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Kaisa Health Group Holdings Limited
佳兆業健康集團控股有限公司

(Formerly known as Mega Medical Technology Limited美加醫學科技有限公司)
(Incorporated in Bermuda with limited liability)
(Stock Code: 876)

SUPPLEMENTAL ANNOUNCEMENT
FURTHER INFORMATION IN RELATION TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Reference is made to the annual report of Kaisa Health Group Holdings Limited (the "**Company**") for the year ended 31 December 2017 (the "**Annual Report**"). Capitalised terms used in this announcement, unless the context otherwise specified, shall have the same meanings as defined in the Annual Report.

Goodwill impairment assessment

As disclosed in the Annual Report, the Company recorded a goodwill of approximately HK$330,805,000 allocated to the CGU of dental prosthetics business which was acquired during the year ended 31 December 2015. Based on the Group's assessment, the recoverable amount of the CGU has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the management for the year ending 31 December 2018 and the following four years (the "**Forecast Period**") based on average growth rate of 38.1% (2016: 10.1%) per annum, the average gross margin for the Forecast Period of 55.5% (2016: 56.0%).

The compounded annual growth rate used in the goodwill impairment assessment of 38.1% (2016:10.1%) is also higher than the historical revenue growth from 2016 to 2017 of 20.5%. The Group adopted this growth rate because there are new products (Mega Clear Aligner and 3D Oral Scanner) launched or to be launched which have higher growth. The forecasted revenue for these new products are either supported by the Group's prior sales patterns for conducting the dental prosthetic business or supported by the sales volume stipulated in the distribution agreement with suppliers.

The Group's goodwill impairment assessment is based on a valuation by an independent qualified professional valuer.

By order of the Board
Kaisa Health Group Holdings Limited
Luo Jun
Chairman

Hong Kong, 18 October 2018

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Luo Jun (Chairman) and Mr. Wu Tianyu (Chief Executive Officer), one non-executive Director, namely Mr. Xu Hao, and four independent non-executive Directors, namely Dr. Liu Yanwen, Mr. Wang Wansong, Mr. Fok Hei Yu and Dr. Lyu Aiping.