by the assets of Group, it is fully exempted from announcement, circular and Shareholders’ approval requirements pursuant to Rule 14A.90 of the Listing Rules.

The consideration of the Sanya Land Plots Acquisition is determined by way of public listing and tendering. Such consideration shall be settled within 60 days from the date of the entering into of the Sanya Land Plots Acquisition Agreement in cash in one lump-sum.

LETTER FROM THE BOARD

The asset value of the Land Plots as of 27 January 2016 was RMB490,000,000 (equivalent to approximately HK\$581,947,743) which was based on the Property Valuation Report, the text of which is set out in Appendix III to this circular.

INFORMATION ABOUT THE GROUP

The principal business activities of the Group are “Internet+” community healthcare management, high-end international hospitals, elderly care industry, medical cosmetology, anti-aging management as well as the sales of travel, dining and lifestyle magazines and contents.

INFORMATION ABOUT THE VENDOR

The Vendor is a governmental department of the Sanya City, the PRC and is under the authority of the Sanya government.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, Sanya government (being the authority which the Vendor is subordinated to) is a government authority, and Sanya government and its ultimate beneficial owner(s) are third parties independent of the Company and the connected persons of the Company and are not connected persons of the Company.

REASONS FOR AND BENEFITS OF THE SANYA LAND PLOTS ACQUISITION

The principal business activities of the Group are “Internet+” community healthcare management, high-end international hospitals, elderly care industry, medical cosmetology, anti-aging management as well as the sales of travel, dining and lifestyle magazines and contents. China is relatively lack of cutting-edge medical technology, equipment and resources and the demand for high-end hospitals has been growing. Due to the unique geographic and weather conditions, outstanding coastal environment, good air quality and convenient international and domestic transportation, the Company considers that Haitang Bay, Sanya is an excellent area for establishing high-quality international hospitals in China, which also conforms to the policy orientation of the PRC central government and the regional government to actively promote the development of the healthcare and medical industry.

The location of the Land Plots, Haitang Bay area, is positioned as an ecosystem of medical research, scientific research and development, international exchange and tourism and vacation. The Company plans to collaborate with world-class institutions, introduce first-class international talents, equipment and technology, and set up high-end international specialized hospitals on the aforesaid acquired Land Plots. At the same time, the Company aims to provide suitable integrated medical services and take advantage of the fine local natural environment to develop high-quality elderly care, healthcare and anti-ageing industries which offer high-end medical services to customers from all over China, Southeast Asia and even around the world. It is planned that the new high-end international hospital will involve collaboration with first-class international and domestic partners to introduce advanced hospital management and sophisticated medical technology and apply them in clinical practice. At the same time, the Company aims to cooperate with both

LETTER FROM THE BOARD

top-notch international and domestic academic institutions to build a sustainable development model based on clinical, teaching and scientific research. In addition, the Company aims to leverage on the supporting policies of the PRC government with the aim of commencing the advancement of domestic and foreign medical exchange and scientific research cooperation, accelerating the application of new medical theories and technologies in disease prevention and treatment and continuously enhancing disease prevention, diagnosis, treatment and rehabilitation. This also marks the commencement of the Group's thought out plan on the high-end international hospital industry. The Group intends to develop this new high-end international hospital into the Group's market leader among its medical institutions in Hainan province and even throughout the country. Its establishment signifies the Group's comprehensive commencement in the PRC's medical network as well as full implementation of the Group's four major business sectors, which are "Internet+" community healthcare management, high-end international hospitals, elderly care industry, medical cosmetology and anti-aging management.

Given the aforesaid reasons and benefits, the Directors believe that the terms of the Bidding and the Sanya Land Plots Acquisition are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

In accordance with the Listing Rules, as the highest applicable percentage ratio in respect of the Sanya Land Plots Acquisition is more than 25% but less than 100%, the Sanya Land Plots Acquisition constitutes a major transaction of the Company and is subject to announcement and Shareholders' approval requirements under the Listing Rules.

In accordance with the Listing Rules, a major transaction is subject to Shareholders' approval. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, as no Shareholder has material interests in the transaction, no Shareholder would be required to abstain from voting if the Company is to convene a general meeting for approving the transaction.

The Company has obtained written Shareholder's approval from the Controlling Shareholder in lieu of convening a general meeting pursuant to Rule 14.44 of the Listing Rules. As a result, no general meeting will be convened to consider the Sanya Land Plots Acquisition. The Controlling Shareholder directly held 6,479,500,000 Shares, representing approximately 74.99% of the issued Shares as at the Latest Practicable Date.

RECOMMENDATION

The Directors consider that the terms and conditions of the Sanya Land Plots Acquisition Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole and would recommend the Shareholders to vote in favour of the resolutions to approve the Sanya Land Plots Acquisition if it had been necessary to hold a general meeting for such purpose.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

There can be no assurance that any forward-looking statements regarding the business development of the Group set out in this circular and any of the matters set out herein are attainable, will actually occur or will be realised or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place any excessive reliance on the information disclosed herein. Any Shareholder or potential investor who is in doubt is advised to seek advice from professional advisors.

Yours faithfully,
By Order of the Board
Evergrande Health Industry Group Limited
Tan Chaohui
Chairlady

1. CONSOLIDATED FINANCIAL STATEMENTS

Audited financial information of the Group for each of 18 months ended 31 December 2015 and the years ended 30 June 2014 and 30 June 2013 disclosed in the results announcement of the Company published on 23 March 2016 and the annual reports of the Company published on 3 October 2014 (on pages 54 to 118) and 9 October 2013 (on pages 54 to 116), respectively, on both the website of the Stock Exchange (www.hkexnews.hk) and the designated website of the Company (<http://www.irasia.com/listco/hk/evergrandehealth/>).

Unaudited interim financial information of the Group for each of the twelve months ended 30 June 2015, the six months ended 31 December 2014 and the six months ended 31 December 2013 was disclosed in the interim reports of the Company published on 29 September 2015 (on pages 21 to 47), 4 March 2015 (on pages 12 to 28) and 7 March 2014 (on pages 9 to 22), respectively, on both the website of the Stock Exchange (www.hkexnews.hk) and the designated website of the Company (<http://www.irasia.com/listco/hk/evergrandehealth/>).

2. INDEBTEDNESS

As at the close of business on 31 January 2016, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had total borrowings of approximately HK\$236,383,000, comprising (i) unguaranteed bank loan of approximately HK\$58,195,000 secured by the Group's cash deposit of approximately HK\$59,382,000; (ii) unguaranteed borrowings of HK\$75,000,000 secured by a share charge for 90.01% of the total issued share capital of a subsidiary of the Group; and (iii) unsecured and unguaranteed financial assistance of approximately HK\$103,188,000 provided by subsidiaries of Evergrande Real Estate Group Limited, the holding company of the Controlling Shareholder.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 January 2016, the Group did not have any material debt securities issued and outstanding, and authorised or otherwise created but issued, or terms or other borrowings or indebtedness in nature of borrowing of the Group including bank overdrafts and, liabilities under acceptance or acceptance credits or hire purchase commitments or outstanding mortgages and charges or, guarantees or other material contingent liabilities.

For the purpose of this indebtedness statement, foreign currency amounts have been translated into HK\$ at the approximately rates of exchange prevailing as at 31 January 2016.

In February 2016, a bank loan of approximately HK\$337,530,000 was drawn by the Group secured by the Group's cash deposit of approximately HK\$344,418,000. Financial assistance of approximately HK\$95,012,000 was advanced from a subsidiary of Evergrande Real Estate Group Limited, the holding company of the Controlling Shareholder.

Save as aforesaid, the Directors were not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 31 January 2016.

3. MATERIAL ADVERSE CHANGE

The Directors confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited accounts of the Company were made up.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of the Group's internal resources, cash flow from operations and the present facilities available, the Group will have sufficient working capital to satisfy its present requirements, that is, for at least the next twelve months from the date of this circular in the absence of unforeseen circumstances.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Outlook for the Group's Health Industry Segment

2016 is the period for accelerated business development. Based on the market development trend, its own position and the demand of its customers, the Group aims to, through its twelve health management centers and medical cosmetology hospitals in operation, develop high quality products, services and marketing plans and programmes, in order to increase revenue, and explore the establishment of sustainable business models, then achieve standardized development and strive to expand the size of the market. The Group also aims to promote international hospitals, elderly case and specialty rehabilitation projects according to the plan. Meanwhile, it aims to further enhance team building and culture construction, improve internal control systems and procedures, and increase management efficiency, so as to support business development.

1. "Internet+" Community Health Management Business

The opened "Internet+" Community Health Care Management Centers are actively launching series of health management activities. Based on primary care, medical check-ups, non-communicable disease management and rehabilitation management, together with characteristics of diseases in different areas, the centers provide screening for cancers such as nasopharyngeal cancer, cardiovascular disease and check-ups for respiratory systems, and promote such services through a centralized platform. As at 31 December 2015, the Group had successfully opened twelve "Internet+" Community Health Care Management Centers.

2. International Hospital

The construction for Boao Evergrande International Medical Center (博鰲恒大國際醫學中心) is intended to be completed as planned within 2016. Interior construction will be commenced. Meanwhile, it aims to welcome the site visits of leaders related to 2016 Boao Evergrande Health Forum. Sanya International Hospital project is intended to be launched and the Shenzhen Hospital project is intended to be coordinated.

3. *Elderly Care*

Eight community elderly care projects are planned to be launched in Guangzhou, Shenzhen, Beijing, Shanghai, Jinan and other central cities in China, providing home elderly care services. The Company will actively explore community internet health management, cooperate with embedded elderly care associations, finance and insurance companies.

4. *Medical Cosmetology and Anti-aging Business*

The Company intends to continue to work on the operational management work of Tianjin Evergrande Wonjin Beauty Hospital (天津恒大原辰美容醫院), focus on plastic surgery, skin therapy and care, cosmetic dentistry and cosmetic traditional Chinese medicines, further improve its operation model, standards and procedures, expand market size and increase profitability. The Company will build two medical cosmetology hospitals with different technical edge in places such as Hainan, Shanghai, Shenzhen and Chongqing in China, forming a chain service network.

Outlook for the Group's Media Segment

Looking at the volatile financial market and ongoing slowdown of economic growth in China, the Group remains apprehensive about the local economy in the coming year 2016. Cautious steps will be taken to mitigate risks and minimise operation costs while new businesses will be explored tactically. The Group intends to continue to reinforce its new positioning as a mega content provider and to strengthen all self-owned platforms of both print and digital media, especially in the categories of lifestyle and entertainment, travel, and sports trends etc. Despite the fierce operating environment, the Group is confident that, with our fundamental strengths, solid experience in both producing creative content and building strategically integrated marketing platforms for its clients, as well as its adaptiveness and inventiveness to react to a fast-changing market, the Group will remain competitive and achieve growth.

6. FINANCIAL EFFECT OF THE SANYA LAND PLOTS ACQUISITION

Immediately upon the completion of the Sanya Land Plots Acquisition and assuming RMB491,000,000 (which is equivalent to HK\$583,135,392) is to be satisfied by internal resources and financial assistance from a wholly-owned subsidiary of Evergrande Real Estate Group Limited, the holding company of the Controlling Shareholder as disclosed above in the section headed "Consideration and payment terms", the total assets and the total liabilities of the Group will increase by RMB491,000,000 (which is equivalent to HK\$583,135,392). The Company considers that there will not be any material effect on the earnings of the Group immediately upon the Sanya Land Plots Acquisition.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests and short positions of in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or the chief executive of the Company, other than a Director or the chief executive of the Company, the following persons had interests or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholder	Nature of interest held	Interest in the Shares	Approximate percentage of shareholding
Evergrande Real Estate Group Limited (<i>Note</i>)	Interest of corporation controlled by the substantial shareholder	6,479,550,000	74.99%

Note: Of the 6,479,550,000 Shares held, 6,479,500,000 Shares were held by Evergrande Health Industry Holdings Limited and 50,000 Shares were held by Acelin Global Limited, both being wholly-owned by Evergrande Real Estate Group Limited.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

5. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) had been entered into by members of the Group within the two years preceding the issue of this circular and are or may be material:

- (a) a sale and purchase agreement dated 23 December 2014 in respect of disposal of a property (the “**Property**”) for a consideration of approximately HK\$414.7 million, details of which were set out in the circular of the Company dated 29 January 2015 and the announcement of the Company dated 27 February 2015;
- (b) a sale and purchase agreement dated 23 December 2014 in respect of disposal of 9.99% issued share capital of a subsidiary of the Company for a consideration of approximately HK\$10.3 million, details of which were set out in the circular of the Company dated 29 January 2015 and the announcement of the Company dated 27 February 2015;
- (c) a tenancy agreement dated 23 January 2015 in respect of the lease of the Property for rental payment of HK\$1.225 million per month, details of which were set out in the circular of Company dated 29 January 2015;
- (d) a grant contract of state-owned construction land use rights (《國有建設用地使用權出讓合同》) dated 28 October 2015 in respect of the acquisition of land use rights of a land plot in Qionghai city, Hainan province, China for a consideration of approximately RMB93.4 million, details of which were set out in the announcement of Company dated 19 October 2015;
- (e) a grant contract of state-owned construction land use rights (《國有建設用地使用權出讓合同》) dated 23 December 2015 in respect of the acquisition of land use rights of a land plot in Danzhou, Hainan Province, China for a consideration of approximately RMB55.1 million, details of which were set out in the announcement of Company dated 22 December 2015; and
- (f) the Sanya Land Plots Acquisition Agreement.

6. EXPERT AND CONSENT

The following is the qualification of the expert, the text of whose report is contained in this circular:

Name	Qualification
Crowe Horwath (HK)	Qualified Property Valuer

Crowe Horwath (HK) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of the text of its letter and/or report and/or the reference to its name in the form and context in which they appear herein.

Crowe Horwath (HK) confirmed that as at the Latest Practicable Date:

- (a) it did not have any shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and
- (b) it was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 30 June 2014, being the date to which the latest published audited accounts of the Company were made up.

7. LITIGATION AND CLAIMS

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigations or claims and no litigations or claims of material importance was pending or threatened against the Company or any member of the Group.

8. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any personal interests in companies engaged in businesses, which compete or may compete with the Group.

9. DIRECTORS' INTERESTS IN CONTRACT OF SIGNIFICANCE

There was no contract of significance in relation to the Company's business to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisting as at the Latest Practicable Date.

10. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 30 June 2014, being the date to which the latest published audited accounts of the Company were made up.

11. GENERAL

- (a) The English text of this circular shall prevail over the Chinese text in case of inconsistency.
- (b) The company secretary of the Company is Fong Kar Chun, Jimmy who is a member of the Law Society of Hong Kong and a qualified solicitor in Hong Kong.
- (c) The registered office and principal place of business of the Company is Suites 1501–1507, One Pacific Place, 88 Queensway, Hong Kong.
- (d) The Company’s share registrar is Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Suites 1501–1507, One Pacific Place, 88 Queensway, Hong Kong during normal business hours on any weekday (public holidays excluded) from the date of this circular up to and including 8 April 2016:

- (a) the articles of association of the Company;
- (b) the results announcement of the Company for the 18 months ended 31 December 2015;
- (c) the annual reports of the Company for the two years ended 30 June 2014 and 30 June 2013;
- (d) the interim reports of the Company for the twelve months ended 30 June 2015, the six months ended 31 December 2014 and the six months ended 31 December 2013;
- (e) the material contracts referred to in the section headed “Material contracts” in this appendix;
- (f) the Property Valuation Report, the text of which is set out in Appendix IV to this circular;
- (g) the written consent referred to in the section headed “Expert and Consent” in this appendix; and
- (h) this circular.



國富浩華(香港)諮詢評估有限公司
**Crowe Horwath (HK) Consulting &
Valuation Limited**
Member Crowe Horwath International

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Our Reference No.: VC/LLO/1234/2016

Report Date: 4 March 2016

EVERGRANDE HEALTH INDUSTRY GROUP LIMITED

Suites 1501–1507, One Pacific Place,
88 Queensway, Hong Kong

4 March 2016

The Board of Directors
Evergrande Health Industry Group Limited
Suites 1501–1507, One Pacific Place,
88 Queensway, Hong Kong

Dear Sirs,

**RE: VALUATION SERVICES IN RELATION TO ACQUISITION OF LAND PLOTS F-3-2
AND F-4-1, LINWANGPIAN DISTRICT, HAITANG BAY, SANYA CITY, HAINAN
PROVINCE (THE “TARGET PROJECT”) BY EVERGRANDE HEALTH INDUSTRY
GROUP LIMITED (THE “COMPANY”) IN THE PEOPLE’S REPUBLIC OF CHINA (THE
“PRC”)**

In accordance with Evergrande Health Industry Group Limited’s (the “Company”) instruction for us to value **Land Plots F-3-2 and F-4-1, Linwangpian District, Haitang Bay, Sanya City, Hainan Province** (the “Properties”) newly acquired by the Company and its subsidiaries (together referred to as the “Group”) in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections, made relevant inquiries and obtained such further information as we consider necessary for the purpose of providing the Company with our opinion of the market value of the property interests of the properties as at 27 January 2016 (the “Valuation Date”) for your purpose of issuing the circular.

BASIS OF VALUATION

Our valuation was carried out on the basis of market value. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion”.

This valuation complies with the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, the RICS Valuation — Professional Standards published by the Royal Institute of Chartered Surveyors and International Valuation Standards published by International Valuation Standards Council. We have also complied with all the requirements set out in chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Properties on the open market without the benefit or burden of any deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the values of the properties. No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that interests in the Properties are free of encumbrances, restrictions and outgoings of onerous nature which could affect their values.

VALUATION METHODOLOGY

For the property interests of vacant lands, we have valued each property interests by direct comparison approach. The property interests valued by direct comparison approach consist of comparisons based on prices realized or current asking prices of comparable properties. Comparable properties of similar size, character and location are selected and then analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

SOURCE OF INFORMATION

In the course of our valuation, we have been provided with certain title documents relating to interests in the Properties by the Company. We have not, however, searched the original documents to verify ownership or any amendment which did not appear on the copies handed to us. All documents have been used for reference only. We have relied to a considerable extent on information given by the Group and/or its PRC legal adviser namely, Commerce & Finance Law offices, in particular, but not limited to, planning approvals, statutory notices, easements, occupancy site areas, planned gross floor area etc. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and the accuracy of the information provided by the Group and/or its PRC legal adviser which is material to the valuation.

Site inspections of the Properties were carried by our Stella Law who is the director of Crowe Horwath (HK) Consulting & Valuation Limited in February 2016. We have inspected the exterior of the Properties. We have not inspected those parts of the Properties which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We have not carried out detailed measurements to verify the correctness of the areas in respect of the Properties but have assumed that the title documents and actual site areas handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

We have not carried out investigations on the site to determine the suitability of the ground conditions, the services, etc. for any future development. We have not carried out any investigation into past or present uses, either of the Properties or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the Properties from these uses or sites, and have therefore assumed that none exists.

In valuing the Properties situated in the PRC, unless otherwise stated, we have assumed that transferable land use rights of the Properties for respective specific terms have been granted and that any land premium payables have already been fully paid, and the annual land use fees (if any) would also be a nominal amount only. Unless otherwise stated, we have also assumed that the Group has effective titles to the Properties and has free and uninterrupted rights to occupy, use, transfer, lease or assign the Properties for the whole of the respective unexpired terms as granted.

LEVEL OF RESPONSIBILITIES

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

All monetary amounts are stated in Renminbi (“RMB”).

Our findings or conclusion of values of the Properties in this report are valid only for the stated purpose and at the Valuation Date, and for the sole use of the Company. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accepts no responsibility whatsoever to any other person.

Neither the whole nor any part of this report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear.

Our liability for loss or damage shall be limited to such sum as we ought reasonably to pay having regard to our responsibility for the same on the basis that all other consultants and specialists, where appointed, shall be deemed to have provided to the Company contractual undertakings in respect of their services and shall be deemed to have paid to the Company such contribution as may be appropriate having regard to the extent of their responsibility for such loss or damage.

Our liability for any loss or damage arising out of the action or proceedings aforesaid shall, notwithstanding the preceding provisions, in any event be limited to a sum not exceeding ten times of the amount of our agreed fee(s) for this engagement or HK\$500,000, whichever the lower. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, loss of profits, opportunity cost, etc.), even if it has been advised of their possible existence. For the avoidance of doubt, our liability shall never exceed the lower of the sum calculated in accordance with the preceding provisions and the sum provided for in this clause.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our engagement except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence, misconduct, willful default or fraud of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

We enclose herewith a summary of values and our valuation certificate.

Yours faithfully,
For and on behalf of
Crowe Horwath (HK) Consulting & Valuation Limited
Leo M Y Lo
MRICS MHKIS
Director

Note: Mr. Leo M Y Lo, Director of Crowe Horwath (HK) Consulting & Valuation Limited, is a member of Royal Institution of Chartered Surveyors (MRICS) and member of Hong Kong Institute of Surveyors (MHKIS). Mr. Lo has over 12 years' experience in valuation of properties in the People's Republic of China, Hong Kong, other Asia Pacific regions, Europe and America.

SUMMARY OF VALUATION

Property Interests	Market Value in existing state as at 27 January 2016 (RMB)
1. Land Plot F-3-2, Linwangpian District, Haitang Bay, Sanya City, Hainan Province, the PRC	132,000,000
2. Land Plot F-4-1, Linwangpian District, Haitang Bay, Sanya City, Hainan Province, the PRC	358,000,000
	<hr/>
Sub-total:	<u><u>490,000,000</u></u>

Valuation Certificate

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 27 January 2016
1. Land Plot F-3-2, Linwangpian District, Haitang Bay, Sanya City, Hainan Province, the PRC	<p>Land Plot F-3-2 occupies approximately 80,096.2 square meters. The planned gross floor area is approximately 120,144.27 square meters.</p> <p>The property is located in Linwangpian District, Haitang Bay and earmarked for building hospital. The land was put up for open tender by the Department of Land and Resources of Hainan Province in January 2016, and successfully bid by Evergrande Health Industry Group Limited through its subsidiary, Sanya Hengherong Hospital Investment Management Company Limited on 27 January 2016. The property is held for development. Currently, there is no detailed construction plan.</p> <p>The land use right of the property has been granted for a term of 50 years commencing from the transaction date.</p>	The property is vacant as at the Valuation Date.	RMB132,000,000 (RENMINBI ONE HUNDRED THIRTY TWO MILLION)

Notes:

- (a) Pursuant to the Tender Agreement (《競買協議書》) entered into between Sanya Hengherong Hospital Investment Management Company Limited* (三亞恒合融醫院投資管理有限公司) and Southern Hainan Auction Market Company Limited* (海南南部拍賣市場有限公司) on 22 January 2016, it is agreed that Sanya Hengherong Hospital Investment Management Company Limited shall complete the bidding registration formalities with the bidding company with valid certificates and evidence of the bidding deposit of RMB292,230,000. On the same day, Sanya Hengherong Hospital Investment Management Company Limited paid a bidding deposit of RMB292,230,000 to the National Land, Environment and Resources Bureau of Sanya City and obtained the bidding qualification.
- (b) Pursuant to Sanya City State-Owned Construction Land Use Rights Bid Confirmation (《三亞市國有建設用地使用權掛牌出讓成交確認書》) entered into between Sanya Hengherong Hospital Investment Management Company Limited and the bidding company on 27 January 2016, Sanya Hengherong Hospital Investment Management Company Limited has successfully bid for the state-owned construction land use rights of land plots (i.e. Property Nos. 1 and 2) in Haitang Bay with a bid price of RMB491,000,000.
- (c) Pursuant to the State-Owned Construction Land Use Rights Bid Contract (《國有建設用地使用權出讓合同》) No. SY2016001 entered into between Sanya Hengherong Hospital Investment Management Company Limited and the National Land, Environment and Resources Bureau of Sanya City on 1 February 2016, the development project occupies the land plot of lot no. 2016-001 and the granted land area is 151,906.64 square meters, of which the area of Land Plot F-3-2, with a term of 50 years and earmarked for building hospital, is 80,096.18 square meters. The land premium of RMB491,000,000 shall be settled within 60 days from the date of entering into the Land Use Rights Bid Contract in one lump-sum by Sanya Hengherong Hospital Investment Management Company Limited.

- (d) Pursuant to the declarations and undertaking letter of Sanya Hengherong Hospital Investment Management Company Limited, the Company is going through the internal approval procedures of the National Land, Environment and Resources Bureau of Sanya City for entering into the State-Owned Construction Land Use Rights Bid Contract as agreed under the Bid Confirmation (《成交確認書》). The relevant parties are expected to formally enter into the Land Transfer Contract in early March 2016.
- (e) Pursuant to the declarations and undertaking letter of Sanya Hengherong Hospital Investment Management Company Limited, the Company will pay the land premium and relevant tax on time as agreed under the Land Transfer Contract. In the meantime, the company has negotiated with the National Land, Environment and Resources Bureau of Sanya City and was informed that no penalty will be imposed by relevant authorities due to the problems in entering into the Land Transfer Contract.
- (f) We have been provided with the Group's PRC legal adviser's opinion, which *inter-alia*, contains the following:
- i. Sanya Hengherong Hospital Investment Management Company Limited has signed the Bid Confirmation and successfully bid for the state-owned construction land use rights of land plots in Haitang Bay in accordance with laws. Also, it has entered into the Land Transfer Contract with the National Land, Environment and Resources Bureau of Sanya City as agreed under the Bid Confirmation;
 - ii. In respect of lands which have already been put up for open tender under the Land Transfer Contract but not yet obtained the State-owned Land Use Right Certificate, there is no substantial legal impediments for Sanya Hengherong Hospital Investment Management Company Limited to obtain the legal and valid State-owned Land Use Right Certificate upon payment of the land premium as agreed in the Land Transfer Contract.

Valuation Certificate

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 27 January 2016
2. Land Plot F-4-1, Linwangpian District, Haitang Bay, Sanya City, Hainan Province, the PRC	<p>Land Plot F-4-1 occupies approximately 71,810.46 square meters. The planned gross floor area is approximately 73,964.77 square meters.</p> <p>The property is located in Linwangpian District, Haitang Bay and earmarked for commercial services industry. The land was put up for open tender by the Department of Land and Resources of Hainan Province in January 2016, and successfully bid by Evergrande Health Industry Group Limited through its subsidiary, Sanya Hengherong Hospital Investment Management Company Limited on 27 January 2016. The property is held for development. Currently, there is no detailed construction plan.</p> <p>The land use right of the property has been granted for a term of 40 years commencing from the transaction date.</p>	The property is vacant as at the Valuation Date.	RMB358,000,000 (RENMINBI THREE HUNDRED FIFTY EIGHT MILLION)

Notes:

- (a) Pursuant to the Tender Agreement entered into between Sanya Hengherong Hospital Investment Management Company Limited and Southern Hainan Auction Market Company Limited on 22 January 2016, it is agreed that Sanya Hengherong Hospital Investment Management Company Limited shall complete the bidding registration formalities with the bidding company with valid certificates and evidence of the bidding deposit of RMB292,230,000. On the same day, Sanya Hengherong Hospital Investment Management Company Limited paid a bidding deposit of RMB292,230,000 to the National Land, Environment and Resources Bureau of Sanya City and obtained the bidding qualification.
- (b) Pursuant to Sanya City State-Owned Construction Land Use Rights Bid Confirmation entered into between Sanya Hengherong Hospital Investment Management Company Limited and the bidding company on 27 January 2016, Sanya Hengherong Hospital Investment Management Company Limited has successfully bid for the state-owned construction land use right of land plots (i.e. Property Nos. 1 and 2) in Haitang Bay with a bid price of RMB491,000,000.
- (c) Pursuant to the State-Owned Construction Land Use Rights Bid Contract No. SY2016001 entered into between Sanya Hengherong Hospital Investment Management Company Limited and the National Land, Environment and Resources Bureau of Sanya City on 1 February 2016, the development project occupies the land plot of lot no. 2016-001 and the granted land area is 151,906.64 square meters, of which the area of Land Plot F-4-1, with a term of 40 years and earmarked for the provision of commercial services (land for other commercial services), is 71,810.64 square meters. The land premium of RMB491,000,000 shall be settled within 60 days from the date of entering into the Land Use Rights Bid Contract in one lump-sum by Sanya Hengherong Hospital Investment Management Company Limited.

- (d) Pursuant to the declarations and undertaking letter of Sanya Hengherong Hospital Investment Management Company Limited, the Company is going through the internal approval procedures of the National Land, Environment and Resources Bureau of Sanya City for entering into the State-Owned Construction Land Use Rights Bid Contract as agreed under the Bid Confirmation. The relevant parties are expected to formally enter into the Land Transfer Contract in early March 2016.
- (e) Pursuant to the declarations and undertaking letter of Sanya Hengherong Hospital Investment Management Company Limited, the Company will pay the land premium and relevant tax on time as agreed under the Land Transfer Contract. In the meantime, the Company has negotiated with the National Land, Environment and Resources Bureau of Sanya City and was informed that no penalty will be imposed by relevant authorities due to the problems in entering into the Land Transfer Contract.
- (f) We have been provided with the Group's PRC legal adviser's opinion, which *inter-alia*, contains the following:
- i. Sanya Hengherong Hospital Investment Management Company Limited has signed the Bid Confirmation and successfully bid for the state-owned construction land use rights of land plots in Haitang Bay in accordance with laws. Also, it has entered into the Land Transfer Contract with the National Land, Environment and Resources Bureau of Sanya City as agreed under the Bid Confirmation;
 - ii. In respect of lands which have already been put up for open tender under the Land Transfer Contract but not yet obtained the State-owned Land Use Right Certificate, there is no substantial legal impediments for Sanya Hengherong Hospital Investment Management Company Limited to obtain the legal and valid State-owned Land Use Right Certificate upon payment of the land premium as agreed in the Land Transfer Contract.

* *for identification purpose only*