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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 11 LAND PLOTS IN XINGYANG,
ZHENGZHOU CITY, HENAN PROVINCE**

A letter from the Board is set out on pages 4 to 8 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 7 September 2017 in relation to the Bid;
“Bid”	the bid won by the Purchaser for the state-owned construction land use rights of the Land Plots on 7 September 2017 by the Company through its subsidiary;
“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;
“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, representing approximately 74.99% of the issued shares of the Company as at the Latest Practicable Date;
“Crowe Horwath”	Crowe Horwath First Trust Appraisal Pte Ltd;
“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;

DEFINITIONS

“Land Plots”	Land Plots No. Xing Zheng Chu (2017) 9–7 (land for commercial use), No. Xing Zheng Chu (2017) 12–3 (land for residential use), No. Xing Zheng Chu (2017) 13–2 (land for residential use), No. Xing Zheng Chu (2017) 14–2 (land for residential use), No. Xing Zheng Chu (2017) 15 (land for residential use), No. Xing Zheng Chu (2017) 16–3 (land for commercial use), No. Xing Zheng Chu (2017) 45–1 (land for commercial use), No. Xing Zheng Chu (2017) 47–4 (land for residential use), No. Xing Zheng Chu (2017) 48–1 (land for residential use), No. Xing Zheng Chu (2017) 50–1 (land for residential use) and No. Xing Zheng Chu (2017) 52–1 (land for commercial use) in Xingyang, Zhengzhou City, Henan Province, China
“Latest Practicable Date”	23 October 2017, 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, qualified valuer, of the Land Plots in accordance with the Listing Rules and included as Appendix III to this circular;
“Purchaser”	鄭州恒澤通健康置業有限公司 (Zhengzhou Hengzetong Health Development Limited*), a company incorporated in the PRC and a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“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”	滎陽市國土資源局 (Ministry of Land and Resources of Xingyang*);
“Xingyang Land Plots Acquisition”	the acquisition of the land use rights of the Land Plots pursuant to the Xingyang Land Plots Acquisition Agreements;

DEFINITIONS

“Xingyang Land Plots Acquisition Agreements”	the total of 11 Grant Contract of State-Owned Construction Land Use Rights (《國有建設用地使用權出讓合同》) in relation to the Xingyang Land Plots Acquisition entered into between the Purchaser and the Vendor dated 18 September 2017, as supplemented and amended from time to time each a “Xingyang Land Plots Acquisition Agreement”;
“Xingyang Land Plots Bid Confirmations”	the total of 11 relevant land use rights bid confirmations signed by the Purchaser dated 8 September 2017, in relation to the acquisition of the land use rights of the Land Plots; and
“%”	per cent.

For illustrative purpose only, RMB is converted into HK\$ at an exchange rate of HK\$1 = RMB0.8301 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. 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

26 October 2017

To the Shareholders:

Dear Sir/Madam,

**MAJOR TRANSACTION
ACQUISITION OF LAND USE RIGHTS
OF 11 LAND PLOTS IN XINGYANG,
ZHENGZHOU CITY, HENAN PROVINCE**

INTRODUCTION

Reference is made to the Announcement in relation to the Bid. The purpose of this circular is to provide you with further details of the Xinyang Land Plots Acquisition. As disclosed in the Announcement, the Purchaser entered into the Xinyang Land Plots Bid Confirmations. Subsequently, the Purchaser and the Vendor entered into the Xinyang Land Plots Acquisition Agreement.

LETTER FROM THE BOARD

THE XINGYANG LAND PLOTS ACQUISITION AGREEMENTS

Date	:	18 September 2017
Vendor	:	Ministry of Land and Resources of Xingyang*
Purchaser	:	鄭州恒澤通健康置業有限公司 (Zhengzhou Hengzetong Health Development Limited*)
Location of the Land Plots	:	<p>The Land Plots are located in</p> <ol style="list-style-type: none">(1) the southeast side intersection of West Kangti Road and Xingze Avenue*;(2) the southeast side intersection of No.1 East Xingze Road and West Kangti Road*;(3) the northeast side intersection of No.1 East Xingze Road and West Yuelai Road*;(4) the southeast side intersection of Feilong Road and West Kangti Road*;(5) the northeast side intersection of Feilong Road and West Yuelai Road*;(6) the northwest side intersection of Zhiji Road and West Yuelai Road*;(7) the northeast side intersection of Xingze Avenue and No.2 South Shengminggu Road*;(8) the southeast side intersection of Jingxiang Road and No.1 East Xingze Road*;(9) the southwest side intersection of Jingxiang Road and Feilong Road*;(10) the southeast side intersection of Feilong Road and Jingxiang Road*; and(11) the southwest side intersection of Jingxiang Road and Zhiji Road* <p>in Xingyang, Zhengzhou City, Henan City, Henan Province, PRC.</p>
Total Area of the Land Plots	:	The total area of the Land Plots is 438,239.55 square meters; and the total aboveground construction area is approximately 965,392.81 square meters
Term of land use rights	:	The terms of land use rights of the Land Plots are 70 years and 40 years for residential use and commercial use, respectively
Consideration	:	RMB1,829,900,000 (equivalent to approximately HK\$2,204,433,201)

LETTER FROM THE BOARD

Expected completion : Before 18 December 2017
date

Expected payment : 100% of the consideration to be paid before 18 October 2017
term

Consideration

The total consideration for the Xingyang Land Plots Acquisition is RMB1,829,900,000 (equivalent to approximately HK\$2,204,433,201) which was settled by the Group with internal resources.

The consideration of the Xingyang Land Plots Acquisition was determined by way of public listing and tendering after taking into account (1) the transaction value of nearby land plots; and (2) the benefits that may be generated from the health experience center and other facilities as mentioned in the section headed “Reason and Benefits of the Transaction” below.

The asset value of the Land Plots as of 7 September 2017 was RMB1,900,000,000 (equivalent to approximately HK\$2,277,904,328) which is 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 government department in Xingyang, China and an authority under Zhengzhou Municipal Government.

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

INFORMATION ABOUT THE “ZHENGZHOU EVERGRANDE INTERNATIONAL HEALTH CITY” IN ZHENGZHOU XINGYANG HEALTH PARK, XINGYANG, ZHENGZHOU CITY, HENAN PROVINCE, CHINA

Zhengzhou Xingyang Health Park, with total area of 117 square kilometers, forms a part of the western new city in Zhengzhou urban area. It is planned and constructed by Xingyang government and aims to create different functional segments covering medical healthcare,

LETTER FROM THE BOARD

technology education and development, leisure service and elderly care, as well as eco-friendly residential area, and strives to be established as a medical and healthcare center in the Central China, and even across the whole China.

The Land Plots are located in Zhengzhou Xingyang Health Park and will be used for the construction of the health experience center, the five-star healthcare hotel and the headquarters for domestic and overseas large-to-medium scale medical enterprises, which will be part of Zhengzhou Evergrande International Health City.

REASONS AND BENEFITS OF THE TRANSACTION

The Group focuses on community health management and elderly care services at homes. Through the cooperation with Brigham and Women's Hospital (the main teaching hospital of Harvard Medical School) and other institutions, the Group has established an international medical group offering the latest early prevention, precise treatment and continuous rehabilitation programmes for cancers. The Group, together with international leading medical cosmetology and anti-aging institutions, jointly offer the latest medical cosmetology and anti-aging services in Asia, thus providing comprehensive scientific healthcare services covering the whole treatment cycle for families across China. Zhengzhou Evergrande International Health City adheres to create health-orientated homes while developing itself into a demonstrative health city, eco-friendly city and liveable city in Central China, even across the whole China.

The Land Plots will be used for the construction of the health experience center, the five-star healthcare hotel and the headquarters for domestic and overseas large-to-medium scale medical enterprises. Meanwhile, adhering to the brand new "1+N" concept (family+elderly care, healthcare, medical, anti-aging, medical cosmetology, leisure and cultural activities, sports, family activities and diversified life etc.) and the healthy lifestyle covering the whole life cycle in combination of prevention, treatment and healthcare, and through the installation of relevant ancillary facilities for elderly care, entertainment, sports and family activities, the Land Plots will be developed into a demonstrative all-age health community in Central China, and even across the whole China.

On the basis of the above reasons and benefits, the Directors believe that the terms of the Bid, the Xingyang Land Plots Acquisition Agreements, the Xingyang Land Acquisition and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its 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 Xingyang Land Plots Acquisition is more than 25% but less than 100%, the Xingyang Land Plots Acquisition constitutes a major transaction of the Company and is subject to announcement and Shareholders' approval requirements under the Listing Rules.

LETTER FROM THE BOARD

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.

As disclosed in the Announcement, 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 Xingyang 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 Xingyang 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 Xingyang Land Plots Acquisition 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.

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

Financial information of the Group for each of the six months ended 30 June 2017, the twelve months ended 31 December 2016, the eighteen months ended 31 December 2015, and the twelve months ended 30 June 2014 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 56–118): <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 52–120): <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 Hainan 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.

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.

In September 2017, a borrowing of approximately HK\$36,140,000 was drawn by the Group guarantee by the holding companies.

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 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

- **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.

As disclosed in the announcement dated 26 September 2017, Right Bliss Limited, a wholly-owned subsidiary of the Company and Future Blossom Limited, a company incorporated in the British Virgin Islands and is an indirect wholly-owned subsidiary of Albert Yeung Holdings Limited, entered into a sale and purchase agreement (the “Agreement”), pursuant to which Future Blossom Limited has conditionally agreed to acquire, and Right Bliss Limited has conditionally agreed to sell, the 9,001 ordinary shares of US\$1.00 each in the share capital of New Media Group Limited and the entire shareholder’s loan outstanding from New Media Group Limited to Right Bliss Limited for a consideration of HK\$63 million. Completion of the transactions (“Completion”) under the Agreement is subject to the satisfaction (or waiver, if applicable) of certain conditions. 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.

- **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 (三級甲等醫院) 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.

Sanya 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.

6. FINANCIAL EFFECT OF THE XINGYANG LAND PLOTS ACQUISITION

Immediately upon the completion of the Xingyang Land Plots Acquisition, the land use rights of RMB1,829,900,000 (equivalent to approximately HK\$2,204,433,201) would be debited to the total assets while the same amount as payable would be credited to the total liabilities. Accordingly, there is no financial impact on the consolidated net assets of the Company. The consideration was satisfied by internal resources as disclosed above in the section headed “Consideration” in the “Letter from the Board” of this circular.

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:

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

Note: 3,290,000 Shares are held by Ms. 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 (Note)	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 and an independent non-executive director of HengTen Networks 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 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;
- (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 Chang'an District, Xi'an City, Shaanxi Province, China for a consideration of approximately RMB733.3 million, details of which were set out in the announcement of the Company dated 5 December 2016;
- (f) the Xingyang Land Plots Acquisition Agreements; and
- (g) a sale and purchase agreement dated 26 September 2017 in respect of the sale of 9,001 ordinary shares of US\$1.00 each in the share capital of New Media Group Limited and the entire shareholder's loan outstanding from New Media Group Limited to Right Bliss Limited for a consideration of HK\$63 million, details of which were set out in the announcement of the Company dated 26 September 2017.

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	Qualified Property Valuer
Commerce & Finance Law Offices	PRC Legal Adviser

The above experts 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.

The above experts 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 31 December 2016, 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 31 December 2016, 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 10 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, the eighteen months ended 31 December 2015 and the twelve months ended 30 June 2014;
- (c) the interim report 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 Property Valuation Report, the text of which is set out in Appendix III to this circular;
- (f) the written consent referred to in the section headed “Expert and Consent” in this appendix;
- (g) the circulars of the Company dated 25 January 2017 and 19 October 2017 issued pursuant to the requirements set out in Chapter 14 of the Listing Rules; and
- (h) this circular.

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Crowe Horwath First Trust Appraisal Pte Ltd, an independent valuer, in connection with its valuation as at 7 September 2017 of the property interest.



Date: 26 October 2017

The Board of Directors
Evergrande Health Industry Group Limited
Evergrande Center,
No.78 Huangpu Avenue West,
Tianhe District,
Guangzhou City,
The PRC

Dear Sirs,

RE: Valuation of Eleven Lands to be acquired by Evergrande Health Industry Group Limited in Zheng Zhou, the People's Republic of China

In accordance with an instruction for us to value certain property interests to be acquired by **Evergrande Health Industry Group Limited** (the "Company"), and its subsidiary (hereinafter together known as the "Group") in the People's Republic of China (the "PRC") with details stated in the valuation certificate attached, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of such property interests as at **7 September 2017** (the "Land Acquisition Date" and the "Date of Valuation") for **public circular purpose** of the Company only in relation to the relevant major transaction.

Valuation Basis

Our valuation is carried out on a Market Value basis, which is defined as "the estimated amount for which an asset or liability should exchange on the date of valuation 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 is complied with The HKIS Valuation Standards published by the Hong Kong Institute of Surveyors ("HKIS"), the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors ("RICS"), and the International Valuation Standards

(“IVS”) published by the International Valuation Standards Council. We have also complied with 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.

Valuation Assumptions

Unless otherwise stated, our valuation has been made on the assumption that the owner sells the properties on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the property interests.

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 the property interests are free of encumbrances, restrictions and outgoings of onerous nature which could affect their values.

Valuation Methodology

We have valued the property interests by the comparison approach. The property interests valued by the 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 valuation, we have relied on the legal opinion provided by the Company’s PRC legal adviser, namely Commerce & Finance Law Offices, and have been provided certain title documents relating to the property interests. 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 the owners of the properties, in particular, but not limited to, the sales records, the records of planning approvals, statutory notices, easements, tenancies, site areas, floor areas, development schemes, construction costs, historical performance, etc.. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries.

Site inspections of the properties were carried by Ms. Stella Law in October 2017. The staff responsible for the inspections have about 10 years of experience in the real property valuation sector. We have inspected the exterior of the property. We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey or any tests on the building services. Therefore, we are not able to report whether the properties are free of rot, infestation or any other structural defects. We have not carried out investigations on the site to determine the suitability of the ground conditions, the services, etc. for the proposed development and any future development. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring 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.

Unless otherwise stated, we have assumed that transferable land use rights of the lands for respective specific terms at nominal annual land use fees have been granted and that any land grant premium payables have already been fully paid. Unless otherwise stated, we have also assumed that the Group has enforceable 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.

Limitation of Liabilities

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 Group 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.

Unless otherwise stated, all monetary amounts are stated in Renminbi (“RMB”).

The responsible valuer(s) is in a position to provide an objective and unbiased valuation and is competent to undertake the valuation assignment. Our findings or conclusion of values of the properties in this report are valid only for the stated purpose and at the Date(s) of Valuation, 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(s) 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 (10) 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 Group 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 our valuation certificate.

Yours faithfully,

For and on behalf of

Crowe Horwath First Trust Appraisal Pte Ltd

Leo MY Lo MRICS, MHKIS

Note: Mr. Lo is a member of the Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. Mr. Lo has around 13 years' experience in valuing properties in the PRC.

VALUATION CERTIFICATE

Property	Description and tenure	Occupancy details	Market value in existing state as at 7 September 2017
Eleven land plots, Xing Ze Road, Xing Yang City, Zheng Zhou, The PRC	<p>The property comprises 11 lands with a total site area of approximately 438,289.55 sqm.</p> <p>The property is proposed to be for residential, commercial and hotel uses with a planned gross floor area of approximately 965,392.81 sqm.</p> <p>The land use rights of the property have been granted for a term of 70 years for residential use, 40 years for hotel and food & beverage, and commercial and financial uses commencing upon completion of the acquisition.</p>	As at the Date of Valuation, the relevant lands were vacant.	RMB1,900,000,000 (RENMINBI ONE BILLION NINE HUNDRED MILLION)

Notes:

- (a) Pursuant to the following land Use Rights Contracts, the property has been granted to Zheng Zhou Heng Ze Tong Jian Kang Real Estate Co., Ltd. (鄭州恒澤通健康置業有限公司). The details of the contracts are summarized as below:

Contract Number	Usage	Issue Date	Land Area (sqm)
410182-CR-2017-006	Commercial and Financial	18 September 2017	49,847.8
410182-CR-2017-007	Residential	18 September 2017	49,629.94
410182-CR-2017-008	Residential	18 September 2017	41,803.3
410182-CR-2017-009	Residential	18 September 2017	41,576.58
410182-CR-2017-010	Residential	18 September 2017	43,986.2
410182-CR-2017-011	Hotel and Food & Beverage	18 September 2017	7,647.72
410182-CR-2017-012	Commercial and Financial	18 September 2017	66,475.74
410182-CR-2017-013	Residential	18 September 2017	29,274.85
410182-CR-2017-014	Residential	18 September 2017	29,362.47
410182-CR-2017-015	Residential	18 September 2017	44,049.15
410182-CR-2017-016	Hotel and Food & Beverage	18 September 2017	34,635.8
Total:			<u>438,289.55</u>

- (b) According to the contracts, the developer has to develop the lands on/before 18 June 2018, and the construction has to be complete on/before 18 June 2020.
- (c) We have been provided with the legal opinion on the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:
- (i) Eleven Land Use Rights Contracts have been entered between Zheng Zhou Heng Ze Tong Jian Kang Real Estate Co., Ltd. and the Xinyang Bureau of Land and Resources
 - (ii) Under the contracts, the Company should settle the land premium on/before 18 October 2017;
 - (iii) After the settlement of the land premium, the grant of the Land Use Rights will be free from legal issues; and

- (iv) The Company has rights to use and develop the land.

- (d) For the purpose of this valuation, we have based on certain assumptions to arrive at our valuation opinion, which are summarized as below:
 - (i) The Group legally owns the land use rights of the property with a proper title, and is entitled to occupy, use, mortgage, lease, and transfer the property during the remaining land use rights term without any additional land premium, grant fee or other onerous payment to local or overseas purchasers;

 - (ii) The property is sold on its existing state and condition as at the Date of Valuation; and

 - (iii) The design, structure and construction of the property are complied with the local regulations and approved by the relevant authorities.