Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Sanai Health Industry Group Company Limited

三愛健康產業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1889)

DISCLOSEABLE TRANSACTION INVOLVING THE ACQUISITION OF ENTIRE EQUITY INTERESTS IN THE TARGET COMPANY

THE AGREEMENT

The Board is pleased to announce that on 28 March 2019 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor in relation to the Acquisition, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Equity Interest for a consideration of RMB2 million, which shall be settled by cash.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio as calculated under Rule 14.06 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements but is exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 28 March 2019 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors in relation to the Acquisition, pursuant to which the Vendors have agreed to sell, and the Purchaser has agreed to purchase, the Equity Interest for a consideration of RMB2 million, which shall be settled by cash.

The principal terms of the Agreement are summarized below.

THE AGREEMENT

Date: 28 March 2019 (after trading hours of the Stock Exchange)

Parties:

(1) Purchaser: Fujian Sanai Biotechnology Limited (福建三愛生物科技有限公司), a wholly-owned subsidiary of the Company;

(2) Vendors: Mr. Meng Fan Feng (孟凡鋒) and Mr. Meng Fan Jie (孟凡杰), who own the Target Company as to 50% and 50% respectively

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendors are Independent Third Parties.

The Purchaser is a company established in the PRC with limited liability. It is a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

Subject of the Acquisition

Pursuant to the Agreement, the Vendors have agreed to sell, and the Purchaser has agreed to purchase, the Equity Interest, representing 100% of the equity interests in the Target Company upon Completion. Immediately before Completion, the Vendors are the legal and beneficial owner of the Equity Interest.

There is no restrictions on any subsequent sale of the Equity Interest by the Purchaser.

Consideration

The Consideration payable for the sale and purchase of the Equity Interest shall be RMB2 million, which shall be settled by cash in the following manner:

(a) a sum of RMB1 million shall be paid by the Purchaser to a third party escrow agent upon signing of the Agreement; and

(b) the remaining balance shall be paid by the Purchaser to the third party escrow agent upon Completion, and the escrow agent shall release the same to the Vendors.

The Consideration for the Acquisition was determined after arms' length negotiations between the Purchaser and the Vendors with reference to, among others, (i) the business development opportunity and prospects of the Target Company; and (ii) the net assets value of the Target Company.

The Directors consider that the terms and conditions of the Agreement are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion of the Agreement is conditional upon the obtaining by the Purchaser of all approvals required under the Listing Rules.

Completion

Completion shall take place on the 5th Business Day after the fulfilment (or waiver as the case may be) of all the conditions precedent under the Agreement or on such other date as may be agreed between the Vendors and the Purchaser.

The Company intends to pay the Consideration by the internal resources of the Group.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability which is principally engaged in the sales of pharmaceutical products.

The unaudited net assets value of the Target Company as at 31 December 2018 as shown in the unaudited management accounts of the Target Company was approximately RMB2.1 million.

The unaudited net profit before and after taxation for the years ended 31 December 2017 and 2018 are summarized and set out below:

	For the year ended 31 December	
	2017	**2018**
	(unaudited)	(unaudited)
	RMB '000	*RMB '000*
Net profit before taxation	116	37
Net profit after taxation	116	36

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into those of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The principal business activities of the Group are development, manufacturing, marketing and sales of pharmaceutical products, sales of healthcare products, sales of medical related software, provision of consultancy services, general trading and provision of finance leasing services.

The Group wishes to develop its medicine distribution networks in the PRC and this requires certain permits issued by the PRC governmental authorities. The Target Company possesses, inter alia, Medicine Operation Permit (wholesale), Medicine Operation Quality Management System Certification (GSP) and Food Operations Permit, which are important for distribution of medicines in the PRC. Taking into account the operation scale of the Target Company, it fits the business strategies of the Group.

Taking into consideration of the aforesaid, the Directors consider that the terms and conditions of the Agreement are on normal commercial terms and are fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio as calculated under Rule 14.06 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements but is exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

As none of the Directors has a material interest in the Acquisition, no Director is required to abstain from voting on the relevant resolution of the Board approving the Acquisition.

DEFINITIONS

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

"Acquisition"	the acquisition of the Equity Interest by the Purchaser from the Vendors pursuant to the terms and conditions of the Agreement
"Agreement"	the equity transfer agreement dated 28 March 2019 entered into among the Vendors and the Purchaser in relation to the Acquisition
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"Company"	Sanai Health Industry Group Company Limited, a company incorporated in Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 1889)
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Agreement
"Completion Date"	the 5th Business Day upon the fulfilment (or waiver as the case may be) of all the conditions precedent under the Agreement or on such other date as may be agreed between the Vendors and the Purchaser
"Consideration"	the consideration payable by the Purchaser to the Vendors for the Equity Interest, being RMB2 million

"Directors"	directors of the Company
"Equity Interest"	the 100% equity interest in the Target Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	Fujian Sanai Biotechnology Limited (福建三愛生物科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of the Share(s)

"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Fujian Zhixin Medicine Co., Limited (福建至信醫藥有限公司), a company established in the PRC with limited liability, which is wholly-owned by the Vendors
"Vendors"	collectively, Mr. Meng Fan Feng (孟凡鋒) and Mr. Meng Fan Jie (孟凡杰), who are businessmen and own the Target Company as to 50% and 50% respectively
"Warranties"	the warranties and representations given by the Vendors to the Purchaser as set out in the terms of the Agreement
"%"	per cent.

By order of the Board
Sanai Health Industry Group Company Limited
Chen Chengqing
Chairman

Hong Kong, 28 March 2019

As at the date of this announcement, the Board comprises 3 executive directors, namely, Mr. Chen Chengqing (Chairman), Ms. Hung Hoi Lan and Professor Zhang Rongqing, 1 nonexecutive director, namely, Mr. Xiu Yuan and 4 independent non-executive directors, namely, Mr. Wang Zihao, Mr. Tu Fangkui, Mr. Long Jun and Mr. Chan Chung Yin, Victor.