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Kaisa Health Group Holdings Limited
佳兆業健康集團控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 876)

SUPPLEMENTAL ANNOUNCEMENT
TO THE ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the annual report for the year ended 31 December 2019 (the “**2019 Annual Report**”) published on 29 April 2020 of Kaisa Health Group Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”). The board of directors of the Company (the “**Board**”) would like to provide additional information in respect of the Group’s material investment as disclosed in the 2019 Annual Report.

MATERIAL INVESTMENTS

As disclosed in the 2019 Annual Report, Mega Deluxe Holdings Limited, a wholly-owned subsidiary of the Company and Rui Jing Investment Company Limited (a wholly-owned subsidiary of Kaisa Group Holdings Ltd., a controlling shareholder of the Company), entered into the Sale and Purchase Agreement on 3 August 2018, pursuant to which the Company acquired a project (the “**Project**”) in Hangzhou City, Zhejiang Province, the PRC for the provision of public health and medical services (the “**Acquisition**”). As part of the Acquisition, the Group acquired directly and indirectly:

- (i) 20% of the equity interest in Hangzhou Jinyun Investment Management Co., Ltd. (杭州金韻投資管理有限公司);
- (ii) 9.57% interest of Hangzhou Jiayue Investment Partnership (杭州佳躍投資合夥企業(有限合伙)) (“**Hangzhou Jiayue**”); and
- (iii) 90% equity interest in Hangzhou Zhaojin Real Estate Co., Ltd. (杭州兆金置業有限公司), which in turns owns the Project.

The Acquisition was completed on 23 May 2019. As at 31 December 2019, the Company has an unlisted equity investment of HK\$229.9 million in Hangzhou Jiayue, representing approximately 32.16% of the total assets of the Group.

The unlisted equity investment in Hangzhou Jiayue was derived based on the fair value with reference to the valuation conducted by an independent qualified professional valuer. As disclosed in note 34.3 to the 2019 Annual Report, the valuation methodology adopted for determining the fair value of the unlisted equity investment are discounted cash flow model and binomial interest rate model, with significant unobservable inputs including but not limited to expected volatility and discount rate.

Upon completion of the Acquisition, the Company indirectly become one of the limited partners of Hangzhou Jiayue and holding approximately 9.57% interest in Hangzhou Jiayue and the Company enjoyed the economic interests generated by the Project pursuant to the a partnership agreement in relation to Hangzhou Jiayue. Hangzhou Jiayue was established as a limited partnership for provision of investment management and investment consultancy services, and is permitted to develop in life science, technology industry and other related projects. During the year of 2019, the Project was still in the development stage. An unrealised fair value gain of approximately HK\$16,201,000 was recognised for the year ended 31 December 2019. No dividend payment was received for the year ended 31 December 2019.

The land (Lot B) for Phase One Construction of the Project was obtained in January 2018, which covers an area of 143 acres with a total gross floor area of 386,000 sq.m.. The plan was approved in August 2019, with the piling and foundation pit support work commenced in March 2020, and currently over 50% of such piling and foundation pit support work have been completed. Main construction work is scheduled to commence in November 2020, and relevant inspection is intended to be completed by October 2023.

The land (Lot A) for Phase Two Construction of the Project covers an area of 28.35 acres with a total gross floor area of approximately 70,000 sq.m. (subject to the approved plan). The usage of such land has been adjusted to be for medical and health use in 2019. Land requisition, demolition and relocation works have all been completed, cadastral survey and opinions from relevant government departments have also been obtained, and such land lot is planned to be finally acquired by the end of 2020.

The aforesaid land lot will be used for the construction of the Project, including the development of a hospital for provision of public health and medical services in Hangzhou.

Based on the foregoing development progress, the Board continues to view this as a sound and long-term investment.

Save as disclosed above, all other information in the 2019 Annual Report remains unchanged.

On behalf of the Board
Kaisa Health Group Holdings Limited
Zhang Huagang
Chairman

Hong Kong, 31 July 2020

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