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

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

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

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**EVERGRANDE HEALTH  
INDUSTRY GROUP**

**EVERGRANDE HEALTH INDUSTRY GROUP LIMITED**

**恒大健康產業集團有限公司**

*(a company incorporated in Hong Kong with limited liability)*

**(Stock code: 708)**

**MAJOR TRANSACTION  
PURCHASE OF THE LAND USE RIGHTS  
OF 3 LAND PLOTS IN  
LIUHE DISTRICT, NANJING CITY,  
JIANGSU PROVINCE**

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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 May 2018

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 23 March 2018 in relation to the Bid;
“Bid”	the bid won by the Bid Winner for the state-owned construction land use rights of the Land Plots on 23 March 2018 by the Company through its subsidiary;
“Bid Winner”	Nanjing Hengkang Real Estate Co., Ltd.* (南京恒康置業有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company;
“Board”	the board of Directors;
“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;
“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”	2018 Ningwanggua (No.2) NO.2018G12 (land for hospital use, commercial use, elderly home use, and secondary residence use), NO.2018G13 (land for elderly home use, commercial use, mixed use, recreation use, secondary residence use and grassroots community center use), NO.2018G14 (commercial use and secondary residence use) in Liuhe District, Nanjing City, Jiangsu Province

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## DEFINITIONS

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“Latest Practicable Date”	21 May 2018, 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 in respect of the Land Plots prepared by PSA in accordance with the Listing Rules and included as Appendix III to this circular;
“PSA”	PSA (HK) Surveyors Limited;
“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”	南京市國土資源局 (Ministry of Land and Resources of Nanjing*);
“Nanjing Liuhe Evergrande Health Land”	has the meaning ascribed to it under the section “Reasons and Benefits of the Transaction”
“Nanjing Land Plots Acquisition Agreements”	the assignment agreement for state-owned construction land use rights (《國有建設用地使用權出讓合同》) in respect of the Nanjing Land Acquisition entered into between the Bid Winner and the Vendor dated 13 April 2018, as supplemented and amended from time to time, each a “Nanjing Land Plots Acquisition Agreement”;
“Nanjing Land Plots Bid Confirmations”	the total of 3 relevant land use rights bid confirmations signed by the Bid Winner dated 23 March 2018, 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 = RMB0.80924 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:*

Mr. Shi Shouming (*Chairman*)

Mr. Han Xiaoran

*Independent Non-executive Directors:*

Mr. Chau Shing Yim, David

Mr. Guo Jianwen

Mr. Xie Wu

*Registered Office:*

23rd Floor

China Evergrande Centre

38 Gloucester Road

Wanchai

Hong Kong

25 May 2018

*To the Shareholders:*

Dear Sir/Madam,

**MAJOR TRANSACTION  
PURCHASE OF THE LAND USE RIGHTS  
OF 3 LAND PLOTS IN  
LIUHE DISTRICT, NANJING CITY,  
JIANGSU 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 Nanjing Land Plots Acquisition. As disclosed in the Announcement, the Bid Winner entered into the Nanjing Land Plots Bid Confirmations. Subsequently, the Bid Winner and the Vendor entered into the Nanjing Land Plots Acquisition Agreement.

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## LETTER FROM THE BOARD

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### THE NANJING LAND PLOTS ACQUISITION AGREEMENTS

Date	:	13 April 2018
Vendor	:	Ministry of Land and Resources of Nanjing*
Bid Winner	:	Nanjing Hengkang Real Estate Co., Ltd.* (南京恒康置業有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company;
Location of the Land Plots	:	The Land Plots are located in the Liuhe District, Nanjing City, Jiangsu Province, PRC
Total Area of the Land Plots	:	The total area of the Land Plots is 566,957 square meters in which (i) the net area of plot NO.2018G12 is 242,674.97 square meters, with a total plot ratio of 1.43 and a total aboveground construction area of approximately 347,025.2 square meters; (ii) the net area of plot NO.2018G13 is 212,951.50 square meters, with a total plot ratio of 1.5 and a total aboveground construction area of approximately 319,427.25 square meters; (iii) the net area of plot NO.2018G14 is 111,330.65 square meters, with a total plot ratio of 1.4 and a total aboveground construction area of approximately 155,862.9 square meters
Term of land use rights	:	The terms of land use rights of plot NO.2018G12 are 70 years, 40 years and 50 years for the land use rights for residential use, commercial use and hospital use, respectively; the terms of land use rights of plot NO.2018G13 are 70 years and 40 years for the land use rights for residential use and commercial use, respectively; the terms of land use rights of plot NO.2018G14 are 70 years and 40 years for the land use rights for residential use and commercial use, respectively.
Consideration	:	RMB2,960,000,000 (equivalent to approximately HK\$3,657,752,953)
Expected completion date	:	Before 24 July 2018
Expected payment term	:	100% of the consideration to be paid before 24 April 2018

\* For identification purpose only

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## LETTER FROM THE BOARD

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### **Consideration**

The total consideration for the Nanjing Land Plots Acquisition is RMB2,960,000,000 (equivalent to approximately HK\$3,657,752,953) which will be settled by the Group with internal resources.

The consideration of the Nanjing 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 23 March 2018 was RMB2,988,000,000 (equivalent to approximately HK\$3,692,353,319) 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 healthcare, health management, high-end medical therapy and elderly care under the membership system.

### **INFORMATION ABOUT THE VENDOR**

The Vendor is a government department in Nanjing, China and an authority under the Nanjing Municipal Government.

To the best of knowledge, information and belief of the Directors, after having made all reasonable enquiries, Nanjing government (being the authority which the Vendor is subordinated to) is a government institution, and Nanjing 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 NANJING CITY, JIANGSU PROVINCE, CHINA**

Nanjing is situated in the eastern region of China and in the lower reaches of Yangtze River. Its geographical advantages include the adjacency to waterways, extensive economic hinterland and proximity to Shanghai, with whom Nanjing is one of the three core cities in the Yangtze River delta economic area. Nanjing is also the sole mega-city in the Yangtze River delta area and Eastern China. Being one of the four great ancient capitals of China and among the first batch of national famous historical and cultural cities, Nanjing is the primary birthplace of the Chinese culture and has been chosen as the capital for multiple periods throughout the Chinese history. Nanjing has long been a political, economical and cultural center in Southern China.

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## LETTER FROM THE BOARD

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### REASONS AND BENEFITS OF THE TRANSACTION

The Group focuses on healthcare, health management, health insurance and elderly care under the membership system. The Group keeps pace with international standards and the world's cutting-edge technology, such as Brigham and Women's Hospital, to establish a lifelong health tracking management system for all memberships, conducting multidimensional scientific life management from all aspects.

Meanwhile, the Group initiated the idea of innovative services integrating medical insurance with prevention, medical services and health care. It has established a membership platform, which provides comprehensive full-life cycle health management services for members by integrating the world's firstclass old-age care and health preserving, medical and commercial insurance and other resources. Nanjing Liuhe Evergrande Health Land 《南京六合養生谷》 (“**Nanjing Liuhe Evergrande Health Land**”) adheres to create health-orientated homes and to create a new healthy life of “one family with three generations, living in two apartments” while helping with developing Nanjing into a demonstrative health city, eco-friendly city, intelligent city, international city and liveable city in Eastern China, even across the whole of China.

The Land Plots will be used for the construction of an international specialist hospital, a medical examination center, meeting and catering center and elderly care apartments. Meanwhile, adhering to the concept of an all-round healthy lifestyle for all-aged populations, and through the installation of relevant ancillary facilities for four gardens namely, YiYang (Keep fit), ChangLe (Cheerfulness), KangYi (Health) and Qinzi (Parent-child), the Land Plots will be developed into a demonstrative allage health community in Eastern China, and even across the whole China. Efforts will be made to develop a modern lifestyle that meets the living standards of moderately developed countries. On the basis of the above reasons and benefits, the Directors believe that the terms of the Bid, the Nanjing 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 Nanjing Land Acquisition is more than 25% but less than 100%, the Nanjing Land Acquisition constitutes a major transaction of the Company and is subject to announcement and shareholders' approval requirements under the Listing Rules.

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 Nanjing Land Acquisition, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for approving the transaction. The Company will not be required to convene a general meeting for approving the transaction as the Company has obtained written Shareholder's approval from Evergrande Health Industry Holdings Limited, the controlling shareholder of the Company (the “**Controlling Shareholder**”), in lieu of convening a general meeting as permitted by Rule

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## LETTER FROM THE BOARD

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14.44 of the Listing Rules. The Controlling Shareholder directly holds 6,479,500,000 shares in the Company, representing approximately 74.99% of the issued shares of the Company as at the date of this announcement.

### RECOMMENDATION

The Directors consider that the terms and conditions of the Nanjing 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 Nanjing 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**  
**Shi Shouming**  
*Chairman*

## 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 2017, the twelve months ended 31 December 2016, and the eighteen months ended 31 December 2015 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 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>
- (b) annual report of the Company for the twelve months ended 31 December 2016 published on 28 April 2017 (pages 52 to 120): <http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0428/LTN20170428614.pdf>
- (c) annual report of the Company for the twelve months ended 31 December 2017 published on 30 April 2018 (pages 56 to 126): <http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0430/LTN20180430652.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 March 2018, 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 RMB7,031,000,000 (equivalent to approximately HK\$8,688,399,000), comprising (i) bank loans of RMB313,200,000 (equivalent to approximately HK\$387,030,000) unguaranteed and secured by the Group's cash deposit of approximately RMB319,592,000 (equivalent to approximately HK\$394,929,000); (ii) bank loans of RMB400,000,000 (equivalent to approximately HK\$494,291,000) secured by the construction in progress at the Hainan Boao land and guaranteed by the corporate guarantee by a holding company of the Group; (iii) a bank loan of RMB326,200,000 (equivalent to approximately HK\$403,094,000) guaranteed by the corporate guarantee by a holding company of the Group and secured by a share charge for 100% of the total issued share capital of a subsidiary of the Group; (iv) bank loans of RMB500,000,000 (equivalent to approximately HK\$617,864,000) 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 a holding company of the Group; (v) a bank loan of RMB1,000,000,000 (equivalent to approximately HK\$1,235,727,000) secured by the Xi'an land and the construction in progress at the land and guaranteed by the corporate guarantee

by a holding company of the Group; (vi) other borrowings of RMB4,491,600,000 (equivalent to approximately HK\$5,550,393,000) unsecured and guaranteed by the corporate guarantee by a holding company of the Group.

As at 31 March 2018, the Group had provided financial guarantee of approximately RMB162,970,000 (equivalent to approximately HK\$201,385,000) 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 March 2018, 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 March 2018.

Save as aforesaid, the Directors were not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 31 March 2018.

### **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 2017, 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 borrowings, the present facilities available from financial institutions and the financial support of not less than RMB1,500,000,000 (equivalent to approximately HK\$1,853,591,000) from the intermediate holding company, 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 Evergrande Healthy Land**

The Group will further integrate world-class resources on old-age care and health preserving, medical and commercial insurance. Through the multi-model membership service platform of "rent-purchase-travel", the Group aims to provide members with 388 types of healthcare services, 389 types of health management services, 90 types of elderly care services, 5 major types of insurance as well as 852 facilities and equipment under the theme

of tourism, learning, meditation, music, cheer, diet, beauty, living, health care, nursing, so as to cover the entire treatment cycle from pre-pregnancy, infants to centenarians, to create a new healthy lifestyle of “one family with three generations, living in two departments”.

In 2018, the Group will successively set up Evergrande Healthy Land in the livable and healthy areas in China. In addition to seven livable and healthy areas in which development has already commenced, the Group intends to expand its operations to nine new livable areas, which can accommodate 46,000 members. In the coming five years, the Group plans to expand to over 30 livable and healthy areas to serve members of Evergrande Health.

In the future, the Group will cooperate with financial, tourism, Internet and other fields to grasp more members and provide health services for more people.

#### **Outlook for Medical Service Business**

Boao Evergrande International Hospital — the affiliated Hospital of Brigham and Women’s Hospital has commenced operation in February 2018. Leveraging on the policy advantages of the pilot zone and technical support from Brigham and Women’s Hospital, Boao Evergrande International Hospital will provide medical services which focus on breast cancer and liver diseases, to establish characterized discipline and gradually expand to other medical services. Premium medical service resources within China and overseas will be introduced on an ongoing basis and actively cooperate with domestic and overseas technology research institutions to establish a world-leading platform for medical research and transformation.

Meanwhile, the Group will continue to facilitate its cooperation with 3A hospitals across China. A tiered medical treatment system applicable to international hospitals, 3A hospitals across China and Henghe Hospital will be optimized to expand Evergrande Medical Association.

## **6. FINANCIAL EFFECT OF THE NANJING LAND PLOTS ACQUISITION**

Immediately upon the completion of the Nanjing Land Plots Acquisition, the land use rights of RMB2,960,000,000 (equivalent to approximately HK\$3,657,752,953) 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:

### Long positions in the shares and underlying shares of associated corporation

Name of Director	Name of associated corporation	Capacity in which interests are held	Number of shares in associated corporation	% of the issued share capital of associated corporation as at the Latest Practicable Date
Shi Shouming	China Evergrande Group	Beneficial owner	5,700,000	0.04%

As at the Latest Practicable Date, saved 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:

<b>Name of Shareholder</b>	<b>Nature of interest held</b>	<b>Interest in the Shares</b>	<b>Approximate percentage of shareholding</b>
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) Mr. Han Xiaoran was a director of four subsidiaries of China Evergrande Group and an employee of a subsidiary of China Evergrande Group; and (ii) 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 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;
- (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 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;

- (c) the 11 grant contracts of state-owned construction land use rights (《國有建設用地使用權出讓合同》) dated 18 September 2017 in respect of the acquisition of land use rights of land plots in Xingyang, Zhengzhou City, Henan Province, China for a consideration of approximately RMB1,829.9 million, details of which were set out in the announcement of the Company dated 7 September 2017;
- (d) 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;
- (e) the 5 grant contracts of state-owned construction land use rights (《國有建設用地使用權出讓合同》) each dated 5 January 2018 in respect of the acquisition of land use rights of land plots in Yangzhong, Zhenjiang City, Jiangsu Province, China for a total consideration of approximately RMB839.76 million, details of which were set out in the announcement of the Company dated 22 December 2017; and
- (f) the Nanjing Land Plots Acquisition Agreements.

## 6. EXPERTS AND CONSENTS

The following is the qualification of the experts, the text of whose report is contained in or referred to in this circular:

Name	Qualification
PSA	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 2017, 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 2017, 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 23rd Floor, China Evergrande Centre, 38 Gloucester Road, Wanchai, 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 23rd Floor, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong during normal business hours on any weekday (public holidays excluded) from the date of this circular up to and including 8 June 2018:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the twelve months ended 31 December 2017, the twelve months ended 31 December 2016 and the eighteen months ended 31 December 2015;
- (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 consents 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 PSA, an independent property valuer, in connection with its valuation as at 23 March 2018 of the Land Plots.*



21 May 2018

The Board of Directors  
**Evergrande Health Industry Group Limited**  
Evergrande Center  
No. 78 Huangpu Avenue West  
Tianhe District  
Guangzhou City  
The People's Republic of China

Dear Sirs,

**RE: VALUATION OF THREE PARCELS OF LAND IN LIUHE DISTRICT, NANJING, JIANGSU PROVINCE, 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**") in the People's Republic of China (the "**PRC**"), details of which are set out in the attached valuation certificate. We confirm that we have made relevant investigations and enquiries 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 interests as at 23 March 2018 (the "**Valuation Date**") for public circular purpose.

**Valuation Standards and Basis**

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities (the "**Exchange Listing Rules**") issued by the Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (2017 Edition) published by the Hong Kong Institute of Surveyors ("**HKIS**").

Our valuation is made on the basis of Market Value which is defined by the HKIS to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Market value is understood as the value of an asset or liability estimated without regard to costs of sale and purchase (or transaction) and without offset for any associated taxes or potential taxes.

### **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 value 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 its value.

### **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 value.

### **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 Company, and accepted the advice given to us on such matters as tenure, planning approvals, statutory notices, easements, site areas, floor areas, development schemes, and all other relevant matters.

We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. 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 Company 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.

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 arrive an informed view, and we have no reason to suspect that any material information has been withheld.

**Site Inspection**

Site inspection of the properties was carried by Mr. Edvard Duan on 20 April 2018. We have inspected the property to such extent as for the purposes of this valuation. We have not carried out site measurements to verify the correctness of the site 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.

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

We enclose herewith our valuation certificate.

Yours faithfully,

For and on behalf of  
**PSA (HK) Surveyors Limited**

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**Harry C. W. Chan** *FHKIS MRICS MCIREA RPS(GP)*  
*Managing Director*

*Note:* Mr. Harry Chan is a Registered Professional Surveyor (General Practice), a fellow member of the Hong Kong Institute of Surveyors, a member of Royal Institution of Chartered Surveyors and a member of China Institute of Real Estate Appraisers and Agents. He has over 25 years of valuation experience in Hong Kong and the PRC.

## VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 23 March 2018
Three land plots, located in Liuhe District, Nanjing City, Jiangsu Province, The PRC	<p>The property comprises 3 parcels of land with a total site area of approximately 566,957 square metres.</p> <p>The property is planned for healthcare, elderly care, residential and commercial uses with a permissible gross floor area of approximately 824,109 square metres.</p> <p>The land use rights of the property have been granted for a term of 70 years for residential use, 40 years for commercial use, and 50 years for hospital use commencing upon the date of hand over the property.</p>	As at the Valuation Date, the property was vacant.	<b>RMB2,988,000,000</b> (RENMINBI TWO BILLION NINE HUNDRED AND EIGHTY EIGHT MILLION)

*Notes:*

- Pursuant to the following State-owned Land Use Rights Grant Contracts, the property has been granted to 南京恒康置業有限公司 (Nanjing Hengkang Real Estate Co., Ltd.). The details of the contracts are summarized as below:

Contract Number	Usage	Contract Date	Land Area (square metre)
3201122018CR0008	Healthcare, Commercial, Elderly care, Residential	13 April 2018	242,674.97
3201122018CR0009	Commercial, Residential, Elderly care, Community Center	13 April 2018	212,951.50
3201122018CR0007	Commercial, Residential	13 April 2018	<u>111,330.65</u>
		<b>Total:</b>	<b><u><u>566,957.12</u></u></b>

- According to the contracts, the grantee has to commence the construction work on or before 24 January 2019, and the construction has to be completed on or before 24 January 2022.
- 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:
  - Three Land Use Rights Contracts have been entered between Nanjing Hengkang Real Estate Co., Ltd. and the Nanjing Bureau of Land and Resources;
  - Under the contracts, the Company should settle the land premium on or before 24 April 2018;
  - After full settlement of the land premium, the grant of the Land Use Rights will be free from legal issues; and
  - The Company has rights to use and develop the land.

4. 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 Company 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 Valuation Date.