

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



Sanai Health Industry Group Company Limited

三愛健康產業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1889)

UPDATE ON LISTING STATUS

This announcement is made by Sanai Health Industry Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 26 May 2019, 28 May 2019, 4 June 2019, 9 September 2019 and 16 September 2019 respectively (the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board wishes to inform the shareholders and potential investors of the Company that the review by the Listing (Review) Committee of the decision of the Listing Committee (the “**2nd Review Hearing**”) took place on 7 January 2020. On 23 January 2020, the Company received a fax from the Listing (Review) Committee that they had decided to uphold the decision of the Listing Committee (the “**Listing (Review) Committee Decision**”). According to the fax, the Listing (Review) Committee arrived at the Listing (Review) Committee Decision for, amongst others, the following reasons:

1. The Company had recently acquired two new companies (i.e. Fujian Yongchun and Fujian Zhixin) to improve operation of the pharmaceutical products business of the Company. However, both of these newly acquired companies were at their early stage and lacked track record. They were small and generated low revenue with minimal profits or net losses. In view of the small scale of the historical operation of these newly acquired companies and the risks associated with companies with limited track record, the Company had not demonstrated how these newly acquired companies could substantially improve the level of operation and support a viable and sustainable business.

2. The Listing (Review) Committee considered the Company's submissions on its other businesses including its pharmaceutical consultancy business, pharmaceutical trading business, herb cultivation business, medical testing business, finance leasing business and general trading business. These businesses were small in scale. The Company had ceased or was in the process of winding up some of these businesses. The Listing (Review) Committee did not consider that these businesses were important or relevant in improving the Company's operations.
3. In the Company's previous submission to the Listing Committee dated 11 July 2019, the Company forecast to generate revenue of RMB162 million and RMB337 million for FY2019 and FY2020. In its latest submission for the 2nd Review Hearing dated 2 December 2019, the Company revised its forecast to RMB72 million and RMB226 million for FY2019 and FY2020. Such deviation called into question the credibility of the Company's forecast. Further, the forecasted revenue and the projected gross profit margin were not sufficiently substantiated by historical figures or other market evidence. It was questionable that the revenue and profit projections were achievable at all.
4. It was stated in the Company's submission for the 2nd Review Hearing that as at 30 June 2019, the Group's total assets were approximately RMB263.2 million. The Listing (Review) Committee could not verify the reliability of such information as the Company's financial results for the six months ended 30 June 2019 were unaudited and no supporting evidence was submitted.
5. In view of serious doubts on the current and future business model of the Company, the Listing (Review) Committee was concerned that the operations of these assets might not enable the Company to carry out businesses with sufficient level of operations to justify the continued listing of the Company's shares.

In view of the Listing (Review) Committee Decision, the Company is required to re-comply with Rule 13.24 of the Listing Rules and resume trading within a period of 18 months from the date of suspension. Should the Company fail to do so by the expiry of the 18-month period, the Stock Exchange will proceed with cancellation of the Company's listing.

The Board is still in the process of reviewing the Listing (Review) Committee Decision and is discussing the same with the Company's legal advisers and financial adviser and will actively prepare for the proposal(s) to re-comply with Rule 13.24 of the Listing Rules.

TRADING SUSPENSION

At the request of the Company, 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.

Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules.

Dealing in the shares of the Company on the Stock Exchange has been suspended since 9:00 a.m. on Friday, 24 January 2020 and will remain suspended until further notice. There is no guarantee that the resumption of trading in the shares of the Company on the Stock Exchange will take place. Shareholders who have any queries about the implications of the Listing (Review) Committee Decision are advised to seek appropriate professional advice.

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

Hong Kong, 24 January 2020

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, Mr. Tu Fangkui, Mr. Wang Zihao, and Mr. Long Jun.