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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)

VOLUNTARY ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING

This announcement is made by Sanai Health Industry Group Company Limited (the “**Company**” together with its subsidiaries, the “**Group**”) on a voluntary basis to provide the latest information of the business development of the Company for its shareholders and potential investors.

PROPOSED ACQUISITION

The board of directors of the Company (the “**Board**”) is pleased to announce that on 9 May 2023 (after trading hours), the Group has entered into a non-legally binding memorandum of understanding (the “**MOU**”) with certain shareholders (the “**Vendors**”) of the Target Company (as defined below), pursuant to which, subject to the entering into of legally-binding sale and purchase agreement, the Vendors intended to sell, and the Group intended to purchase, no less than 51% controlling shareholding interest (the “**Equity Interest**”) in 杭州綠天生物科技有限公司 (Hangzhou Greensky Biological Technology Company Limited) (the “**Target Company**”).

The consideration and other detailed terms for the proposed acquisition of the Equity Interest shall be further negotiated and agreed by the Group and the Vendors subject to the satisfactory outcome of all relevant business, financial and legal due diligence review as well as the result of the fair value assessment of the Target Company to be conducted by an independent professional business appraisal firm engaged by the Company.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Vendors are third parties independent of the Group and its connected persons.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is principally engaged in the research & development, production and sales of plant extracts, medicine intermediates and raw materials for supplements.

TENTATIVE TIMEFRAME

The Vendors and the Group shall negotiate in good faith for entering into a legally-binding sale and purchase agreement as soon as possible and in any event not later than 180 days from the date of the MOU or such later date as the Vendors and the Group may further agree in writing.

The Group will proceed to conduct the relevant business, financial and legal due diligence review on the Target Company. The Group shall be satisfied with the results of the due diligence review prior to entering into any legally-binding agreement.

EXCLUSIVITY

The Vendor shall not, directly or indirectly, for a period of 180 days commencing from the date of the MOU, to (i) solicit, initiate or encourage inquiries or offers from; (ii) initiate or continue negotiations or discussions with or furnish any information to; or (iii) enter into any agreement or letter of intent or memorandum of understanding with any person or entity other than the Group with respect to the sale and purchase of the Equity Interest or any part thereof or any major assets of the Target Company or create any options or rights to acquire any interest in the Target Company.

Shareholders of the Company and potential investors should note that the transactions contemplated under the MOU may or may not materialize. The Company will comply with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as and when appropriate. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Sanai Health Industry Group Company Limited
SHE Hao
Executive Director

Hong Kong, 9 May 2023

As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Chen Chengqing, 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.