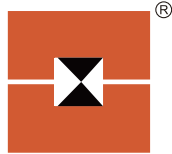


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Kaisa Health Group Holdings Limited
佳兆業健康集團控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 876)

MAJOR TRANSACTION

**SUPPLEMENTAL COOPERATION AGREEMENT IN RELATION TO
FORMATION OF JOINT VENTURE**

Reference is made to the announcement of the Company dated 3 March 2021 in relation to, among others, the Original Cooperation Agreement.

On 2 July 2021, the Company, Shanghai Xinxing, Fuhu Cooperative and Shanghai Jiayu entered into the Supplemental Cooperation Agreement to amend and supplement certain terms of the Original Cooperation Agreement. The proposed amendments include, among other things, the increase in the area of Phase 1 Land from no less than 42 mu to no less than 60 mu.

Subject to the Proposed Amendment becoming effective, the total capital contribution committed by shareholders of the Project Company will be increased from RMB150 million to approximately RMB197 million, of which (i) RMB167 million will be contributed by the Company by way of cash and (ii) RMB 30 million will be contributed by Shanghai Xinxing by way of set off against part of the consideration payable for land use rights of the Collective Land.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Cooperation Agreement (taking into account the revised amount of capital contribution committed by the Company in the Project Company, the revised estimated total consideration for acquiring the Phase 1 Land and the revised estimated value of right-of-use asset to be recognized by the Group for the lease of the agricultural land) exceeds 25% but all of the applicable percentage ratios are less than 100%, the Proposed Amendment constitutes a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

As additional time is required to prepare the information for inclusion in the circular, a circular containing, among other things, (i) further details of the Proposed Amendment and the Supplemental Cooperation Agreement, (ii) an independent property valuation report on the Collective Land; (iii) other information as is required to be contained in it under the Listing Rules; and (iv) the notice convening the SGM, is expected to be despatched by the Company to the Shareholders on or before 1 August 2021.

The SGM will be convened and held for the purpose of considering and, if thought fit, approving the Proposed Amendment.

Reference is made to the announcement of the Company dated 3 March 2021 in relation to, among others, the Original Cooperation Agreement.

On 2 July 2021, the Company, Shanghai Xinxing, Fuhu Cooperative and Shanghai Jiayu entered into the Supplemental Cooperation Agreement to amend and supplement certain terms of the Original Cooperation Agreement.

THE SUPPLEMENTAL COOPERATION AGREEMENT

The principal terms of the Supplemental Cooperation Agreement are set out below:

Date

2 July 2021

Parties

- (a) the Company
- (b) Shanghai Xinxing
- (c) Fuhu Cooperative (as the economic collective designated by Shanghai Xinxing)
- (d) Shanghai Jiayu (as the entity designated by the Company to establish the Project Company)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Shanghai Xinxing, Fuhu Cooperative and their ultimate beneficial owner, being the Xuhang Government is an Independent Third Party.

Amendments to the Original Cooperation Agreement

The proposed amendments to the Original Cooperation Agreement are as follows:

- (i) the area of Phase 1 Land will be increased from no less than 42 mu to no less than 60 mu; and
- (ii) the timing for (1) establishing the Project Company to engage in the Project and (2) payment of the deposit of RMB20 million (the “**Deposit**”) by the Project Company to the Xuhang Government will be changed from within one month after the signing of the Original Cooperation Agreement to within five months after the signing of the Original Cooperation Agreement.

The Proposed Amendment set out in paragraph (i) above shall only be effective from the date on which the approval from the Shareholders has been obtained pursuant to the Listing Rules and such condition may not be waived. The Company shall notify the other parties by 1 October 2021 on whether or not such condition is fulfilled.

The proposed amendment set out in paragraph (ii) above shall be effective upon signing of the Supplemental Cooperation Agreement.

Other covenants

When the Project Company engages in any financing which requires security over the equity interest in the Project Company held by Fuhu Cooperative or interest in the Collective Land invested by the Project Company, upon the request by Fuhu Cooperative, Shanghai Jiaxu or its related party should provide counter-guarantee in favour of the Project Company or Fuhu Cooperative (only in the case where Fuhu Cooperative provides security over its assets) in an amount limited to the relevant financing amount. The form and terms of such counter-guarantee will be negotiated and determined by Fuhu Cooperative and Shanghai Jiaxu at the relevant time.

Save as disclosed above, the other principal terms of the Original Cooperation Agreement remain unchanged.

The amendments under the Supplemental Cooperation Agreement were determined after arm's length negotiations among the Company, Shanghai Xinxing, Fuhu Cooperative and Shanghai Jiaxu.

CERTAIN PRINCIPAL TERMS OF THE COOPERATION AGREEMENT

Project Company

Notwithstanding the amendments in the Supplemental Cooperation Agreement, upon establishment of the Project Company, the Project Company will still be owned as to 80% by Shanghai Jiaxu and 20% by Fuhu Cooperative respectively, the Project Company will continue to be accounted for as a non-wholly owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company.

Capital Contribution

Subject to the Proposed Amendment becoming effective, the total capital contribution committed by shareholders of the Project Company will be increased from RMB150 million to approximately RMB197 million, of which (i) RMB167 million will be committed by the Company by way of cash and (ii) RMB 30 million will be committed by Shanghai Xinxing by way of set off against part of the Consideration payable for land use rights of the Collective Land.

Collective Land

Pursuant to the Original Cooperation Agreement, Shanghai Xinxing guarantees that the Project Company will be able to obtain land use rights of no less than 120 mu of Collective Land for a term of 40 years at the consideration of RMB 3.2 million per mu (the “**Consideration**”), of which only RMB 2.7 million per mu shall be payable to the Xuhang Government, and the remaining RMB 0.5 million per mu will be deemed capital contribution by the designated entity of Shanghai Xinxing in the Project Company. The final actual area of the Collective Land will be subject to agreement by Shanghai Xinxing and the Company.

Subject to the Proposed Amendment becoming effective, the Phase 1 Land to be provided by Shanghai Xinxing will be increased from 42 mu to no less than 60 mu. The Company currently expects that the actual area of the Phase 1 Land will be not more than 62 mu.

Pursuant to the Cooperation Agreement, the Consideration for the Phase 1 Land acquired by the Project Company to the Xuhang Government will be settled in the following manner:

- (i) the Deposit will be payable within five months upon signing of the Original Cooperation Agreement;
- (ii) the second installment based on RMB 1.35 million/mu, less the Deposit, shall be payable within one month from the date of the receipt of land use approval certificate for the Phase 1 Land (the “**Land Use Approval Date**”);
- (iii) the third installment based on RMB 0.8 million/mu shall be payable within one year from the Land Use Approval Date; and
- (iv) the remaining Consideration based on RMB 0.55 million/mu shall be payable within two years from the Land Use Approval Date.

The Consideration was determined by the parties after arm’s length negotiations with reference to, among other things, the pricing terms of the Jiading Huating Renjia project, being a project involving cooperation with the local government by Shanghai Land (Group) Co., Ltd. which is similar to the Project.

INFORMATION ON THE GROUP

The Group is principally engaged in the dental prosthetics business, including the sale (both overseas and domestic) and production of dental prosthetics, and the health care service business.

Shanghai Jiayu is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in health care service business.

INFORMATION ON SHANGHAI XINXING AND FUHU COOPERATIVE

Shanghai Xinxing is a company established in the PRC with limited liability. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Shanghai Xinxing is a collective economic organization under the People's Government of Xuhang Town and its principal businesses include municipal infrastructure development, industrial investment, and investment management (except finance and securities) and business management consulting.

Fuhu Cooperative is a local village economic cooperative in the Fuhu Village. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Fuhu Cooperative's principal business is for facilitation on potential development of Fuhu Village.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the ultimate beneficial owner of each of Shanghai Xinxing and Fuhu Cooperative, is the Xuhang Government.

INFORMATION OF XUHANG TOWN AND THE FUHU VILLAGE

Xuhang Town is one of the four new towns to be built in Jiading District, Shanghai. It covers an area of 40 square kilometers. It is the core functional area of Jiading Science and Technology Innovation Center and an important part of Zhangjiang High-tech Park.

The Fuhu Village is located at the northern Jiading District, the northwest part of Xuhang Town. It is about 29 kilometers away from Shanghai. The Fuhu Village's total land coverage is about 4,928 mu.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS CONTEMPLATED UNDER THE SUPPLEMENTAL COOPERATION AGREEMENT

The Group is principally engaged in the dental prosthetics business and the health care service business. To further expand its healthcare business and enhance its investment portfolio in the PRC, the Group entered into the Original Cooperation Agreement with an aim to revitalize and transform the Fuhu Village into a branded agricultural healthcare village with improved basic infrastructure and refreshed village image.

Based on this, the Group plans to cooperate with an internationally renowned health care service operator and a leading brand of dementia care in Japan, Medical Care Service Inc., to jointly build China's first and world-leading large-scale dementia model community and health care community in Fuhu Village, covering dementia care, medical tourism, chronic disease management, physical examination, nutritious diets, elderly culture and other related and surrounding industries.

As the development plan of Fuhu Village proceeds, due to the addition of a piece of developable land, the scale of the developable land for the Phase 1 Land has been adjusted from 42 mu when the Original Cooperation Agreement was entered into to 61.55 mu. The parties believe that the increase in the scale of the first phase of development will make its functionality more complete and establish a good brand image, which is more conducive to achieving the overall planning goals of the project.

Taking into account of the above, the Directors consider that the transactions contemplated under the Cooperation Agreement represent a good opportunity for the Group to diversify its business activities, and the terms and conditions of the Cooperation Agreement (including the revised capital commitment of the parties and the revised total consideration for the Collective Land contemplated under the Supplemental Cooperation Agreement) are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Cooperation Agreement (taking into account the revised amount of capital contribution committed by the Company in the Project Company, the revised estimated total consideration for acquiring the Phase 1 Land and the revised estimated value of right-of-use asset to be recognized by the Group for the lease of the agricultural land) exceeds 25% but all of the applicable percentage ratios are less than 100%, the Proposed Amendment constitutes a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

As additional time is required to prepare the information for inclusion in the circular, a circular containing, among other things, (i) further details of the Proposed Amendment; (ii) an independent property valuation report on the Collective Land; (iii) other information as is required to be contained in it under the Listing Rules; and (iv) the notice convening the SGM, is expected to be despatched by the Company to the Shareholders on or before 1 August 2021.

The SGM will be convened and held for the purpose of considering and, if thought fit, approving the Proposed Amendment.

DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement have the following meanings:

“associates”	shall have the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Collective Land”	Collective Land for Operation in Rural Areas* (集體經營性建設用地)
“Company”	Kaisa Health Group Holdings Limited 佳兆業健康集團控股有限公司, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 876)
“Cooperation Agreement”	the Original Cooperation Agreement as amended and supplemented by the Supplemental Cooperation Agreement
“Directors”	the directors of the Company
“Fuhu Cooperative”	上海嘉定區徐行鎮伏虎經濟合作社 (The Economic Cooperative of the Fuhu Village of Xuhang Town, Jiading District, Shanghai*)
“Fuhu Village”	中國上海市嘉定區徐行鎮伏虎村 (Fuhu Village, Xuhang Town, Jiading District, Shanghai, the PRC*)

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	an individual or a company who is not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Cooperation Agreement”	the cooperation agreement dated 3 March 2021 and entered into by and between the Company and Shanghai Xinxing in relation to, among other things, the establishment of the Project Company
“Phase 1 Land”	the first phase of the Collective Land
“PRC”	the People’s Republic of China
“Project”	the project for the rural revitalization, construction and development in the Fuhu Village
“Project Company”	the company to be established pursuant to the Cooperation Agreement to engage in the Project
“Proposed Amendment”	the proposed increase in the area of Phase 1 Land from no less than 42 mu to no less than 60 mu pursuant to the Supplemental Cooperation Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting to be convened and held by the Company to consider, and if thought fit, to approve the Proposed Amendment
“Shanghai Jiaxu”	上海佳煦健康服務有限公司 (Shanghai Jiaxu Health Services Co., Ltd*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company

“Shanghai Xinxing”	Shanghai Xinxing Construction Investment Co., Ltd. (上海新行建設投資有限公司), a company established in the PRC with limited liability
“Shares”	ordinary shares of HK\$0.00125 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	shall have the meaning as ascribed to it under the Listing Rules
“Supplemental Cooperation Agreement”	the supplemental cooperation agreement dated 2 July 2021 entered into among the Company, Shanghai Xinxing, Fuhu Cooperative and Shanghai Jiayu
“Xuhang Government”	上海市嘉定區徐行鎮人民政府 (the People’s Government of Xuhang Town, Jiading District, Shanghai*)
“%”	per cent.

By Order of the Board
Kaisa Health Group Holdings Limited
Zhang Huagang
Chairman

Hong Kong, 2 July 2021

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.

** For identification purpose only*