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)

PROFIT WARNING

This announcement is made by Kaisa Health Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the "**Board**") of the Company hereby informs the shareholders of the Company (the "**Shareholders**") and potential investors that, based on a preliminary assessment on the unaudited management accounts of the Group and information currently available to the Board, the Board expects the Group to record a loss attributable to the owners of the Company for the year ended 31 December 2018, comparing to the profit attributable to the owners of the Company for the year ended 31 December 2017.

The turnaround from profit to loss was mainly due to:

(i) Although the Group recorded a 7% overall increase in terms of income as compared with last year, the overall gross profit was lower than last year. This was mainly because:

  a. US customers have adopted a conservative procurement attitude due to their rising concerns about the current status of trade conflicts between China and the United States. The Group offered a certain extent of price discount in order to secure more export orders.

b. The Group has stepped up its investment in digitized equipment and thus depreciation of the newly invested equipment increased.

c. The demand of the market for skilled labours was keen and hence drove up the labour cost.

(ii) Merge and acquisition-related legal and professional fees as well as the introduction of medical professionals led to an increase in administrative expenses.

(iii) The Group increased its commitment to relevant research and development, which led to an increase in research and development expenses.

The information contained in this announcement is only based on information currently available to the Group, which is subject to finalization and necessary adjustments and has not been confirmed, audited or reviewed by the auditors of the Company. Details of the financial results of the Group will be disclosed in the Group's annual results announcement for the year which will be published in due course pursuant to the requirements of the Listing Rules. Shareholders and potential investors are advised to read the financial results announcement carefully when it is published.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Kaisa Health Group Holdings Limited
Kwok Ying Shing
Chairman

Hong Kong, 8 March 2019

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Kwok Ying Shing (Chairman), Mr. Luo Jun (Co-Vice Chairman), Mr. Wu Tianyu (Co-Vice Chairman) and Mr. Xu Hao, and four independent non-executive Directors, namely Dr. Liu Yanwen, Mr. Wang Wansong, Mr. Fok Hei Yu and Dr. Lyu Aiping.