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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Sanai Health Industry Group Company Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

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**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)**

**(1) PROPOSED SHARE CONSOLIDATION**  
**(2) PROPOSED CHANGE IN BOARD LOT SIZE**  
**(3) PROPOSED CAPITAL REDUCTION**  
**OF ISSUED SHARES AND SUB-DIVISION OF UNISSUED SHARES**  
**AND**  
**(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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Capitalised terms used on this cover page have the same meaning as defined in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 7 to 17 of this circular. A notice convening the EGM to be held at No. 21, Jinghai Third Road, Yizhuang Industrial Park, Yizhuang Development Zone, Daxing District, Beijing, China on Friday, 9 August 2024 at 3:00 p.m. or any adjournment thereof is set out on pages 18 to 21 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are advised to read the notice and complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours (i.e. at 3:00 p.m. on Wednesday, 7 August 2024) before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

24 July 2024

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:*

“Accumulated Losses”	the accumulated losses of the Company
“Board”	the board of Directors
“Business Day(s)”	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby the nominal value of each of the issued Consolidated Shares will be reduced from HK\$0.25 each to HK\$0.01 each by cancelling the paid up capital to the extent of HK\$0.24 on each issued Consolidated Share
“Capital Reorganisation”	the proposed share capital reorganisation, including the Share Consolidation, the Change in Board Lot Size, Capital Reduction, the Share Sub-division
“CCASS”	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the change in board lot size of Shares for trading on the Stock Exchange from 2,500 Existing Shares to 5,000 Consolidated Shares (or 5,000 New Shares subject to the Capital Reduction and the Share Sub-division becoming effective)
“Companies Act”	The Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	Sanai Health Industry Group Company Limited 三愛健康產業集團有限公司, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1889)
“Consolidated Share(s)”	the ordinary share(s) of par value HK\$0.25 each in the share capital of the Company upon the Share Consolidation becoming effective
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, to approve the Share Consolidation, the Capital Reduction and the Share Sub-division
“Existing Share(s)”	the ordinary share(s) of par value HK\$0.01 each in the share capital of the Company before the Share Consolidation, the Change in Board Lot Size, the Capital Reduction and the Share Sub-division becoming effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	19 July 2024, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information contained herein
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum and Articles”	the memorandum and articles of association of the Company, as amended from time to time
“New Share(s)”	the ordinary share(s) of par value HK\$0.01 each in the issued and unissued share capital of the Company upon the Capital Reduction and the Share Sub-division becoming effective
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Shareholder(s)”	holder(s) of the Share(s)

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## DEFINITIONS

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“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the New Share(s)
“Share Consolidation”	the proposed consolidation of every twenty-five (25) issued and unissued Existing Shares of par value HK\$0.01 each in the share capital of the Company into one (1) Consolidated Share of par value HK\$0.25 each
“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Consolidated Share of par value HK\$0.25 each into twenty-five (25) New Shares of par value HK\$0.01 each
“Share Option(s)”	the option(s) to subscribe for new Shares granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 16 June 2017
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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## EXPECTED TIMETABLE

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The expected timetable for the Share Consolidation, the Change in Board Lot Size, the Capital Reduction and the Share Sub-division is set out below. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Share Consolidation, the Change in Board Lot Size, the Capital Reduction and the Share Sub-division and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

Save where otherwise specified, all times and dates in this Circular refer to Hong Kong local times and dates.

<b>Events</b>	<b>Hong Kong Date and Time</b>
	<b>2024</b>
Latest date and time for lodging transfers documents in order to qualify for attending and voting at EGM	4: 30 p.m. on Friday, 2 August
Closure of register of members for determining the entitlement to attend and vote at the EGM	Monday, 5 August to Friday, 9 August (both dates inclusive)
Latest date and time for lodging the proxy form for the EGM	3:00 p.m. on Wednesday, 7 August
Record date for EGM	Friday, 9 August
Date and time of the EGM	3:00 p.m. on Friday, 9 August
Publication of announcement of poll results of the EGM	Friday, 9 August

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## EXPECTED TIMETABLE

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**The following events are conditional upon the results of the EGM and conditions for the implementation of the Share Consolidation and therefore the dates are tentative only:**

Effective date of the Share Consolidation . . . . .	Tuesday, 13 August
First day for free exchange of existing share certificates for new share certificates of the Consolidated Shares . . . . .	Tuesday, 13 August
Dealings in the Consolidated Shares commence . . . . .	9:00 a.m. on Tuesday, 13 August
Original counter for trading in Existing Shares in board lots of 2,500 Shares (in the form of existing share certificates) temporarily closes . . . . .	9:00 a.m. on Tuesday, 13 August
Temporary counter for trading in Consolidated Shares in board lots of 100 Consolidated Shares (in the form of existing share certificates) opens . . . . .	9:00 a.m. on Tuesday, 13 August
Effective date of the Change in Board Lot Size . . . . .	Tuesday, 27 August
Original counter for trading in Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens . . . . .	9:00 a.m. on Tuesday, 27 August
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences . . . . .	9:00 a.m. on Tuesday, 27 August
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares . . . . .	9:00 a.m. on Tuesday, 27 August
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares. . . . .	4:00 p.m. on Monday, 16 September
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) ends	
Existing share certificates cease to be valid for delivery, trading and settlement purposes but will remain effective as document of title	
Temporary counter for trading in Consolidated Shares in board lots of 100 Consolidated Shares (in the form of existing share certificates) closes . . . . .	4:10 p.m. on Monday, 16 September

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## EXPECTED TIMETABLE

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Last day for free exchange of existing share Certificates  
for new share certificates . . . . . Thursday, 19 September

**The following events are conditional upon the results of the EGM and fulfillment of the conditions for the implementation of the Capital Reduction and Share Sub-division, including the confirmation of the Court on the Capital Reduction, and therefore the dates are tentative only:**

Effective date and time of the Capital Reduction and  
the Share Sub-division . . . . . Before 9:00 a.m. on Monday, 18 November

Commencement of dealing in the New Shares . . . . . 9:00 a.m. on Monday, 18 November

First day of free exchange of existing share certificates for  
the Consolidated Shares into new share certificates for  
New Shares . . . . . Monday, 18 November

Last day of free exchange of existing share certificates for  
the Consolidated Shares into new share certificates for  
New Shares . . . . . Monday, 23 December



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LETTER FROM THE BOARD

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**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)**

*Executive Directors:*

Mr. Chen Chengqing  
Mr. Yuan Chaoyang  
Professor Zhang Rongqing  
Mr. She Hao  
Mr. Xie Haijing

*Independent Non-executive Directors:*

Professor Zhu Yi Zhun  
Mr. Khor Khie Liem Alex  
Mr. Zhang Ruigen

*Registered Office:*

Grand Pavilion, Hibiscus Way  
802 West Bay Road  
P.O. Box 31119, KY1-1205  
Cayman Islands

*Principal place of business  
in Hong Kong:*

Unit 5, 7/F.  
Nanyang Plaza  
57 Hung To Road  
Kwun Tong  
Kowloon  
Hong Kong

24 July 2024

*To the Shareholders and for information only,  
the holders of share options of the Company*

Dear Sir/Madam,

**(1) PROPOSED SHARE CONSOLIDATION;  
(2) PROPOSED CHANGE IN BOARD LOT SIZE;  
(3) PROPOSED CAPITAL REDUCTION  
OF ISSUED SHARES AND SUB-DIVISION OF UNISSUED SHARES;  
AND  
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

References are made to the announcement of the Company dated 4 July 2024 in relation to the Share Consolidation, the Change in Board Lot Size, the Capital Reduction and the Share Sub-division. The purpose of this circular is to provide you with information regarding the proposed Share Consolidation, the Change in Board Lot Size, the Capital Reduction and the Share Sub-division, together with a notice convening the EGM for the purpose of considering, and if thought fit, approving the resolutions to be proposed.

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## LETTER FROM THE BOARD

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### PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty-five (25) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.25 each in the share capital of the Company.

### Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Existing Shares with par value of HK\$0.01 each, of which 3,822,467,397 Existing Shares have been issued and are fully paid or credited as fully paid.

Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date until the effective date of the Share Consolidation, immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$100,000,000 divided into 400,000,000 Consolidated Shares with par value of HK\$0.25 each, of which 152,898,695 Consolidated Shares will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled. The Directors are of the view that the Share Consolidation will not have any material adverse effect on the financial position of the Group and is in the interest of the Company and the Shareholders as a whole.

### Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

## LETTER FROM THE BOARD

Subject to the fulfillment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Tuesday, 13 August 2024, being two clear Business Days immediately after the date of the EGM. As at the date of this Circular, none of the above conditions have been fulfilled.

### Adjustments in relation to other securities of the Company

As at the Latest Practicable Date, the Company has granted outstanding Share Options entitling the holders thereof to subscribe for an aggregate of 31,000,000 Existing Shares under the Share Option Scheme, and the number of options available for grant under the Share Option Scheme was 132,722,250. As a result of the Share Consolidation and in accordance with the Share Option Scheme, the number of the options available for grant will be adjusted to 5,308,890, and the exercise price and the number of Consolidated Shares to be issued upon exercise of the outstanding Share Options already granted will be adjusted as follows with effect from the effective date (i.e. on Tuesday, 13 August 2024) of the Share Consolidation. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Name or category of participant	Date of grant	Exercisable period (both days inclusive)	Immediately prior to the adjustments as a result of completion of the Share Consolidation		Immediately after the adjustments as a result of completion of the Share Consolidation	
			Exercise price per Existing Share HK\$	Number of Existing Shares to be issued under the outstanding Share Options	Adjusted exercise price per Consolidated Share	Adjusted number of Consolidated Shares to be issued under the outstanding Share Options
<b>Director</b>						
Professor Zhang Rongqing	29 April 2022	29 April 2022 to 28 April 2032	0.084	6,000,000	2.100	240,000
<b>Former Directors<sup>(1)</sup></b>						
Mr. Gao Borui	29 April 2022	29 April 2022 to 28 April 2032	0.084	5,000,000	2.100	200,000
Mr. Xiu Yuan	29 April 2022	29 April 2022 to 28 April 2032	0.084	10,000,000	2.100	400,000
				21,000,000		840,000
<b>Other participant</b>						
Employees in aggregate	29 April 2022	29 April 2022 to 28 April 2032	0.084	10,000,000	2.100	400,000

*Note:*

- (1) Mr. Gao Borui and Mr. Xiu Yuan ceased to be Directors on 28 June 2024. For further details, see announcement of the Company dated 28 June 2024. The options granted under the Share Option Scheme are still effective at the date of this Circular.

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## LETTER FROM THE BOARD

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In February 2022, the Company issued convertible notes (the “**Convertible Notes**”) in the aggregate principal amount of HK\$72,000,000 at the initial conversion price of HK\$0.119, which was adjusted to the principal amount of HK\$60,000,000 with an amended conversion price of HK\$0.098 per share in March 2023. The Convertible Notes were fully converted in April 2024 with a total of 612,244,897 ordinary shares issued upon completion of the conversion. As of the Latest Practicable Date, no convertible shares were outstanding under the Convertible Notes. For further details of the Convertible Notes, see the announcements of the Company dated 13 January 2022, 26 January 2022, 31 January 2022, 9 February 2022, 9 February 2023, 3 March 2023 and 20 March 2023 and the monthly return of the Company dated 6 May 2024.

As at the Latest Practicable Date, save for the Share Options, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

### **Application for listing of the Consolidated Shares**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective and the Consolidated Shares which may be issued pursuant to the exercise of the Share Options granted.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be allocated to the Shareholders otherwise entitled thereto, but will be aggregated and, if possible, sold for the benefit of the Company in accordance with the Memorandum and Articles. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

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## LETTER FROM THE BOARD

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### **Odd lots arrangements and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed Computershare Hong Kong Investor Services Limited as its agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares during the period from 9:00 a.m. on Tuesday, 27 August 2024 to 4:00 p.m. on Monday, 16 September 2024 (both days inclusive). Shareholders who wish to take advantage of this service should contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or at telephone number (852) 2862 8555 during office hours (i.e. 9:00 a.m. to 4:30 p.m.) within such period. Holders of the Shares who would like to match odd lots have to make an appointment in advance by dialing the telephone number of Computershare Hong Kong Investor Services Limited set out above.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

### **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, Shareholders may during the period from Tuesday, 13 August 2024 to 4:30 p.m. on Thursday, 19 September 2024 (both days inclusive), submit share certificates for the Existing Shares (in yellow colour) to the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in exchange, at the expense of the Company for new share certificates for the Consolidated Shares (in green colour). Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may be allowed by the Stock Exchange from time to time) for each share certificate for the Existing Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Monday, 16 September 2024, and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of twenty-five (25) Existing Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in green colour in order to distinguish them from the share certificates for the Existing Shares which are in yellow colour.

### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the Latest Practicable Date, the Shares were traded on the Stock Exchange in board lot size of 2,500 Shares. Conditional upon the Share Consolidation becoming effective, the Board also proposes to change the board lot size for trading in the shares on the Stock Exchange from 2,500 Existing Shares to 5,000 Consolidated Shares.

Based on the closing price of HK\$0.016 per Share (equivalent to the theoretical closing price of HK\$0.40 per Consolidated Share upon the Share Consolidation becoming effective) as quoted on the Stock Exchange as at the Latest Practicable Date, (i) the value per board lot of 2,500 Existing Shares is HK\$1,000; and (ii) the estimated value per board lot of 5,000 Consolidated Shares would be HK\$2,000.

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## LETTER FROM THE BOARD

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The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

### **Reasons for the Share Consolidation and the Change in Board Lot Size**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated Rule reference on 10 May 2024 has further stated that (i) market price of the Shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

For the past 6 months, the share price of the Company has been trading at or below HK\$0.10, and the closing price of the Existing Shares as at the Latest Practicable Date was HK\$0.016 per Share. The value of each existing board lot has been less than HK\$2,000. Based on the closing price of HK\$0.016 per Share as at the Latest Practicable Date and the existing board lot size of 2,500 Shares, the Board resolved to propose the Share Consolidation and the Change in Board Lot Size, resulting in HK\$0.40 per Consolidated Share and HK\$2,000 per board lot of 5,000 Consolidated Shares with the view to complying with the trading requirements under the Listing Rules.

The Board considers that the proposed Share Consolidation and the Change in Board Lot Size would enable the share price of the Company and the value of the board lot to comply with the trading requirements under the Listing Rules. The proposed Share Consolidation would bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. Further, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge minimum transaction costs for each securities trade. In view of the above reasons, the Board considers that the Share Consolidation and the Change in Board Lot Size are justifiable notwithstanding the potential costs and impact arising from the creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation and the Change in Board Lot Size, and the Company does not have any concrete plan to conduct any fundraising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund-raising exercises when suitable fund-raising and/or investment opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

The Board believes that the Share Consolidation and the Change in Board Lot Size will not have any material adverse effect on the financial position of the Group nor result in a change in the relative rights of the Shareholders.

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## LETTER FROM THE BOARD

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### PROPOSED CAPITAL REDUCTION AND SHARE SUB-DIVISION

The Board proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Share Sub-division will be implemented, pursuant to which:

- (i) the issued share capital of the Company will be reduced by cancelling the paid up capital to the extent of HK\$0.24 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.25 to HK\$0.01; and
- (ii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$0.25 each be sub-divided into twenty-five (25) New Shares of par value of HK\$0.01 each.

Each of the New Shares arising from the Capital Reduction and the Share Sub-division shall rank *pari passu* in all respects with each other each in accordance with the Memorandum and Articles and have rights and privileges and be subject to the restrictions as contained in the Memorandum and Articles.

### Effect of the Capital Reduction and the Share Sub-division

Immediately upon the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective and assuming no further Shares or (as the case may be) Consolidated Shares will be issued or repurchased from the date of this Circular up to and including the date of which the Capital Reduction and the Share Sub-division shall become effective, the authorised share capital of the Company shall be HK\$100,000,000 divided into 10,000,000,000 New Shares with par value of HK\$0.01 each, of which 152,898,695 New Shares will be in issue and fully paid or credited as fully paid.

Based on the 3,822,467,397 Shares in issue as at the Latest Practicable Date or (as the case may be) 152,898,695 Consolidated Shares in issue as at the date of which the Share Consolidation becoming effective, and assuming no further Shares or (as the case may be) Consolidated Shares will be issued or repurchased prior to the date of which the Capital Reduction and the Share Sub-division shall become effective, a credit amounting to HK\$36,695,686.80 will arise as a result of the Capital Reduction. It is proposed that the credit arising from the Capital Reduction will be credited to the distributable reserve account of the Company, which will be utilised by the Company in such manner as the Board may deem fit and permitted under all applicable laws, the Memorandum and Articles.

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## LETTER FROM THE BOARD

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Assuming no further change in the issued share capital of the Company from the date of this Circular up to and including the date on which the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective, the share capital structure of the Company will be as follows:

	<b>As at the Latest Practicable Date</b>	<b>Immediately after the Share Consolidation becoming effective but prior to the Capital Reduction and Share Sub-division becoming effective</b>	<b>Immediately after the Capital Reduction and Share Sub-division becoming effective</b>
Par value	HK\$0.01	HK\$0.25	HK\$0.01
Number of authorised shares	10,000,000,000 Existing Shares	400,000,000 Consolidated Shares	10,000,000,000 New Shares
Amount of authorised share capital	HK\$100,000,000	HK\$100,000,000	HK\$100,000,000
Number of issued shares	3,822,467,397 Existing Shares	152,898,695 Consolidated Shares	152,898,695 New Shares
Amount of the issued share capital	HK\$38,224,673.97	HK\$38,224,673.75	HK\$1,528,986.95

Other than the expenses to be incurred in relation to the Capital Reduction and Share Sub-division, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled. The Directors are of the view that the Capital Reduction and the Share Sub-division will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

### **Conditions of the Capital Reduction and the Share Sub-division**

The Capital Reduction and the Share Sub-division are conditional upon the following conditions:

- (i) the Share Consolidation has become effective;
- (ii) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reduction and the Share Sub-division;
- (iii) the Court granting an order confirming the Capital Reduction;
- (iv) compliance with any conditions which the Court may impose in relation to the Capital Reduction;



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## LETTER FROM THE BOARD

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- (v) registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction;
- (vi) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares upon the Capital Reduction and the Share Sub-division becoming effective; and
- (vii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Capital Reduction and Share Sub-division.

The Capital Reduction and the Share Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Share Consolidation, the Capital Reduction and the Share Sub-division at the EGM, the legal advisors to the Company (as to Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and further announcement(s) will be made by the Company on the preliminary timetable as soon as the Court hearing dates are confirmed.

As at the date of the Latest Practicable Date, none of the above conditions have been fulfilled.

### **Application for listing of the New Shares**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares upon the Capital Reduction and the Share Sub-division becoming effective and the New Shares which may be issued pursuant to the exercise of the Share Options granted.

Subject to the granting of listing of, and permission to deal in, the New Shares on the Stock Exchange upon the Capital Reduction and the Share Sub-division becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Capital Reduction and the Share Sub-division becoming effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

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## LETTER FROM THE BOARD

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### **Exchange of share certificates for the New Shares**

As the Court hearing dates have yet to be fixed, the effective date of the Capital Reduction and the Share Sub-division is not ascertainable at present. Should the Capital Reduction and the Share Sub-division becoming effective, Shareholders may submit share certificates for the Consolidated Shares (in green colour) to the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong to exchange for new share certificates for the New Shares (in blue colour) at the expense of the Company within the relevant free exchange period from the date of which the Capital Reduction and the Share Sub-division shall become effective. Details of such free exchange of share certificates will be announced as soon as the date of which the Capital Reduction and the Share Sub-division shall become effective is ascertained.

The Company will publish announcement(s) to update the Shareholders when the Court hearing dates, the effective date of the Capital Reduction and the Share Sub-division, and the period when the Shareholders can submit share certificates for the Consolidated Shares to exchange for new share certificates for the New Shares is/are ascertained and/or updated.

All existing certificates of the Shares will continue to be evidence of title to such Shares but all existing certificate of Shares will cease to be valid for trading and settlement purpose.

### **Reasons for the Capital Reduction and Share Sub-division**

Under the Companies Act and the Memorandum and Articles, the Company may not issue shares at a discount to the nominal value of such shares. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction and the Share Sub-division, the nominal value of the Consolidated Shares will be HK\$0.25 per Consolidated Share. The Capital Reduction and the Share Sub-division will keep the nominal value of the New Shares at a lower level of HK\$0.01 per New Share, which allows greater flexibility in the pricing for any issue of new Shares in the future. The credit in the distributable reserve account arising from the Capital Reduction will enable the Company to set off its Accumulated Losses and may be applied in future for distribution to the Shareholders or in any manner permitted by applicable laws, the Memorandum and Articles. The Board considers that the Capital Reduction and the Share Sub-division is beneficial to and in the interests of the Company and the Shareholders as a whole.

### **RECOMMENDATION**

The Board considers that the proposed resolutions in relation to the Share Consolidation, the Capital Reduction and the Share Sub-division to be put forward at the EGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of the resolutions to be proposed at the EGM.

### **EGM**

The EGM will be held at No. 21, Jinghai Third Road, Yizhuang Industrial Park, Yizhuang Development Zone, Daxing District, Beijing, China on Friday, 9 August 2024 at 3:00 p.m. or any adjournment thereof for the purpose of considering and, if thought fit, to approve the resolutions regarding the Share Consolidation, the Capital Reduction and the Share Sub-division. To ascertain Shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 5 August 2024 to Friday, 9 August 2024, both days inclusive, during which

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## LETTER FROM THE BOARD

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period no transfer of Shares will be effected. In order to qualify to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 2 August 2024.

A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. by 3:00 p.m. on Wednesday, 7 August 2024) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolutions approving the Share Consolidation, the Capital Reduction and the Share Sub-division at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the chairman of the meeting will demand a poll on the resolutions regarding the Share Consolidation, the Capital Reduction and the Share Sub-division at the EGM. An announcement will be made by the Company on the poll results of the EGM.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

### WARNING

**As the Share Consolidation, the Change in Board Lot Size, the Capital Reduction and the Share Sub-division are subject to the satisfaction of conditions, they may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

Yours faithfully  
By order of the Board  
**Sanai Health Industry Group Company Limited**  
**She Hao**  
*Executive Director*

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## NOTICE OF EGM

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### 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)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Sanai Health Industry Group Company Limited (the “Company”) will be held at No. 21, Jinghai Third Road, Yizhuang Industrial Park, Yizhuang Development Zone, Daxing District, Beijing, China at 3:00 p.m. on Friday, 9 August 2024 for the following purposes:

#### ORDINARY RESOLUTION

1. “**THAT** subject to and conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the Consolidated Shares (as defined below) upon the Share Consolidation (as defined below) becoming effective; and (ii) the compliance with the relevant procedures and requirements under the laws of the Cayman Islands and the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) to effect the Share Consolidation, with effect from the second business day immediately following the date on which this resolution is passed or the above conditions are fulfilled (whichever is later):
  - (a) every twenty-five (25) issued and unissued ordinary shares of par value of HK\$0.01 each (the “**Existing Share(s)**”) in the existing share capital of the Company be and are consolidated (the “**Share Consolidation**”) into one (1) ordinary share of par value of HK\$0.25 each (the “**Consolidated Share(s)**”), and such Consolidated Shares shall rank *pari passu* in all respects with each other and shall have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the memorandum and articles of association of the Company (the “**Memorandum and Articles**”);
  - (b) any fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the holders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the directors of the Company (the “**Directors**”) may think fit;
  - (c) immediately following the Share Consolidation, the authorised share capital of the Company be changed from HK\$100,000,000 divided into 10,000,000,000 Existing Shares to HK\$100,000,000 divided into 400,000,000 Consolidated Shares; and

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## NOTICE OF EGM

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- (d) the Directors be and are hereby authorised to do all such acts and things and execute (under hand or as a deed and where appropriate, under the common seal of the Company) all documents which are ancillary to the Share Consolidation and of administrative nature, on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the implementation of the Share Consolidation.”

### SPECIAL RESOLUTION

2. **“THAT** subject to and conditional upon (i) the Share Consolidation becoming effective; (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares (as defined below) in issue and to be issued upon the capital reduction described in paragraphs (a) to (d) of this resolution becoming effective; (iii) the Grand Court of the Cayman Islands (**“Court”**) granting an order confirming the Capital Reduction (as defined below); (iv) the compliance with any conditions which the Court may impose in relation to the Capital Reduction; (v) the registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction; (vi) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Capital Reduction; and (vii) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reduction, with effect from the date on which the above conditions are fulfilled (the **“Second Effective Date”**)
- (a) the issued share capital of the Company be reduced by (i) cancelling any fraction of a Consolidated Share (if not sold for the benefit of the Company pursuant to Resolution 1(b) above) in the issued share capital of the Company arising from the Share Consolidation in order to round down the total number of Consolidated Shares to a whole number, and (ii) cancelling the paid-up capital of the Company to the extent of HK\$0.24 on each of the issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.25 to HK\$0.01 (the **“Capital Reduction”**);
- (b) immediately following the Capital Reduction becoming effective, each of the authorised but unissued Consolidated Shares of par value of HK\$0.25 each be subdivided (the **“Share Sub-division”**) into twenty-five (25) new shares of par value of HK\$0.01 each (the **“New Shares”**), and such New Shares shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the Memorandum and Articles;

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## NOTICE OF EGM

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- (c) immediately following the Capital Reduction and the Share Sub-division, the authorised share capital of the Company be changed from HK\$100,000,000 divided into 400,000,000 Consolidated Shares to HK\$100,000,000 divided into 10,000,000,000 New Shares;
- (d) the credit arising from the Capital Reduction be applied towards offsetting the Accumulated Losses of the Company as at the Second Effective Date and the balance of any such credit remaining after offsetting the Accumulated Losses be transferred to a distributable reserve account of the Company which may be applied by the Company in any manner as permitted under the applicable laws and the Memorandum and Articles; and the Directors be and are hereby authorised to do all such acts and things and execute (under hand or as a deed and where appropriate, under the common seal of the Company) all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the implementation of the Capital Reduction and Share Sub-division.”

Yours faithfully  
By order of the Board  
**Sanai Health Industry Group Company Limited**  
**She Hao**  
*Executive Director*

Hong Kong, 24 July 2024

*Registered Office:*  
Grand Pavilion, Hibiscus Way  
802 West Bay Road  
P.O. Box 31119, KY1-1205  
Cayman Islands

*Principal place of business  
in Hong Kong:*  
Unit 5, 7/F.  
Nanyang Plaza  
57 Hung To Road  
Kwun Tong  
Kowloon  
Hong Kong

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## NOTICE OF EGM

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*Notes:*

1. Any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the EGM. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
3. To be valid, the instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any), under which it is signed or a certified copy of such power or authority shall be delivered to the Company's Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or adjourned meeting at which the person named in the instrument proposes to vote.
4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at the EGM or any adjournment thereof in cases where the EGM was originally held within 12 months from such date.
5. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the EGM if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.
6. Where there are joint holders of any share, any one of such joint holder may vote either in person or by proxy in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
7. The register of members of the Company will be closed from Monday, 5 August 2024 to Friday, 9 August 2024 (both days inclusive) during which period no transfer of shares will be registered. In order to attend and vote at the EGM, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 2 August 2024.
8. A form of proxy for use at the EGM is enclosed.
9. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions after super typhoons" announced by the Hong Kong Government is/are in effect any time after 7:00 a.m. on the date of the extraordinary general meeting, the meeting will be postponed.

*As at the date of this Circular, the Board comprises five executive directors, namely, Mr. Chen Chengqing, Mr. Yuan Chaoyang, Professor Zhang Rongqing, Mr. She Hao and Mr. Xie Haijing, and three independent non-executive directors, namely, Professor Zhu Yi Zhun, Mr. Khor Khie Liem Alex and Mr. Zhang Ruigen.*