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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**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 IN RELATION TO  
THE PROPOSED DISPOSAL OF THE 90.01% EQUITY INTEREST IN  
NEW MEDIA GROUP LIMITED AND SHAREHOLDER'S LOAN DUE TO  
RIGHT BLISS LIMITED**

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A letter from the Board is set out on pages 4 to 10 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

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

“AY Holdings”	Albert Yeung Holdings Limited, a company incorporated in BVI, the ultimate controlling shareholder of the Purchaser, which is beneficially owned by AY Trust;
“AY Trust”	The Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Albert Yeung;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Announcement”	the announcement of the Company dated 26 September 2017 in relation to the Disposal;
“Board”	the board of directors of the Company;
“Business Day”	a day (excluding Saturday, Sunday and public holiday in Hong Kong) on which commercial banks are generally open for banking business in Hong Kong;
“BVI”	British Virgin Islands;
“China Evergrande Group”	China Evergrande Group, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3333);
“Controlling Shareholder”	Acelin Global Limited, a company incorporated in the BVI and is holding 6,479,550,000 Shares as of the date of this circular, and a wholly-owned subsidiary of China Evergrande Group;
“Company”	Evergrande Health Industry Group Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 708);
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement;
“Completion Date”	the date when Completion takes place;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Directors”	the directors of the Company;

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## DEFINITIONS

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“Disposal”	the disposal of the Sale Shares and Sale Loan by the Vendor in accordance with the terms of the Sale and Purchase Agreement;
“Disposal Group”	the Disposal Target and its subsidiaries;
“Disposal Target”	New Media Group Limited, which is incorporated in BVI and is owned as to 90.01% by the Vendor;
“Dr. Albert Yeung”	Dr. Yeung Sau Shing, Albert;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	the lawful currency of Hong Kong;
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules;
“Latest Practicable Date”	17 October 2017, being the latest practicable date prior to the despatch of this circular for ascertaining certain information referred to in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Long Stop Date”	31 December 2017 or such other date as the Vendor and the Purchaser may agree;
“PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Purchaser”	Future Blossom Limited, a company incorporated in BVI and is an indirect wholly-owned subsidiary of AY Holdings;
“Remaining Group”	the Group other than the Disposal Group;
“Share(s)”	ordinary share(s) of the Company;

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## DEFINITIONS

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“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 September 2017 and entered into between the Purchaser and the Vendor, in relation to, among other things, the sale and purchase of the Sale Shares and Sale Loan;
“Sale Loan”	entire shareholder’s loan outstanding from the Disposal Target to the Vendor as at Completion Date;
“Sale Shares”	9,001 ordinary shares of US\$1.00 each in the share capital of the Disposal Target, representing 90.01% of the issued share capital of the Disposal Target;
“Shareholder(s)”	the holder(s) of issued Share(s);
“Vendor”	Right Bliss Limited, a wholly-owned subsidiary of the Company; and
“%”	per cent.

\* *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. Han Xiaoran

*Independent non-executive directors:*

Mr. Chau Shing Yim, David

Mr. Guo Jianwen

Mr. Xie Wu

*Registered office:*

Suites 1501–1507

One Pacific Place

88 Queensway

Hong Kong

19 October 2017

*To the Shareholders:*

Dear Sir or Madam,

**MAJOR TRANSACTION IN RELATION TO  
THE PROPOSED DISPOSAL OF THE 90.01% EQUITY INTEREST IN  
NEW MEDIA GROUP LIMITED AND SHAREHOLDER'S LOAN DUE TO  
RIGHT BLISS LIMITED**

**INTRODUCTION**

Reference is made to the Announcement dated 26 September 2017 in relation to the Disposal.

On 26 September 2017 (after trading hours), the Purchaser and the Vendor, a wholly-owned subsidiary of the Company, have entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loan.

Upon Completion, the Disposal Group will cease to be subsidiaries of the Company.

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal; and (ii) other information as required under the Listing Rules.

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## LETTER FROM THE BOARD

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### THE SALE AND PURCHASE AGREEMENT

Date: 26 September 2017 (after trading hours)

#### Parties:

- (1) Vendor: Right Bliss Limited, a company incorporated in BVI with limited liability and is wholly-owned by the Company
- (2) Purchaser: Future Blossom Limited, a company incorporated in BVI and is indirectly wholly-owned by AY Holdings

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) is an Independent Third Party.

#### Subject matter

Pursuant to the Sale and Purchase Agreement, the Vendor shall dispose of the Sale Shares i.e. 9,001 ordinary shares in the Disposal Target, representing 90.01% equity interests in the Disposal Target, and the Sale Loan, representing approximately the entire loan due and payable by the Disposal Target to the Vendor as at the Completion.

#### Consideration

The aggregate consideration for the Sale Shares and Sale Loan is HK\$63,000,000, which was determined after arm's length negotiation between the Purchaser and the Vendor after considering (i) the historical financial performance of the Disposal Group until 31 August 2017; (ii) the reasons for the Disposal as discussed in the section headed "Reasons for and the benefits of the Disposal" in this circular; (iii) the unaudited carrying amount of the Sale Shares of approximately HK\$18.48 million as at 31 August 2017 (being 90.01% of the net asset value of the Disposal Group); and (iv) the unaudited carrying amount of the loan due from the Disposal Target to the Vendor of approximately HK\$55.57 million as at 31 August 2017 and that the loan is an interest-free loan with no fixed repayment date.

The consideration shall be payable and settled by the Purchaser to the Vendor (or its nominee(s)) at Completion in cash by automated transfer in immediately available funds to such account as may be designated by the Vendor before the Completion or such other payment method(s) as directed by the Vendor on Completion.

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## LETTER FROM THE BOARD

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### Conditions precedent

Completion of the Disposal is subject to the following conditions precedent having been fulfilled or waived (as the case may be):

- (a) the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder by Shareholders in accordance with the Listing Rules (if applicable);
- (b) the dispatch of circular by the Company in relation to the transaction contemplated under the Sale and Purchase Agreement in accordance with the Listing Rules (if applicable);
- (c) there being no material adverse change from 31 August 2017 up to and including the date of Completion;
- (d) the Vendor's warranties, representations and undertakings under the Sale and Purchase Agreement remaining true and accurate and not misleading in all material respect as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date; and
- (e) where necessary, the obtaining of all necessary approvals, authorisations or consents in Hong Kong, BVI or elsewhere in relation to the transactions contemplated under the Sale and Purchase Agreement.

If the above conditions have not been fulfilled or (if applicable) waived by the Purchaser (conditions (a) and (e) to the extent it relates to governmental approvals, authorisations or consents are not waivable) on or before the Long Stop Date or such later date as the Purchaser and the Vendor may agree, the Sale and Purchase Agreement shall cease and determine. In such event, neither party shall have any obligations nor liabilities to each other save for any antecedent breaches of the terms in the Sale and Purchase Agreement.

As at the Latest Practicable Date, none of above conditions precedent has been fulfilled or waived.

### Completion

Completion shall take place within five Business Days after all the conditions to Completion have been fulfilled or waived (as the case may be) or such later date as may be agreed between the Purchaser and the Vendor.

### INFORMATION ON THE DISPOSAL GROUP

The principal business activities of the Disposal Group include book and magazine publishing, digital business, copyright holding and licensing business. As of the date of this circular, the Disposal Target is an indirect and non-wholly-owned subsidiary of the Company. The unaudited net asset value of the Disposal Group is approximately HK\$20.54 million as at 31 August 2017.



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## LETTER FROM THE BOARD

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Set out below is the audited financial information of the Disposal Group for the 18 months ended 31 December 2015 and for the year ended 31 December 2016 respectively:

	<b>For the year ended 31 December 2016 (HK\$'000)</b>	<b>For the 18 months ended 31 December 2015 (HK\$'000)</b>
Revenue	279,015	581,980
Profit before taxation	4,700	116,905
Profit after taxation	4,335	116,917

*Note:*

1. On 29 June 2016, the Company disposed of its 100% shareholding in New Monday Publishing Limited, a company principally engaged in the publication of the magazine “New Monday” (a subsidiary of the Disposal Group before its disposal), to an Independent Third Party. The financial information of New Monday Publishing Limited before such disposal has been consolidated in the financial information of the Disposal Group above.
2. The financial year end date of the Company has been changed from 30 June to 31 December with effect from 6 July 2015. As such, the audited financial statements of the Group for 31 December 2015 covers 18-month period from 1 July 2014 to 31 December 2015.

### INFORMATION OF THE PURCHASER

The Purchaser is an investment holding company and is indirect wholly-owned by AY Holdings which is an investment holding company holding various investments under the AY Trust, of which Dr. Albert Yeung is the founder.

### INFORMATION ON THE REMAINING GROUP

The principal business activities of the Remaining Group include “Internet+” community health management, international hospitals, elderly care and rehabilitation, medical cosmetology and anti-aging.

The Remaining Group proactively implements the national strategy of “Healthy China”, and sets its corporate vision as “establishing a healthcare service system centered on the general public, and committing itself to providing comprehensive healthcare services covering the whole treatment cycle through a complete and sustainable model”. The Remaining Group aims to establish a healthcare system with high-level clinical diagnosis and therapy and quality hospital experiences, and to develop internationally leading healthcare services and products so as to meet the healthcare needs of the general public, thus actively facilitating the development of the healthcare industry in the PRC through disease prevention to achieve lower incidence of disease.

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## LETTER FROM THE BOARD

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### **FINANCIAL EFFECT OF THE DISPOSAL ON THE REMAINING GROUP**

Upon Completion, the Company will cease to hold any interest in the Disposal Group and each member of the Disposal Group will cease to be a subsidiary of the Company. The financial results of the Disposal Group will no longer be consolidated in the accounts of the Remaining Group.

Based on the consideration of HK\$63 million, and taking into account of (i) the unaudited carrying amount of the Sale Shares and the amount of loan due from the Disposal Target to the Vendor of approximately HK\$18.48 million (being 90.01% of the net asset value of the Disposal Group) and HK\$55.57 million respectively as at 31 August 2017; and (ii) the professional fees to be incurred, it is estimated that, upon Completion, the Remaining Group will record a loss on disposal of approximately HK\$12 million. However, the actual gain or loss as a result of the Disposal will still depend on, among other things, the then net asset value of the Disposal Group and the carrying amount of the loan due from the Disposal Target to Vendor as at the Completion Date.

### **PROPOSED USE OF PROCEEDS**

The Company intends to use a majority portion of the net proceeds of the Disposal for repayment of the existing indebtedness of the Group and the remaining portion for general working capital purpose.

### **REASONS FOR AND THE BENEFITS OF THE DISPOSAL**

The Group currently primarily operates in two business segments, media business and healthcare business. The Board considers that the Disposal will enable the Company to focus on its strategy and to optimize its financial structure. As mentioned in the annual report of the Company for year ended 31 December 2016, the media segment has been pressured with uncertain economic conditions and competitive markets challenges. The Directors have been constantly reviewing the business and aiming to strive for the best interests for the Company and the Shareholders.

In view of the increasingly challenging and uncertain business environment in the media segment, the Directors believe that the terms of the Sale and Purchase Agreement (including the consideration) are fair and reasonable. The Remaining Group will actively explore other fields in the healthcare industry, striving to provide all-rounded and full life-cycle health services for the public and facilitate the development of the healthcare industry in the PRC.

In view of the above, the Directors consider the entering of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the announcement, circular and Shareholders' approval requirements under the Chapter 14 of the Listing Rules.

### **WRITTEN SHAREHOLDER'S APPROVAL**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders have a material interest in the Disposal and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting if a general meeting were to be convened for the approval of the Disposal and the transactions contemplated thereunder. The Company intends to obtain written Shareholder's approval from the Controlling Shareholder for approving the Disposal and the transactions contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules. The Controlling Shareholder is interested in 6,479,550,000 Shares, representing approximately 74.99% of the issued shares of the Company as at the date of this circular.

On 17 October 2017, the Company received the written Shareholder's approval from the Controlling Shareholder, being a Shareholder holding an aggregate of 6,479,550,000 Shares, representing approximately 74.99% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, the written Shareholder's approval has been accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules and no general meeting is convened to consider the Disposal.

### **RECOMMENDATION**

The Board considers that the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole and would recommend the Shareholders to vote in favour of the resolutions to approve the Disposal if it had been necessary to hold a general meeting for such purpose.

### **ADDITIONAL INFORMATION**

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

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## LETTER FROM THE BOARD

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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 of directors  
**Evergrande Health Industry Group Limited**  
**Tan Chaohui**  
*Chairlady*

## 1. CONSOLIDATED FINANCIAL STATEMENTS

Financial information of the Group for each of the twelve months ended 30 June 2014, the eighteen months ended 31 December 2015, the twelve months ended 31 December 2016 and the six months ended 30 June 2017 are disclosed in the following documents which have been published on the website of the Stock Exchange (<http://www.hkexnews.hk/>) and the designated website of the Company (<http://www.irasia.com/listco/hk/evergrandehealth/>):

- (a) annual report of the Company for the twelve months ended 30 June 2014 published on 3 October 2014 (pages 56 to 118): <http://www.hkexnews.hk/listedco/listconews/SEHK/2014/1003/LTN201410031230.pdf>
- (b) annual report of the Company for the eighteen months ended 31 December 2015 published on 28 April 2016 (pages 40 to 102): <http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0428/LTN20160428507.pdf>;
- (c) annual report of the Company for the twelve months ended 31 December 2016 published on 28 April 2017 (pages 52 to 120): <http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0428/LTN20170428614.pdf>; and
- (d) interim report of the Company for the six months ended 30 June 2017 published on 27 September 2017 (pages 17 to 44): <http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0927/LTN20170927691.pdf>.

## 2. INDEBTEDNESS

As at the close of business on 31 August 2017, 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\$4,197,885,000, comprising (i) bank loan of approximately HK\$401,397,000 unguaranteed and secured by the Group's cash deposit of approximately HK\$409,589,000; (ii) bank loan of approximately HK\$481,869,000 secured by the construction in progress at the Hianan Boao land and guaranteed by the corporate guarantee by the holding companies of the Group; (iii) borrowings of HK\$62,000,000 unguaranteed and secured by a share charge for 90.01% of the total issued share capital of a subsidiary of the Group; (iv) bank loan of approximately HK\$1,204,674,000 secured by the construction in progress at the Sanya land and guaranteed by shares in Sanya Evergrande Health Medical Company Limited (三亞恒大健康醫療有限公司) and Guangzhou Kaishang Health Industry Company Limited (廣州市凱尚健康產業有限公司), subsidiaries of the Group, and the corporate guarantee by the holding companies of the Group; (v) bank loan of approximately HK\$1,204,674,000 secured by the Xi'an land and the construction in progress at the land and guaranteed by the corporate guarantee by the holding companies of the Group; (vi) other borrowings of approximately HK\$843,271,000 unsecured and guaranteed by the corporate guarantee by the holding companies of the Group.

As at 31 August 2017, the Group had provided financial guarantee of approximately HK\$127,090,000 in respect of mortgage facilities for certain purchasers of the Group's property units to secure obligations of these purchasers for repayments.

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 August 2017, 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 August 2017.

In September 2017, a borrowing of approximately HK\$35,308,000 was drawn by the Group unguaranteed and secured by the holding companies.

Save as aforesaid, the Directors were not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 31 August 2017.

### **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 2016, 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, including cash flow from operations, existing bank borrowings 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 Media Segment**

Looking ahead, the Group foresees that competition in the world of digital marketing will continue to be vigorous and challenging. The Group will continue to strive to bring in fresh and new approaches to the content publishing business, providing our clients with data that make sense and solutions that bring results. Upon Completion, the Company will cease to hold any interest in New Media Group Limited being the operation arm of media segment and will not operate in the media segment.

- **Outlook's for the Group's Health Management Segment**

*Outlook for Medical Service Business*

In respect of international hospitals, Boao Evergrande International Hospital will commence its trial operation on schedule in the second half of the year. Through steady operation and continuous quality enhancement, the high-end medical service system will be gradually established and optimized, thus forming a solid foundation for it to become a world-class hospital which is based in China and expanding to Southeast Asia and the global market. At the beginning, the hospital will take breast cancer, lung cancer and liver diseases as the starting point, and focus on establishing characterized special discipline. It will gradually expand to other medical services.

Meanwhile, the Group will continue to facilitate its strategic cooperation with 3A hospitals across China, consolidate resources of 3A hospitals in different regions, and establish service platforms for second treatment, remote treatment, one-stop treatment transfer, green channels, etc. A multi-level medical network covering areas across China will be ultimately established, thereby realizing the extension of quality medical services to communities, and the residents can have world-class medical and health services next door.

In respect of community health management, the Group will continue to deepen its cooperation with quality medical institutions across the world. In line with the state policy, the Group will establish a community health management system covering community prevention, diagnosis, therapy, rehabilitation and healthcare services, and supplement the health management system with medical cosmetology and anti-aging services. The Group will also establish and explore cooperation relationship with institutions in Taiwan and Japan in different aspects, such as long-term elderly care center, community rehabilitation center, talent training and certification etc.

Sanyan Haitang Bay Evergrande • Elderly Care Valley has concurrently introduced the concept of community health management, thus offering brand-new elderly care experience for customers.

*Outlook for All-age Healthcare Service "Health & Wellness Living"*

In the second half of 2017, the Group will gradually establish Evergrande • Elderly Care Valley in major cities in China. Meanwhile, the Group will further integrate quality medical treatment and elderly care resources from overseas and within China, aiming to provide all-rounded medical treatment and elderly care services covering "medical, catering, living, travelling, studying, exercising, caring and insurance" for Evergrande • Elderly Care Valley.

*Other Outlook*

The Group will proactively explore cooperation with financial institutions such as insurance companies, thus gradually realizing national medical insurance registration, establishing health insurance system covering various kinds of insurance, and exploring the “Kaiser Model” which is suitable for China and effectively integrates medical service and medical insurance.

Meanwhile, the Group will continue to explore cross-sector integration with different industries such as financial, tourism, internet, sports, leisure and food industry, and cultivate new operation, new business trend and new model in mega health industry.



## 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, the interests and short positions of the Directors, chief executive and their associates in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register maintained by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), are as follows:

<b>Name of Director</b>	<b>Nature of interest held</b>	<b>Interest in the Shares</b>	<b>Approximate percentage of shareholding</b>
Ms. Tan Chaohui (Note)	Beneficial owner	3,290,000 (Long Position)	0.04%

*Note:* 3,290,000 Shares are held by Mr. Tan Chaohui as a beneficial owner.

As at the Latest Practicable Date, save as disclosed above, 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 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
China Evergrande Group ( <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 China Evergrande Group. As at the Latest Practicable Date, (i) Ms. Tan Chaohui was an employee of a subsidiary of China Evergrande Group, the controlling shareholder of the Company; (ii) Mr. Han Xiaoran was a director of four subsidiaries of China Evergrande Group and an employee of a subsidiary of China Evergrande Group; and (iii) Mr. Chau Shing Yim, David was an independent non-executive director of China Evergrande Group.

### 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 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;

- (b) 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;
- (c) a grant contract of state-owned construction land use rights (《國有建設用地使用權出讓合同》) dated 1 February 2016 in respect of the acquisition of land use rights of land plots in Sanya, China for a consideration of approximately RMB491 million, details of which were set out in the announcement of the Company dated 27 January 2016;
- (d) a sale and purchase agreement dated 29 June 2016 in respect of the disposal of the entire shareholding of New Monday Publishing Limited, details of which were set out in the announcement of the Company dated 29 June 2016; and
- (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 16 December 2016 in respect of the acquisition of land use rights of land plots in Xi'an City, Shaanxi Province, China for a consideration of approximately RMB733.3 million, details of which were set out in the announcement of Company dated 5 December 2016;
- (f) the 11 grant contracts of state-owned construction land use rights (《國有建設用地使用權出讓合同》) in respect of the acquisition of land use rights of land plots in Xingyang, Zhengzhou City, Henan Province, China for a consideration of approximately RMB1,830 million, details of which were set out in the announcement of Company dated 7 September 2017; and
- (g) the Sale and Purchase Agreement.

## 6. 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.

## 7. 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.

**8. 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.

**9. 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 31 December 2016, being the date to which the latest published audited accounts of the Company were made up.

**10. 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.

**11. 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 3 November 2017:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the twelve months ended 31 December 2016 and the eighteen months ended 31 December 2015 and the twelve months ended 30 June 2014;
- (c) the interim reports of the Company for the six months ended 30 June 2017;
- (d) the material contracts referred to in the section headed "Material contracts" in this appendix;

- (e) the circular of the Company dated 25 January 2017 issued pursuant to the requirements set out in Chapter 14 of the Listing Rules; and
- (f) this circular.