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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 XI'AN CITY, SHAANXI PROVINCE, 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.

25 January 2017

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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 5 December 2016 in relation to the Bid;
“AVISTA”	AVISTA Valuation Advisory Limited;
“Bid”	the bid won by the Bid Winner for the state-owned construction land use rights of the Land Plots on 5 December 2016 by the Company through its subsidiary;
“Bid Winner”	廣州市凱尚健康產業有限公司 (Guangzhou Kaishang Health Industry 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;
“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;
“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;
“Land Plots”	Land Plot No. CA06-29-1 and Land Plot No. CA06-29-2 in Chang’an District, Xi’an City, Shaanxi Province, PRC;
“Latest Practicable Date”	20 January 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;

DEFINITIONS

“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 AVISTA, qualified valuer, of the Land Plots in accordance with the Listing Rules and included as Appendix III to this circular;
“Purchaser”	西安恒寧健康置業有限公司 (Xi’an Hengning Health Development Limited*), a company established in the PRC and a wholly-owned subsidiary of Guangzhou Kaishang Health Industry Limited*;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“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”	西安市國土資源局 (Ministry of Land and Resources of Xi’an*);
“Xi’an Land Plots Acquisition”	the acquisition of the land use rights of the Land Plots pursuant to the Xi’an Land Plots Acquisition Agreement;
“Xi’an Land Plots Acquisition Agreement”	The Grant Contract of State-Owned Construction Land Use Rights in Xi’an (《西安市國有建設用地使用權出讓合同》) in relation to the Xi’an Land Plots Acquisition entered into between the Bid Winner and the Vendor dated 16 December 2016, as supplemented and amended from time to time;
“Xi’an Land Plots Bid Confirmations”	the “Land Plot CA06-29-1 State-Owned Construction Land Use Rights Online Bid Confirmation” (《CA06-29-1號國有建設用地使用權網上掛牌出讓成交確認書》) and the “Land Plot CA06-29-2 State-Owned Construction Land Use Rights Online Bid Confirmation” (《CA06-29-2號國有建設用地使用權網上掛牌出讓成交確認書》) signed by the Bid Winner dated 5 December 2016; and
“%”	per cent.

For illustrative purpose only, RMB is converted into HK\$ at an exchange rate of RMB1 = HK\$1.11793 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 (*Chief Executive Officer*)
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

25 January 2017

To the Shareholders:

Dear Sir/Madam,

**MAJOR TRANSACTION
ACQUISITION OF LAND USE RIGHTS
OF LAND PLOTS IN XI'AN CITY, SHAANXI PROVINCE, THE PRC**

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 Xi'an Land Plots Acquisition. As disclosed in the Announcement, the Bid Winner entered into the Xi'an Land Plots Bid Confirmations. Subsequently, the Bid Winner and the Vendor entered into the Xi'an Land Plots Acquisition Agreement.

LETTER FROM THE BOARD

THE XI'AN LAND PLOTS ACQUISITION AGREEMENT

Date	:	16 December 2016
Vendor	:	Ministry of Land and Resources of Xi'an*
Purchaser	:	西安恒寧健康置業有限公司 (Xi'an Hengning Health Development Limited*)
Location of the Land Plots	:	East of Ziwu Avenue (CA06-29-1) and South of Shenhe Er Road (CA06-29-2) in Chang'an District, Xi'an City, Shaanxi Province, PRC
Site Area of the Land Plots	:	The total site area of the Land Plots is 159,426.13 square meters, of which: (a) Land Plot No. CA06-29-1 has a net site area of 74,286.84 square meters, plot ratio of not higher than 2.5 and not less than 1.8 and aboveground construction area of around 130,370 to 187,630 square meters; and (b) Land Plot No. CA06-29-2 has a net site area of 85,139.29 square meters, plot ratio of not higher than 2.1 and not less than 1.4 and aboveground construction area of around 117,098 to 175,646 square meters
Term of land use rights	:	(a) Land Plot No. CA06-29-1: 70 years and 40 years for the land use rights for residence use and commercial use, respectively; (b) Land Plot No. CA06-29-2: 70 years and 40 years for the land use rights for residence use and commercial use, respectively
Consideration	:	RMB733,300,000 (equivalent to approximately HK\$819,778,069)
Deposit	:	RMB200,000,000 (equivalent to approximately HK\$223,586,000)
Expected completion date	:	Before 30 June 2017
Expected payment term	:	Payment of RMB166,650,000 (equivalent to approximately HK\$186,303,035) to be made by 30 June 2017; payment of RMB366,650,000 (equivalent to approximately HK\$409,889,035) to be made by 15 December 2017

LETTER FROM THE BOARD

Consideration and payment terms

The total consideration for the Xi'an Land Plots Acquisition is RMB733,300,000 (equivalent to approximately HK\$819,778,069) which is expected to be settled by the Group with internal resources.

The consideration of the Xi'an Land Plots Acquisition is determined by way of public listing and tendering. A deposit in the amount of RMB200,000,000 (equivalent to approximately HK\$223,586,000) has been paid. A payment of RMB166,650,000 (equivalent to approximately HK\$186,303,035) shall be made by 30 June 2017 and a payment of RMB366,650,000 (equivalent to approximately HK\$409,889,035) shall be made by 15 December 2017.

The asset value of the Land Plots as of 31 December 2016 was RMB747,510,000 (equivalent to approximately HK\$835,663,854) 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 governmental department of the Xi'an City, the PRC and is under the authority of the Xi'an government.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, Xi'an government (being the authority which the Vendor is subordinated to) is a government authority, and Xi'an government and its ultimate beneficial owner(s) are third parties independent of the Company and the connected persons of the Company.

REASONS FOR AND BENEFITS OF THE XI'AN LAND PLOTS ACQUISITION

The corporate vision of the Group is to implement the national strategy of "Healthy China" and improve the quality of healthy life of the general public. Its strategic direction is to optimise medical services, improve health protection and develop universal health industry. The Group is engaged in, among other things, the development of medical, health preservation, medical cosmetology and anti-aging services and is committed to the integration of insurance and finance services and the provision of scientific, all-round and full life-cycle health services. As the aging problem of the Chinese society becomes more and more serious and the resources for elderly care are severely limited, it is of vital importance to address the increasingly serious imbalance of the supply and demand of elderly services and develop the elderly service industry in line with national policies and demand. The problems of segmentation and the difficulty in the transfer of scientific education and intelligence resources in Chang'an region is becoming more and more acute. The promotion of "Evergrande Health Co-Working Space" is to materialise the principle of health-

LETTER FROM THE BOARD

based home and develop a benchmark of all-round and full life-cycle health and elderly services, and provide solutions to reasonable transfer of scientific education and intelligence resources in the north-western region of China.

The Company plans to join hands with top-notch institutions, introduce first-class talents and fully leverage on national supporting policies on the Land Plots. The Company also aims to build a retirement and health maintenance community on the land plots by integrating insurance and financial services, providing scientific, all-round and full life-cycle health services, building high-quality elderly and health preservation industries and drawing on local high-quality high school resources to enrich the lives of students through joint efforts.

On the basis of the above reasons and benefits, the directors of the Company believe that the terms of the Bid, the Xi'an 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 Xi'an Land Plots Acquisition is more than 25% but less than 100%, the Xi'an 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.

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 Xi'an 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 Xi'an 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 Xi'an 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

Financial information of the Group for each of the six months ended 30 June 2016, the eighteen months ended 31 December 2015, the twelve months ended 30 June 2014, and the twelve months ended 30 June 2013 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 2013 published on 9 October 2013 (pages 56–116): <http://www.hkexnews.hk/listedco/listconews/SEHK/2013/1009/LTN20131009186.pdf>
- (b) 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>
- (c) 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>; and
- (d) interim report of the Company for the six months ended 30 June 2016 published on 26 September 2016 (pages 17 to 45): <http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0926/LTN20160926362.pdf>.

2. INDEBTEDNESS

As at the close of business on 30 November 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\$1,955,960,000, comprising (i) bank loan of approximately HK\$372,707,000 secured by the Group's cash deposit of approximately HK\$380,313,000; (ii) borrowings of HK\$62,000,000 secured by a share charge for 90.01% of the total issued share capital of a subsidiary of the Group; (iii) bank loan of approximately HK\$559,284,000 secured by the construction in progress at the Sanya land and guaranteed by shares in 三亞恒大健康醫療有限公司 and 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; and (iv) unsecured and unguaranteed loan of approximately HK\$961,969,000 provided by the subsidiaries of China Evergrande Group.

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 30 November 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 30 November 2016.

In December 2016, a bank loan of approximately HK\$391,499,000 was drawn by the Group secured by the construction in progress at the Sanya land, guaranteed by shares in 三亞恒大健康醫療有限公司 and 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.

Save as aforesaid, the Directors were not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 30 November 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, 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 Health Industry Segment

The vision of the Group is to implement the "Healthy China" strategy and improve the life quality of the general public, provide high quality medical services, improve health insurance coverage and develop the health industry. The Group is engaged in the healthcare community, international hospital, community health preservation, medical cosmetology and anti-aging services and is committed to the integration of insurance and finance services and the provision of scientific, all-round and full life-cycle health services.

The Year 2016 is the period for accelerated business development. In view of the rapid aging population at present and the rising living standards of residents in the community, the Group focused on the development of large healthcare community projects. The Group aims to, through its 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 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. *Healthcare Community Business*

The Group completed the outline and positioning of the healthcare community projects and also formulated the first large community healthcare living standards in China, by which the Group committed to develop a community into a healthcare living ecosphere integrating family doctors, health management, rehabilitation, elderly care services, community Internet+ and O2O living, and to expand the development across the country on such basis. Recently, certain projects are under development.

2. *International Hospital*

The Company is collaborating with the international medical and research institute, to introduce international first-class talents, and establish the high end international hospitals and research and development platform which will integrate clinical studies, teaching, and research. It is developed to cure the diseases that have more complexity and larger threats to human beings by introducing and developing cutting-edge equipment, technology and clinical treatment method for the benefits of the patients and people's livelihood.

The construction for Boao Evergrande International Hospital — In affiliation with Brigham and Women's hospital (博鰲恒大國際醫院 — 布萊根和婦女醫院附屬醫院) is intended to be opened within 2017. Currently it is under intense construction.

3. *Community Health Management and Elderly Care Business*

The Community Health Management and Elderly Care Business are actively launching series of health management activities to establish 15-minute health service circle in the community. It provides health education, disease prevention, primary care, medical check-ups, rehabilitation management, elderly care and other health management services.

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 is also building the micro cosmetic centers in the major cities 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 2017. 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 XI'AN LAND PLOTS ACQUISITION

Immediately upon the completion of the Xi'an Land Plots Acquisition, the land use rights of RMB733,300,000 (equivalent to approximately HK\$819,778,069) 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 is to be satisfied by internal resources as disclosed above in the section headed "Consideration and payment terms" in the "Letter from the Board" of this circular. The Group has paid the deposits for land bidding in the amount of RMB200 million (equivalent to approximately HK\$223,586,000). The remaining balance of the land payments will be paid by instalments. The Group believes that there will be adequate fund for paying the subsequent instalments of the land payments.

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
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.

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 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;
- (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 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;
- (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 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;
- (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 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;
- (e) 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
- (f) the Xi'an 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
AVISTA	Qualified Property Valuer

AVISTA 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.

AVISTA 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 2015, 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 2015, 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 9 February 2017:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the eighteen months ended 31 December 2015 and the year ended 30 June 2014;
- (c) 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;
- (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; and
- (g) this circular.

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 31 December 2016 of the property interest.



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25 January 2017

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

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of Evergrande Health Industry Group Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) for us to carry out the valuation of the property interest in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 December 2016 (the “valuation date”).

PREMISES OF VALUE

The valuation is our opinion of market value which is defined by the Hong Kong Institute of Surveyors 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 wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

BASIS OF VALUATION

In valuing the property interests, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published from time to time by the International Valuation Standards Council.

As confirmed by the Group that the accounting treatment of the Land Plots are based on Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

Our valuations also exclude potential tax liability which might arise if the assets were to be sold at the valuation date, including but not limited to profit tax, business tax, land appreciation tax, capital gain tax and any other relevant taxes prevailing at the valuation date.

VALUATION METHODOLOGY

In valuing property interest, we have adopted market approach in our valuation by making reference to comparable market transactions in our assessment of the property interest. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

TITLE INVESTIGATION

We have been provided by the Company with copy of extract of the documents relating to the property interests. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrances that might be attached to the property interests or any amendments which may not appear on the copies handed to us.

However, we have not searched the original documents to verify ownership or to ascertain any amendment. Due to the current registration system of the PRC under which the registration information is not accessible to the public, no investigation has been made for the title of the property interests in the PRC and the material encumbrances that might be attached. In the course of our valuation, we have relied considerably on the legal opinion given by the Company's PRC legal adviser — Commerce & Finance Law Offices, concerning the validity of title of the properties in the PRC.

SITE INVESTIGATION

We have inspected the exterior and, where possible, the accessible portions of the interior of the properties being appraised. The inspection was carried out by Mr. Raymond Chan (Manager), during the period from 19 December 2016 to 20 December 2016. However, we have not been commissioned to carry out structural survey nor to arrange for an inspection of the services. We are, therefore, not able to report whether the properties are free of rot, infestation or any other structural defects. We formulate our view as to the overall conditions of the properties taking into account the general appearance, the apparent standard and age of fixtures and fittings and the

existence of utility services. Hence it must be stressed that we have had regard to you with a view as to whether the property is free from defects or as to the possibility of latent defects which might affect our valuation. In the course of our inspection, we did not note any serious defects. No tests were carried out on any of the services. We have assumed that utility services, such as electricity, telephone, water, etc., are available and free from defect.

We have not been commissioned to carry out detailed site measurements to verify the correctness of the land areas in respect of the properties but have assumed that the areas provided to us are correct. Based on our experience of valuation of similar properties, we consider the assumptions so made to be reasonable.

Moreover, we have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the property interests. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the properties or on adjoining or neighbouring land or that the properties had been or are being put to contaminated use, we reserve right to revise our opinion of value.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or the legal or other professional advisers on such matters as statutory notices, planning approval, zoning, easements, tenure, completion date of building, development proposal, identification of property, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore approximations and for reference only. We have not searched original plans, developer brochures and the like to verify them.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. 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 reach an informed view and we have no reason to suspect that any material information has been withheld.

VALUATION ASSUMPTIONS

For the properties which are held under long term land use rights, we have assumed that transferable land use rights in respect of the property interests at nominal land use fees has been granted and that any premium payable has already been fully settled. Unless stated as otherwise, we have assumed that the respective title owner of the properties have an enforceable title of the property interests and have free and uninterrupted rights to occupy, use, sell, lease, charge, mortgage or otherwise dispose of the properties without the need of seeking further approval from and paying additional premium to the Government for the unexpired land use term as granted. Unless noted in the report, vacant possession is assumed for the property concerned.

Moreover, we have assumed that the design and construction of the properties are/will be in compliance with the local planning regulations and requirements and had been/would have been duly examined and approved by the relevant authorities.

Continued uses assumes the properties will be used for the purposes for which the properties are designed and built, or to which they are currently adapted. The valuation on the property in continued uses does not represent the amount that might be realised from piecemeal disposition of the property in the open market.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed. Moreover, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial or national government or private entity or organisation either have been or can be obtained or renewed for any use which the report covers.

It is also assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the valuation report. In addition, it is assumed that the utilisation of the land and improvements are within the boundaries of the properties described and that no encroachment or trespass exists, unless noted in the report.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

We have further assumed that the properties were not transferred or involved in any contentious or non-contentious dispute as at the valuation date. We have also assumed that there was not any material change of the properties in between dates of our inspection and the valuation date.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all amounts are denominated in Renminbi (RMB). Our valuation certificate is attached.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Sr Oswald W Y Au
MHKIS(GP) AAPI MSc(RE)
Registered Professional Surveyor (GP)
Director

Note: Mr. Oswald W Y Au holds a Master's Degree of Science in Real Estate from the University of Hong Kong. He is also a member of Hong Kong Institute of Surveyors (General Practice) and Associate Member of Australian Property Institute. In addition, he is a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board. He has over 11 years' experience in the valuation of properties including Hong Kong, the PRC, the U.S., Canada, East and Southeast Asia including Singapore, Japan and Korea.

VALUATION CERTIFICATE

Property interests contracted to be acquired by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value Attributable to the Company as at 31 December 2016 RMB
Two parcels of land located at the south of Shenhe Second Road, east of Ziwu Street, Chang'an District, Xi'an City, Shaanxi Province, the PRC.	<p>The property comprises two parcels of land with a total site area of approximately 159,426.13 sq.m.</p> <p>The property is located on the northern side of Chang'an District, with approximately 30 km to Xi'an Railway Station and 50 km to Xi'an Xianyang International Airport.</p> <p>The land use rights of the property have been granted for a term of 70 years for residential use and 40 years for commercial use.</p>	The property was vacant as at the valuation date.	No commercial value (Please refer to Note 2)

Notes:

- Pursuant to 2 of the State-owned Construction Land Use Rights Grant Contract Nos. 2604101 and 2613101 dated 16 December 2016, the land use right of 2 parcels of land with a total site area of approximately 159,426.13 sq.m. has been granted to Guangzhou Kaishang Health Industry Limited, a wholly owned subsidiary of the Company, for a term of 70 years for residential use and 40 years for commercial use at a total land premium of RMB 733,300,000.

As revealed from the aforesaid State-owned Construction Land Use Rights Grant Contract, the Property is subject to the following material development conditions:

- State-owned Construction Land Use Rights Grant Contract No. 2604101

Site Area	74,286.84 sq.m.
Land Use	Residential/Commercial
Land Use Term	70/40 years
Plot Ratio	≥ 1.8 and ≤ 2.5
Site Coverage	≤ 35%
Greenery Coverage	≥ 31%

- State-owned Construction Land Use Rights Grant Contract No. 2613101

Site Area	85,139.29 sq.m.
Land Use	Residential/Commercial
Land Use Term	70/40 years
Plot Ratio	≥ 1.4 and ≤ 2.1
Site Coverage	≤ 33%
Greenery Coverage	≥ 33%

2. In the valuation of the property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained. However, for reference purpose, we are of the opinion that the reference value as at the date of valuation would be RMB747,510,000 assuming all relevant title certificates have been obtained and the property could be freely transferred.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
 - a. Guangzhou Kaishang Health Industry Limited has legally obtained the State-owned Construction Land Use Rights Grant Contracts. There is no legal impediment to obtain the State-owned Land Use Rights Certificate while Guangzhou Kaishang Health Industry Limited has settled the land use right premium.
4. A summary of major certificates/licenses is shown as follows:

a.	State-owned Construction Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	No
c.	Construction Land Planning Permit	No
d.	Construction Works Planning Permit	No
e.	Construction Works Commencement Permit	No