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)

DISCLOSEABLE TRANSACTION
DISPOSAL OF EQUITY INTEREST IN THE TARGET COMPANIES

On 4 May 2023, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Equity Transfer Agreement pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Interest, representing 0.1% equity interest in each of the Target Companies at the consideration of RMB100,000.

Upon Completion, the Vendor will cease to be the general partner of Target Company I and each of the Target Companies will cease to be a subsidiary of the Company and the financial results of the Target Group will cease to be consolidated in the accounts of the Group. Immediately following Completion, the Company will, via the Limited Partner, remain to be interested in 99.9% equity interest in Target Company I, which in turn holds 99.9% equity interest in Target Company II and the Target Companies will be accounted as financial assets at fair value through profit or loss of the Company.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal is 5% or more and all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 4 May 2023, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Equity Transfer Agreement pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Interest, representing 0.1% equity interest in each of the Target Companies at the consideration of RMB100,000.

EQUITY TRANSFER AGREEMENT

Subject of the Disposal

Subject to the terms and conditions of the Equity Transfer Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Interest, representing 0.1% equity interest in each of the Target Companies.

Consideration

Pursuant to the Equity Transfer Agreement, the total consideration for the Disposal shall be RMB100,000, which shall be payable by the Purchaser to the Vendor in cash within seven (7) working days upon the satisfaction of the following conditions:

(a) the Equity Transfer Agreement having been executed by all the parties thereto and becoming effective; and

(b) the relevant internal authorities of the Vendor and the Target Companies having passed the resolutions in relation to the approval of the Disposal and the execution of the Equity Transfer Agreement and the originals of such resolutions having been provided to the Purchaser.

The Consideration was determined after arm's length negotiations between the parties to the Equity Transfer Agreement with reference to (i) the consolidated net asset value of the Target Group as at 31 December 2022, and (ii) the valuation of the Company's equity interest in Target Company I of approximately RMB88,000 and in Target Company II of approximately RMB8,000 as at 31 December 2022 (the "**Valuation**"), based on the Valuation Report prepared by the Independent Valuer using the discounted cash flow approach.

Completion

Within seven (7) working days from (i) the date of the payment of the Consideration, and (ii) the execution of the Partnership Agreement by the Purchaser and the Limited Partner within three (3) days of the Equity Transfer Agreement, the Vendor and the Purchaser shall perform the industrial and commercial registration of the transfer of the Sale Interest.

Within seven (7) working days from the date of the payment of the Consideration, (i) the Vendor and the Purchaser shall complete the change in the general partner of Target Company I, and (ii) the Purchaser and Target Company I shall complete the registration and/or filing of the requisite changes in the directors, supervisors and senior management and articles of association of Target Company II (collectively, the "**Completion Procedures**").

Completion shall take place on the date on which (i) the Sale Interest is registered in the name of the Purchaser; and (ii) the Vendor and the Purchaser have completed the Completion Procedures in accordance with the terms of the Equity Transfer Agreement.

PROFIT FORECAST UNDER THE VALUATION REPORT

Since the discounted cash flow approach was adopted by the Independent Valuer in the preparation of the Valuation Report, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules; and the requirements of Rule 14.60A and 14.62 of the Listing Rules are therefore applicable.

ASSUMPTIONS OF THE VALUATION

Pursuant to the Valuation Report, details of the principal assumptions, including commercial assumptions, upon which the Valuation has been based, are as follows:

General Assumptions

(a) There will be no major changes in the existing political, legal, fiscal and economic conditions in the PRC in which each of the Target Companies carries on its business.

(b) There will be no major changes in the current taxation law in the PRC, that the rates of tax payable will remain unchanged and that all applicable laws and regulations will be complied with.

(c) There will be no material changes in the industry and its sub-industry in which each of the Target Companies is involved that would materially affect the revenues, profits and cash flows.

(d) Exchange rates and interest rates will not differ materially from those presently prevailing.

(e) The labour market conditions in the PRC will not differ materially from those presently prevailing.

(f) Each of the Target Companies will retain competent management, key personnel and technical staff to implement its operational plans.

(g) Industry trends and market conditions for related industries will not deviate significantly from each of the Target Companies' management estimation and financial projection (the "**Financial Projection**").

(h) The operational plans and the Financial Projection have been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration by each of the Target Companies' management.

(i) Each of the Target Companies can keep abreast of the latest technological and regulatory development of the industry such that its competitiveness and profitability can be sustained and improved.

(j) The availability of finance will not be a constraint on the forecast growth of each of the Target Companies' operation.

Specific Assumptions

(a) The project under the construction segment of the Target Group (the "**Construction Project**") is under construction and will be completed and sold during the financial year of 2023 and 2024.

(b) The first phase of the Construction Project is expected to have saleable gross floor area of approximately 34,534 square meters and a saleable value of approximately RMB430 million.

(c) The projected average selling price in respect of the Construction Project is within the price range in respect of similar projects developed by third parties which are located nearby.

(d) The non-operating expenses under the construction segment of the Target Group contain the adjustment for the capital valuation to reward the capital investment by the equity owner of the Target Group; and such non-operating expenses relating to such adjustment will not be tax deductible.

(e) There is no signed contract in respect of the non-operating expenses of each of the Target Companies. Such expenses are projected to have 12% interest rate per annum and will not be tax deductible.

(f) The land use rights in respect of the Construction Project will be held for sale and therefore will not be subject to amortization in the Valuation.

(g) The projected project life in respect of the rural tourism project of the Target Group (the "**Rural Tourism Project**") will be 5 years commencing from 2021.

(h) The revenue from the Rural Tourism Project will be divided into two segments, namely the accommodation revenue and the park tourism revenue. The accommodation revenue includes the room revenue, travel revenue (by providing accommodation guests with travel routes integrating internal and external tourism projects) and other miscellaneous revenue including catering and sale of goods; while the park tourism revenue includes ticket income, income from catering and sales of goods, and income from theme activities (including team building activities and study tour). In 2022, it is expected to focus on the operating income from the theme activities for high-quality users, supplemented by the ticket income from the general public. In 2023 and 2024, it is expected to focus on the market for both high-quality users and the general public.

(i) The revenue forecast in respect of the Rural Tourism Project for the financial years of 2023 to 2025 will be based on the number of customers and their average consumption. It is estimated that the number of customers will be 200,000 to 300,000 per year and their average consumption will be RMB80-100 per person.

(j) The park in respect of the Rural Tourism Project is currently under construction and it is expected that the number of the customers and the amount of their consumption will be increased with more products, functional support and theme activities in the future.

(k) In the medium and long run, the impact of the coronavirus disease on the market will be gradually weakened and the market will gradually return to normal.

(l) The nature of the non-operating expenses in respect of the Rural Tourism Project will not be tax deductible.

(m) Regarding the "prepayment, deposit and other receivables" and "other payables and accruals" in respect of the Rural Tourism Project, it is assumed that the related accounts will remain at a stable level as the average of the level as at 31 December 2022 for the following years.

Elite Partners CPA Limited, the reporting accountant of the Company (the "**Reporting Accountant**"), has been engaged by the Company to review the arithmetical calculation and compilation of the discounted future cash flows upon which the Valuation Report prepared by the Independent Valuer was based.

The Directors have discussed with the Independent Valuer the different aspects upon which the Valuation was prepared (including the principal and commercial assumptions) and have reviewed the Valuation for which the Independent Valuer is responsible. The Directors have also considered the report dated 4 May 2023 from the Reporting Accountant regarding their report on the calculation of the discounted future cash flows in connection with the Valuation. The Directors have confirmed that the Valuation prepared by the Independent Valuer has been made after due and careful enquiry.

A report from the Reporting Accountant and a letter from the Board are set out in Appendix I and II to this announcement respectively for the purposes of Rules 14.60A and 14.62 of the Listing Rules.

EXPERTS AND CONSENTS

The qualifications of the experts who have given their opinion and advice in this announcement are as follows:

Name	Qualification
Elite Partners CPA Limited	Certified Public Accountants, Hong Kong
Hong Kong Appraisal Advisory Limited	Independent professional valuer

Each of the Independent Valuer and the Reporting Accountant has given and has not withdrawn its respective written consent to the issue of this announcement with inclusion of its report, letter or statement and all references to its name (including its qualifications) in the form and context in which they are included.

To the best knowledge, information and belief of the Board, having made all reasonable enquiries, each of the Independent Valuer and the Reporting Accountant is a third party independent of the Group and its connected person(s). As at the date of this announcement, neither the Independent Valuer nor the Reporting Accountant has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

As at the date of this announcement, neither the Independent Valuer nor the Reporting Accountant had any direct or indirect interests in any assets which have been, since 31 December 2022 (the date to which the latest published annual results of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

INFORMATION ON THE GROUP AND THE VENDOR

The Company is an investment holding company. The Group is principally engaged in the dental business, including the sale and production of dental prosthetics and trading of dental implant instruments, and healthcare business, including provision of public health and medical services.

The Vendor is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. The Vendor is an investment holding company.

INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC with limited liability and is principally engaged in the provision of health consultancy services, information consultancy services, enterprise management consultancy services and business information consultancy services. As at the date of this announcement, its ultimate beneficial owners are Mr. Zhang Youman (張友滿), who holds 70% equity interest in the Purchaser, and Mr. Peng Zhihao (彭志浩), who holds 30% equity interest in the Purchaser. Each of Mr. Zhang Youman and Mr. Peng Zhihao is a PRC resident.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

INFORMATION ON THE TARGET COMPANIES

Target Company I

Target Company I is a limited partnership established in the PRC and is principally engaged in the operation of projects in relation to the provision of health consultancy services, technical services and enterprise management. As at the date of this announcement, Target Company I has a registered capital of RMB100,000,000 and is owned as to 0.1% by the Vendor and 99.9% by the Limited Partner, a wholly-owned subsidiary of the Company. The Vendor is the general partner of Target Company I.

Target Company II

Target Company II is a company established in the PRC with limited liability. It is an investment holding company and its subsidiaries are principally engaged in the health leisure business. As at the date of this announcement, Target Company II has a registered capital of RMB50,000,000 and is owned as to 100% by the Vendor through its direct 0.1% interest in Target Company II and interest in Target Company I, which in turn directly holds 99.9% interest in Target Company II. Target Company II is an indirect wholly-owned subsidiary of the Company.

A summary of the unaudited consolidated financial information of the Target Group for the two years ended 31 December 2021 and 2022 is set out below:

	For the year ended 31 December 2021 (unaudited) *RMB'000*	For the year ended 31 December 2022 (unaudited) *RMB'000*
Net loss before taxation	25,684	92,455
Net loss after taxation	25,684	92,455

Based on the unaudited consolidated financial statements of the Target Group, the net liabilities of the Target Group as at 31 December 2022 was approximately RMB22,652,000.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Vendor will cease to be the general partner of Target Company I and each of the Target Companies will cease to be a subsidiary of the Company and the financial results of the Target Group will cease to be consolidated in the accounts of the Group. Immediately following Completion, the Company will, via the Limited Partner, remain to be interested in 99.9% equity interest in Target Company I, which in turn holds 99.9% equity interest in Target Company II and the Target Companies will be accounted as financial assets at fair value through profit or loss of the Company.

The estimated net gain before taxation from the Disposal is approximately RMB22,752,000, being the difference between the negative net proceeds from the Disposal (after deducting the relevant expenses in relation to the Disposal) and the unaudited net liabilities of the Target Group of approximately RMB22,652,000 as at 31 December 2022. In any event, the actual gain or loss as a result of the Disposal to be recorded by the Group is to be determined as at Completion and subject to the review and final audit by the Company's auditors.

The gross proceeds from the Disposal will be RMB100,000 and the negative net proceeds from the Disposal (after deducting the relevant expenses in relation to the Disposal) will be approximately RMB100,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Through the Disposal, the Company can recognise a net gain before taxation from the Disposal of approximately RMB22,752,000 and improve its financial position, while the Purchaser can raise funds for the projects of the Target Group, including the Construction Project and the Rural Tourism Project either from bank borrowings or from potential investors in order to continue the development of such projects. At the same time, the Company remains to be the investor of such projects in which the Company is still optimistic on their future development.

Taking into account of the above factors, the Directors consider that the terms of the Equity Transfer Agreement and the Disposal are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal is 5% or more and all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"Board"	the board of Directors
"Company"	Kaisa Health Group Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Disposal
"Completion Procedures"	has the meaning ascribed to it under the paragraph headed "Completion" in this announcement
"connected person"	has the meaning ascribed to it in the Listing Rules
"Consideration"	the total consideration for the Disposal in the amount of RMB100,000
"Directors"	directors of the Company
"Disposal"	the sale of the Sale Interest by the Vendor to the Purchaser under the Equity Transfer Agreement
"Equity Transfer Agreement"	the equity transfer agreement dated 4 May 2023 entered into between the Vendor, the Purchaser and the Target Companies in relation to the transfer of the Sale Interest
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Valuer"	Hong Kong Appraisal Advisory Limited, an independent professional valuer

"Limited Partner"	美加健康服務(深圳)有限公司 (Mega Health Services (Shenzhen) Co., Ltd.)*, a company established in the PRC with limited liability, the limited partner of Target Company I and a wholly-owned subsidiary of the Company as at the date of this announcement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Partnership Agreement"	the partnership agreement to be entered into between the Purchaser and the Limited Partner in relation to Target Company I
"PRC"	the People's Republic of China
"Purchaser"	深圳市裕豐華健康管理諮詢有限公司 (Shenzhen Yufenghua Health Management Consulting Co., Ltd.)*, a company established in the PRC with limited liability
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Interest"	the 0.1% equity interest in each of the Target Companies held by the Vendor
"Shareholder(s)"	the holder(s) of the share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Companies"	collectively, Target Company I and Target Company II
"Target Company I"	浩易康養服務(深圳)合夥企業(有限合夥) (Haoyi Healthcare Services (Shenzhen) Partnership (Limited Partnership))*, a limited partnership established in the PRC
"Target Company II"	光浩健康諮詢服務(珠海市)有限公司 (Guanghao Health Consulting Service (Zhuhai) Co., Ltd.)*, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

"Target Group"	the Target Companies and their subsidiaries
"Valuation Report"	the valuation report prepared by the Independent Valuer in relation to the valuation of the Company's equity interest in Target Company I and Target Company II as at 31 December 2022
"Vendor"	瑞易健康服務(深圳)有限公司 (Ruiyi Health Service (Shenzhen) Co., Ltd.)*, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"%"	per cent

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

Hong Kong, 4 May 2023

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. Zhang Huagang and three independent non-executive Directors, namely Dr. Liu Yanwen, Dr. Lyu Aiping and Ms. Li Zhiying.

* *For identification purposes only*

APPENDIX I – REPORT FROM THE REPORTING ACCOUNTANT

The following is the text of the report from Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, for inclusion in this announcement.

4 May 2023

The Board of Directors
Kaisa Health Group Holdings Limited
30/F, The Center,
99 Queen's Road Central,
Central, Hong Kong

Dear Sirs,

Kaisa Health Group Holdings Limited (the "Company")
and its subsidiaries (collectively referred to herein as the "Group")
Comfort letter on profit forecast

We have been engaged to report on the arithmetical calculations of the discounted future cash flows used in the valuation report dated 28 March 2023 ("**Forecast**") prepared by Hong Kong Appraisal Advisory Limited in respect of the valuation of Guanghao Health Consultancy Service (Zhuhai) Co., Ltd. and its subsidiaries (the "**Target Group**") as at 31 December 2022 (the "**Valuation**").

The Valuation is based upon discounted future cash flow and is regarded by the directors of the Company (the "**Directors**") as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibility for the Discounted Future Cash Flows

The Directors are solely responsible for the preparation of the Forecast in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the Forecast for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibility

Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules, on the arithmetical calculations of the Forecast used in the Valuation.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discount future cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out in the Forecast. We have re-performed the arithmetical calculations and compared the compilation of the Forecast with the bases and assumptions.

We are not reporting on the appropriateness and validity of the bases and assumptions on which the Forecast are based and our work does not constitute any valuation of the Target Group or an expression of an audit or review opinion on the Valuation.

The Forecast do not involve the adoption of accounting policies. The Forecast depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, the Forecast, so far as the arithmetical calculations are concerned, have been properly compiled in all material respects in accordance with the bases and assumptions made by the Directors as set out in the Valuation.

Yours faithfully,

Elite Partners CPA Limited
Certified Public Accountants
Hong Kong

APPENDIX II – LETTER FROM THE BOARD RELATING TO THE PROFIT FORECAST

The following is the text of a letter from the Board for the purpose of incorporation in this announcement.

4 May 2023

Listing Division
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square,
8 Connaught Place, Central,
Hong Kong

Dear Sirs,

RE: DISCLOSEABLE TRANSACTION – DISPOSAL OF EQUITY INTEREST IN THE TARGET COMPANIES

We refer to the announcement of Kaisa Health Group Holdings Limited (the "**Company**") dated 4 May 2023 (the "**Announcement**") in relation to the captioned transaction, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Announcement unless stated otherwise.

We refer to the Valuation Report dated 28 March 2023 issued by Hong Kong Appraisal Advisory Limited, an independent valuer (the "**Independent Valuer**") regarding the valuation of the Company's equity interest in the Target Companies as at 31 December 2022 (the "**Valuation**"), which constitutes a profit forecast under Rule 14.61 of the Listing Rules. Since the discounted cash flow approach was adopted by the Independent Valuer in the preparation of the Valuation Report, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

We have discussed with the Independent Valuer about different aspects upon which the Valuation was prepared (including the principal and commercial assumptions), and reviewed the Valuation for which the Independent Valuer is responsible. We have also considered the report dated 4 May 2023 from the reporting accountant of the Company, Elite Partners CPA Limited regarding their report on the calculation of the discounted future cash flows in connection with the Valuation.

On the basis of the above, we confirm that the Valuation prepared by the Independent Valuer has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of the Board
Kaisa Health Group Holdings Limited
Luo Jun
Co-Vice Chairman