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)

FULFILLMENT OF RESUMPTION CONDITIONS AND RESUMPTION OF TRADING

References are made to the announcements of Sanai Health Industry Group Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 26 May 2019, 28 May 2019, 4 June 2019, 9 September 2019, 16 September 2019, 24 January 2020, 12 February 2020, 7 April 2020, 23 April 2020, 24 July 2020, 23 October 2020, 8 January 2021, 22 January 2021, 22 April 2021 and 12 July 2021 respectively (the "**Announcements**") in relation to, among others, the suspension of trading in the shares of the Company (the "**Shares**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements. The board of directors of the Company (the "**Board**") wishes to provide the shareholders of the Company (the "**Shareholders**") further update as follows:

FULFILLMENT OF RESUMPTION CONDITIONS

As disclosed in the Announcements, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, 24 January 2020 and the Stock Exchange requested the Company to fulfill the following resumption conditions ("**Resumption Conditions**"):

(a) demonstrate its compliance with Rule 13.24 of the Listing Rules;

(b) publish all outstanding financial results and address any audit modifications; and

(c) re-comply with Rules 3.10, 3.10A, 3.21 and 3.25 of the Listing Rules.

The Company is pleased to announce that, as at the date of this announcement, all the Resumption Conditions have been fulfilled, details of which are set out below:

To demonstrate its compliance with Rule 13.24 of the Listing Rules

The Group is engaged in four businesses: (i) pharmaceutical products business (the "**Pharmaceutical Products Business**"), which is its principal business; (ii) finance leasing business; (iii) other general trading business; and (iv) genetic testing and molecular diagnostic services.

Summary of historical financial information

The following table sets forth selected information from the Group's consolidated statement of profit or loss for the respective periods indicated:

	Year ended 31 December		Six months ended 30 June
	2019	**2020**	**2021**
	(Audited)	*(Audited)*	*(Unaudited)*
	RMB million	*RMB million*	*RMB million*
Revenue			
— Pharmaceutical Products Business			
(Sales of self-manufactured Pharmaceutical Products)	6.7	32.7	16.1
(Trading of other Pharmaceutical Products)	34.9	12.2	—
— Finance leasing business	6.7	6.6	7.0
— Other businesses	33.6	69.9	4.9
	81.9	121.4	28.0
Gross profit/(loss)			
— Pharmaceutical Products Business			
(Sales of self-manufactured Pharmaceutical Products)	2.9	18.1	9.2
(Trading of other Pharmaceutical Products)	1.3	1.3	—
— Finance leasing business	6.6	6.6	7.0
— Other businesses	(8.7)	4.9	0.7
	2.1	30.9	16.9
Net (loss)/profit from continuing operations attributable to owners of the Company	(39.1)	6.4	6.3

The Group's overall revenue increased by 48.23% from approximately RMB81.9 million in 2019 to approximately RMB121.4 million in 2020, primarily due to the increase in other businesses such as general trading which has a low gross profit margin. As far as the Pharmaceutical Products Business is concerned, the revenue has been stable for the years ended 31 December 2019, 31 December 2020 and the six months ended 30 June 2021 and with the Company's strategy to focus on this business segment going forward, we expect the revenue to be generated from this business segment for the years ending 31 December 2021 and 31 December 2022 will continue to increase.

The Group's gross profit were approximately RMB2.1 million, RMB30.9 million, and RMB16.9 million in 2019 and 2020 and the six months ended 30 June 2021 respectively. The significant increase in the gross profit for the Company's Pharmaceutical Products Business from approximately RMB4.2 million in 2019 to approximately RMB19.4 million in 2020 was the result of the Company's focus on selling its own products which has a higher gross profit margin than selling of other pharmaceutical suppliers' products which has a lower gross profit margin from late 2019 onwards. Such sales strategy and momentum has continued in 2021 enabling the Company to achieve a gross profit of approximately RMB9.2 million for the six months ended 30 June 2021 for its Pharmaceutical Products Business. We expect the gross profit to be generated from this segment to achieve considerable increase for the years ending 31 December 2021 and 31 December 2022 respectively.

The Group has successfully turned around from a net loss from continuing operations attributable to owners of the Company of approximately RMB39.1 million in 2019 to a net profit from continuing operations attributable to owners of the Company of approximately RMB6.4 million in 2020. The Group has further recorded a net profit from continuing operations attributable to owners of the Company of approximately RMB6.3 million for the six months ended 30 June 2021.

The Pharmaceutical Products Business (sales of self-manufactured pharmaceutical products), which is the Group's principal business generated a revenue of approximately RMB16.1 million for the six months ended 30 June 2021, as compared to a revenue of approximately RMB32.7 million in 2020. The Group's gross profit margin generated by the Pharmaceutical Products Business were approximately RMB4.2 million, RMB19.4 million and RMB9.2 million in 2019, 2020 and the six months ended 30 June 2021 respectively. The steady growth of the performance of the Group in 2020 was attributed to the continued improvement in the performance of the Pharmaceutical Products Business which was primarily due to (i) the resumption of operation in the fourth quarter of 2019 after the good manufacturing practice ("**GMP**") certificate of the production line of Fujian Yongchun (as defined below) is re-issued, details of which are set out in the Company's announcement dated 17 October 2019 and 17 December 2019 respectively; and (ii) increase in production volume as a result of the popularity of the Company's products due to its superior quality and uniqueness (being the only Yanpi San (養脾散) formula registered with the National Medical Products Administration in the PRC) and the significant marketing effort of the Company's marketing team and its distributors.

The following table sets forth selected information from the Group's consolidated balance sheet as of the respective dates indicated:

	As of 31 December		As of 30 June
	2019	**2020**	**2021**
	(Audited)	*(Audited)*	*(Unaudited)*
	RMB million	*RMB million*	*RMB million*
Current assets	75.8	239.0	285.9
Non-current assets	177.5	51.7	21.4
Total assets	253.3	290.7	307.3
Current liabilities	63.2	87.0	96.3
Non-current liabilities	2.6	2.1	1.8
Total liabilities	65.8	89.1	98.1
Net assets	187.5	201.6	209.2

The Group had total assets of approximately RMB253.3 million, RMB290.7 million and RMB307.3 million as of 31 December 2019 and 2020 and 30 June 2021, respectively. The Group recorded net assets of approximately RMB187.5 million, RMB201.6 million and RMB209.2 million as of 31 December 2019 and 2020 and 30 June 2021, respectively. The steady improvement in the Group's financial position was a result of the continued improvement of the Group's continuing operations, in particular the Pharmaceutical Products Business.

The current assets of the Group consists mainly of trade and other receivables, finance lease receivables, and cash and cash equivalents, all of which are operating in nature and hence the Group will have sufficient resources to support the ongoing operations of the Pharmaceutical Product Business and the Group as a whole. Further, the Company has obtained standing bank facility of RMB30 million, which is available for the Company's draw down by 2024 as and when necessary.

Further information in relation to the Company's financial performance and position for the year ended 31 December 2020 are contained in the Company's annual report for the year ended 31 December 2020.

Pharmaceutical Products Business

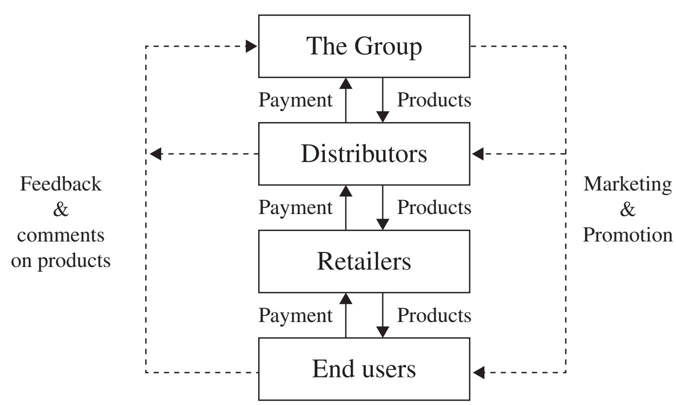
In 2019, the Company acquired 福建永春製藥有限公司 (for transliteration purpose only, Fujian Yongchun Pharmaceutical Company Limited) ("**Fujian Yongchun**") on 28 March 2019 and 福建至信醫藥有限公司 (for transliteration purpose only, Fujian Zhixin Medicine Co., Limited) ("**Fujian Zhixin**") on 1 April 2019. Since the acquisition of Fujian Yongchun and Fujian Zhixin, the Group continues to be principally engaged in Pharmaceutical Products Business in the PRC, which include development, manufacturing, marketing and sales of pharmaceutical products and sale of health care products. The Pharmaceutical Products Business has been well established and developed for more than two years and is the principal business of the Group.

Fujian Yongchun

Fujian Yongchun is principally engaged in the development and production of proprietary Chinese medicine ("**PCM**") and has its own pharmaceutical factory and production facilities located in Yongchun County, Quanzhou City, Fujian Province, the PRC, that are capable of producing PCM in tablet, pill and capsule forms as stipulated by the GMP standards.

It has five drug registration series which include Yangpi San (養脾散), Sheng Sanqi San (生三七散), phentolamine mesylate tablets (甲璜酸酚妥拉明片), Sanqi panax notoginseng capsule (三七膠囊) and Children Ji Powder (小兒積散). All of the five drug series have been registered with the National Medical Products Administration. Generally, the intended therapeutic effects of the major products of Fujian Yongchun are for the treatment and/or alleviation of digestive and gastrointestinal condition, such as weakness of spleen and stomach, indigestion, food stagnation, loss of appetite and abdominal distension, etc.

Fujian Yongchun has an extensive distribution network that consists of distributors and marketing staff members covering 26 provinces in the PRC. The Company believes its distribution network utilising its distributors allows the Company to maximise its market presence and penetrate in reasonably extensive width and breadth in Fujian Province, the PRC where traditional pharmaceutical products are widely recognised. The diagram below illustrates the sales and distribution mechanism of the Group:



The pharmaceutical products of Fujian Yongchun are sold to its distributors, who on sold to retailers (such as hospitals, other medical institutions, wholesalers and retail drugstores), where end-users could purchase the products. The Group maintain a buyer/seller relationship with its distributors, and these distributors are the Group's customers. The Group believe its distributorship business model is in line with the industry practice in the PRC and allows the Group to benefit from its distributor's established access to local markets and expand the breadth and depth of its market presence in a cost-efficient manner.

Generally, the Group's distributors have knowledge of their respective geographic distribution networks. Leveraging on their local relationships, knowledge and networks, the Group believes its distributorship model enables the Group to achieve efficient expansion and save the costs to maintain a tremendous sales force to cover a large number of point of sales directly and to establish a logistics network.

To manage its distribution network, the Company's marketing staff work closely with its distributors. In particular, the Company's marketing staff (i) assist the distributors in promoting sales target; (ii) monitor their performances and inventory levels; and (iii) ensure that the products of Fujian Yongchun can penetrate effectively into target areas.

Looking forward, the Group aims to further increase its market share of Fujian Yongchun's core products such as Yanpi San (養脾散) and sales volume of other products Fujian Yongchun currently offers. The Group will tailor its sales and promotional strategies for different channels, further its market penetration and expand its sales team to further explore the distribution network (i.e. drugstore chains and online platforms). The Company also plans to increase its production capacity by constructing new production facilities and new production lines to meet the demand for the launch of other pharmaceutical products and continued increase in the demand of Yangpi San (養脾散).

Fujian Zhixin

Fujian Zhixin sells and distributes pharmaceutical products supplied by the pharmaceutical manufacturers through distributors in different regions in the PRC, which includes Guangxi, Liaoning, Chongqing, Qinghai, Ningxia, Heilongjiang and Jiangsu. It is GSP (good supply practice) certified and possesses relevant qualifications and licenses for the sales of pharmaceutical products.

Fujian Zhixin has established an experienced sales team. Apart from having a seasoned sales team, Fujian Zhixin also adds value by providing logistics and warehousing services.

In 2021, Fujian Zhixin has entered into distribution agreements with distributors which will either sell the pharmaceutical products in its own clinics or pharmacies.

Looking forward, the Group intends to continue to grow this market and strengthen its position in the industry. The Group will continue to negotiate with existing pharmaceutical manufacturers and source new pharmaceutical manufacturers to expand the current product portfolio and further consolidate its market position by expanding its sales network and broadening its supplier, distributor and customer base.

The growth in sales of Yangpi San (養脾散) following the Group's acquisition of Fujian Yongchun and recent developments

Yangpi San is a traditional Chinese medicine product with a long history of over 150 years. Its origin could be traced back to the Qing Dynasty during the reign of the Xianfeng Emperor (清代咸豐年間) when renowned traditional Chinese physician Mr. Li Cai Xian (李齊軒) developed the original formula of Yangpi San (養脾散). Mr. Li's medical practice was based in Yongchun, Fujian and hence Yangpi San (養脾散) was particularly popular in Southern China, especially the Fujian province where several household formulas (民間配方) were developed.

The demand of Yangpi San (養脾散) has been well established for decades given its long history and traditional root. Its demand is also expected to grow in the future given the rise of digestive diseases and disorders in China according to the Chinese Healthcare Yearbook 2020 (中國衛生健康統計年鑒2020).

The seemingly low level of revenue generated by the sales of Yangpi San (養脾散) prior to the Group's acquisition of Fujian Yongchun was attributable to:

(1) the difficulty in sourcing key raw materials for the production of Yangpi San (養脾散) with sufficient volume for mass production by Fujian Yongchun;

(2) the relatively limited distribution channels of Fujian Yongchun in Southern China prior to the Group's acquisition of Fujian Yongchun, where the demand for Yangpi San (養脾散) is higher;

(3) the then controlling shareholder's focus on the sales and manufacturing of drugs developed by its own research and development team, which already had a strong demand in Northern China; and

(4) the lack of a local pharmaceutical company (with significant local knowledge and network) as shareholder of Fujian Yongchun to develop Yangpi San (養脾散) (and other drug series) together with the then controlling shareholder.

Since the acquisition of Fujian Yongchun, the Company has:

(1) implemented a cultivation program to boost production of dried tangerine by local farmers in order to ensure stable supply of the raw materials to enable mass production;

(2) established Fujian Zhixin and re-hired core staff from Fujian Sanai Pharmaceutical Company Limited to market Yangpi San (養脾散) to distributors through their established relationship; and

(3) re-complied with the relevant rules of Good Manufacturing Practices for Drugs (2010 Edition) (《藥品生產質量管理規範》(2010年版)) and reacquired the GMP Certificate for the production line of Fujian Yongchun pursuant to Rule 34 of the Administrative Rules Governing the Certification of Good Manufacturing Practices for Drugs (《藥品生產質量管理規範認證管理辦法》) on 17 December 2019.

During the past two years, downstream distributors have obtained a more thorough understanding and confidence in Yangpi San (養脾散), the Company's key product, through the Company's sales team's effort. In particular, the Company's sales team has participated in large scale pharmaceutical products exhibitions and introduced Yangpi San (養脾散) to potential distributors and established connections with potential distributors. The Company's sales team has also held numerous meetings with representatives of the distributors to explore business opportunities and negotiate on business arrangements, which have been materialised into distribution agreements.

With the measures and actions taken by the Company, including to stabilise supply of raw materials, form the core sales and marketing team and improve production practices, and the continued marketing efforts of the sales and marketing team as mentioned above since 2019, the Company has built a solid foundation for the growth of Fujian Yongchun's sales in 2020 despite the COVID-19 outbreak, which has continued in 2021.

During the first half of 2021, both Fujian Yongchun and Fujian Zhixin have entered into 11 new distribution agreements (which are legally binding with committed purchase quantity and price) with distributors which are of a larger scale and offer better credit terms, as a result of the Company's experienced sales team's continuing marketing effort in the past two years as described in the paragraphs above. The revenue expected to be generated from the Pharmaceutical Products Business in the Profit Forecast (as defined below) for the years ending 31 December 2021 and 31 December 2022 is fully supported by these 11 new distribution agreements entered into by Fujian Yongchun and Fujian Zhixin.

Management expertise

The Pharmaceutical Products Business is managed by and under the supervision of Mr. She Hao ("**Mr. She**") and Mr. Gao Borui ("**Mr. Gao**"), being our executive Directors. Mr. She has extensive experience in pharmaceutical research and development, circulation and pharmaceutical investment and more than 15 years of experience in the pharmaceutical industry in the PRC. He is responsible for managing and overseeing the business operation and development of the Pharmaceutical Products Business. Mr. Gao has extensive experience in business, finance and accounting management and more than 20 years of experience in the pharmaceutical industry in the PRC. He is responsible for managing and overseeing the finance, budget and funds management of the Pharmaceutical Products Business. For more details of the biographical information of Mr. She and Mr. Gao, please refer to the annual report of the Company for the year ended 31 December 2020.

A profit and working capital forecast for the two years ending 31 December 2021 and 31 December 2022 (the "**Profit Forecast**") has been prepared by reference to legally binding agreements, historical cost structures and other assumptions.

A summary of the Profit Forecast is set out below:

	Year ending 31 December, 2021 *(Unaudited) RMB million*	2022 *(Unaudited) RMB million*
Revenue		
— Pharmaceutical Products Business (excluding the general trading business)	53.1	107.2
— Other businesses of the Group	16.8	8.4
	69.9	115.6
Gross profit		
— Pharmaceutical Products Business (excluding the general trading business)	32.8	72.9
— Other businesses of the Group	11.3	4.2
	44.1	77.1
Net profit attributable to owners of the Company	8.6	21.6

While the Profit Forecast has been prepared by the Directors after due and careful enquiry, actual results or outcomes could be affected by events or circumstances after the Profit Forecast had been prepared and differ materially from those expressed in the Profit Forecast. The Company strongly cautions shareholders and potential investors against placing undue reliance on the Profit Forecast. The Company expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the Profit Forecast.

Draco Capital Limited ("**Draco Capital**") has been engaged by the Company to act as the financial adviser of the Company to review the Profit Forecast and is of the view that the Profit Forecast was made by the Directors after due and careful enquiry. In addition, Zhonghui Anda CPA Limited ("**Zhonghui**"), the auditors of the Company, has been engaged by the Company to review the accounting policies and calculations of the Profit Forecast.

EXPERTS AND CONSENTS

A letter from Zhonghui and a letter from Draco Capital are included in the appendices to this announcement. The following are the qualifications of Zhonghui and Draco Capital:

Name	Qualification
Draco Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Zhonghui Anda CPA Limited	Certified Public Accountants

Each of Zhonghui and Draco Capital has given and has not withdrawn its respective written consent to the publication of this announcement with inclusion of its report/letter 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 and having made all reasonable enquiries, each of Zhonghui and Draco Capital is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither Zhonghui and Draco Capital 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 the announcement, neither Zhonghui and Draco Capital had any direct or indirect interests in any assets which have been, since 31 December 2020 (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.

Based on the above, the Company is carrying out a business with a sufficient level of operations and assets of sufficient value to support the operations of its Pharmaceutical Products Business and other businesses to warrant the continued listing of the Company's securities and complies with Rule 13.24 of the Listing Rules. Accordingly, the Company is of the view that it has fulfilled the Resumption Condition (a).

To publish all outstanding financial results and address any audit modifications

The Company has published all outstanding financial results including (i) the annual results announcement for the years ended 31 December 2019 and 2020 and the interim results announcement for the six months ended 30 June 2020 on 16 July 2021; and (ii) the annual report for the years ended 31 December 2019 and 2020 and the interim report for the six months ended 30 June 2020 on 30 July 2021.

As disclosed in the annual report of the Company for the year ended 31 December 2020, the auditors of the Company expressed a qualified opinion on two matters which include (i) limited accounting books and records of subsidiaries disposed; and (ii) provision for litigation. For more details of the qualified opinion, please refer to the annual report of the Company for the year ended 31 December 2020.

Since the relevant subsidiaries were disposed of in April 2019, the relevant financial figures of the disposed subsidiaries would no longer be included as comparative figures in the audited consolidated financial statements of the Company for the year ending 31 December 2021, the management of the Company is of the view, and the auditors agree, that the above first audit qualification will be removed from the audited consolidated financial statements of the Company for the year ending 31 December 2021.

The appeal application of the litigation case is expected to be heard and final judgement is expected to be handed down by the High People's Court of Beijing (the "**BJ High Court**") in the fourth quarter of 2021, and by then the provision of litigation could be ascertained. Based on the Company's discussion with the auditors, subject to the appeal judgement is concluded in the fourth quarter of 2021, the claim amount could be ascertained and the above second audit qualification could be removed from the audited consolidated financial statements of the Company for the year ending 31 December 2021.

As disclosed in the Company's announcement dated 18 January 2021, pursuant to the judgement issued by 北京市第四中級人民法院 (the No. 4 Intermediate People's Court of Beijing*) (the "**BJ Intermediate Court**"):

(i) Fujian Sanai Pharmaceutical Company Limited ("**Fujian Sanai**"), a former subsidiary of the Company, is required to pay the total litigation amount of RMB87.2 million; and

(ii) the Company, Lin Ouwen and Lin Min shall be jointly liable for the litigation amount.

In the event that the BJ High Court upholds the decision of the BJ Intermediate Court, the maximum financial exposure of the Company would be the litigation amount. The Company is expected to have sufficient financial resources to settle the litigation amount and continue to finance its ongoing business by its existing financial resources (including current assets as at 30 June 2021 and standing bank facility of RMB30 million, which is available for the Company's draw down by 2024 as and when necessary).

Accordingly, the Company is of the view that it has published all outstanding financial results and addressed all audit modifications therein and it has fulfilled the Resumption Condition (b).

To re-comply with Rules 3.10, 3.10A, 3.21 and 3.25 of the Listing Rules

As disclosed in the announcement of the Company dated 25 June 2021, the Company has appointed Mr. Zhang Ruigen as an independent non-executive Director and thereby re-complying with Rules 3.10, 3.10A, 3.21 and 3.25 of the Listing Rules. For more details, please refer to the announcement of the Company dated 25 June 2021.

Accordingly, the Company is of the view that it has fulfilled the Resumption Condition (c).

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, 24 January 2020. As all the Resumption Conditions have been fulfilled, an application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 8 September 2021.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 7 September 2021

As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Chen Chengqing (Chairman), Mr. Gao Borui, Mr. Yuan Chaoyang, Professor Zhang Rongqing and Mr. She Hao, one non-executive director, namely, Mr. Xiu Yuan and three independent non-executive directors, namely, Professor Zhu Yi Zhun, Mr. Khor Khie Liem Alex and Mr. Zhang Ruigen.

APPENDIX I — LETTER FROM THE AUDITORS

9 July 2021

The Board of Directors
Sanai Health Industry Group Company Limited
Unit 5, 7/F.,
Nanyang Plaza
57 Hung To Road,
Kwun Tong
Kowloon, Hong Kong

Dear Sirs,

Profit Forecast for the 21 Months Ending 31 December 2022

We refer to the forecast of the consolidated profit attributable to equity holders of Sanai Health Industry Group Company Limited (the "**Company**") for the 21 months ending 31 December 2022 (the "**Profit Forecast**") set forth in Appendix B in the submission of the Company dated 9 July 2021 (the "**Submission**").

Directors' Responsibilities

The Profit Forecast has been prepared by the directors of the Company (the "**Directors**") based on a forecast of the consolidated results of the Group for the 21 months ending 31 December 2022.

The Directors are solely responsible for the Profit Forecast.

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 (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", 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 Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Forecast based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to

Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Directors have properly compiled the Profit Forecast in accordance with the bases and assumptions adopted by the Directors and as to whether the Profit Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions adopted by the Directors as set out in Appendix B of the submission and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements in the Company's annual report for the year ended 31 December 2018.

Yours faithfully,
ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Hong Kong

璀盛資本有限公司
Draco Capital Limited

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13 August 2021

PRIVATE & CONFIDENTIAL

The Board of Directors
Sanai Health Industry Group Company Limited
Unit 5, 7/F
Nanyang Plaza, 57 Hung To Road,
Kwun Tong, Kowloon, Hong Kong

Dear Sirs

Sanai Health Industry Group Company Limited (the "Company") (Stock Code: 1889)

Report from Financial Adviser on the profit forecast for the two years ending 31 December 2021 and 31 December 2022 (the "Profit Forecast") of the Company in connection with the Company's resumption proposal (the "Resumption Proposal") dated 23 July 2021

We refer to the Resumption Proposal and Profit Forecast of the Company prepared by the board (the "**Board**") of the Company dated 23 July 2021. In accordance with your instructions, we have reviewed the Profit Forecast, for which you as the directors of the Company (the "**Directors**") are solely responsible for. We have had discussions with the management of the Company regarding the bases and assumptions upon which the Profit Forecast has been made.

We have also considered the letter addressed solely to and for the sole benefit of the Directors dated 9 July 2021 from Zhonghui Anda CPA Limited ("**Zhonghui Anda**"), regarding the calculations upon which the Profit Forecast has been made.

The Profit Forecast has been prepared using a set of assumptions that include hypothetical assumptions about future events and other assumptions that may or may not necessarily be expected to occur. Even if the events anticipated under the hypothetical assumptions occur, actual results are still likely to differ from the Profit Forecast since such anticipated events frequently may or may not occur as expected and the variation may be material.

We confirm that the assessment, review and discussions carried out by us as described above are primarily based on financial, economic, market and other conditions in effect, and the information made available to us as at the date of this letter and that we have, in arriving at our views, relied on information and materials supplied to us by the Company and Zhonghui Anda and opinions expressed by, and representations of, the employees and/or management of the Company and Zhonghui Anda.

We have assumed that all information, materials and representations referred to or contained in the Resumption Proposal and Profit Forecast were true, accurate, complete and not misleading at the time they were supplied or made, and remained so up to the date of the Resumption Proposal and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations. Circumstances could have developed or could develop in the future that, if known to us at the time of this letter, would have altered our respective assessment and review.

On the basis that the Directors are satisfied that there are no further matters that should be brought to our attention, in our opinion, the Profit Forecast, for which you as the Directors are solely responsible, has been made by the Directors after due and careful enquiry.

This letter is prepared solely for your information and must not be filed with, or referred to (either in whole or in part) in the Resumption Proposal or any other document or otherwise quoted, circulated or used for any other purposes or to be distributed to any other parties, without our prior written consent, except that we understand a copy of this letter will be distributed to The Stock Exchange of Hong Kong Limited. For the avoidance of doubt, all duties and liabilities (including without limitation those arising from negligence) to third parties, including The Stock Exchange of Hong Kong Limited, are specifically disclaimed.

Yours faithfully,
For and on behalf of
Draco Capital Limited

Kevin Choi
Managing Director

Ivan Chan
Director