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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)

SUPPLEMENTAL ANNOUNCEMENT

DISCLOSEABLE TRANSACTION ACQUISITION OF 51% EQUITY INTEREST IN THE TARGET COMPANY

Reference is made to the announcement (the “**Announcement**”) of Sanai Health Industry Group Company Limited (the “**Company**”) dated 1 March 2024 in relation to the Acquisition. Unless otherwise stated, all the capitalised terms used herein shall have the same meaning as those adopted in the Announcement.

The Board wishes to provide supplemental information on the Acquisition as follows:

FURTHER INFORMATION ON THE VALUATION

As disclosed in the Announcement, the Consideration was determined based on arm’s length negotiations between the Purchaser and the Vendor with reference to a valuation (the “**Valuation**”) made by an independent valuer in respect of the Equity Interest with aggregated market value of approximately RMB35.00 million as at 30 September 2023 under market approach.

The Company would like to provide the shareholders and potential investors of the Company with additional information in relation to the Valuation.

Key inputs

The key inputs extracted from consolidated financial statements of the Target Group for the 9 months ended 30 September 2022, the year ended 31 December 2022 and the 9 months ended 30 September 2023 are set out below:

	9 months ended 30 September 2022 <i>RMB'000</i> (unaudited)	Year ended 31 December 2022 <i>RMB'000</i> (unaudited)	9 months ended 30 September 2023 <i>RMB'000</i> (unaudited)	For last twelve months <i>RMB'000</i> <i>(d)=(c)+ (b)-(a)</i>
	<i>(a)</i>	<i>(b)</i>	<i>(c)</i>	<i>(b)-(a)</i>
Revenue	26,968	38,001	34,203	45,235
EBIT	(3,413)	(6,400)	(4,135)	(7,123)
Net Income	(4,239)	(7,229)	(5,155)	(8,145)

Market comparables

The list of market comparables and the relevant details of the market comparables selected are set out below:

Company Description	Geographic Segments <i>(mainly countries or region of revenue)</i>	Revenue <i>(USD mm)</i>	Net Profit <i>(USD mm)</i>	Net Asset <i>(USD mm)</i>	Market Capitalization <i>(USD mm)</i>	Enterprise Value <i>(USD mm)</i>
Company A Company A operates as a contract manufacturer for dietary supplement industry worldwide. It develops and manufactures a range of softgel dietary supplements; vegetarian softgel; nutraceutical gummies; probiotic products; tablet and powder products; capsules; and functional beverages. It also offers a range of services, including primary and final packaging. Company A was founded in 1993 and is headquartered in Shantou, China.	China Europe United States	442	30	408	639	697

	Company Description	Geographic Segments <i>(mainly countries or region of revenue)</i>	Revenue <i>(USD mm)</i>	Net Profit <i>(USD mm)</i>	Net Asset <i>(USD mm)</i>	Market Capitalization <i>(USD mm)</i>	Enterprise Value <i>(USD mm)</i>
Company B	Company B engages in manufacture and sale of nutrition and healthy food in China and internationally. It offers health foods, sports nutrition products, and foods for special dietary uses. It offers its products in the form of soft capsules, hard capsules, tablets, powders, oral liquids, drops, and bottles. Company B was founded in 1996 and is based in Rongcheng, China.	China	115	22	207	390	243
Company C	Company C, an original design manufacturer company, engages in the research, development, manufactures, and sales of functional health food, supplements, and personal care products. Company C was incorporated in 1980 and is headquartered in Taipei, Taiwan.	China United States	246	31	302	660	595
Company D	Company D, a dietary supplement company, develops, manufactures, and sells health products in Taiwan and internationally. In addition, It offers customization, ODM, dosage, and application services. Company D was founded in 2012 and is based in Taichung, Taiwan.	China Asia	24	4	24	67	51
Company E	Company E engages in the contract development and manufacturing of oral solid forms for the pharmaceutical and nutraceutical industries. It provides nutraceutical products comprising soluble and effervescent powders and granules, soluble, effervescent and chewable tablets, fast melting/sublingual tablets, film-coated tablets, and hard gelatin capsules and offers pharmaceutical products, including powders and granules, capsules, tablets, film-coated tablets, effervescent granules, and hard gelatine capsules. It was founded in 1984 and is headquartered in Verdellino, Italy.	Italy and the markets outside of Italy	254	1	136	218	273

	Company Description	Geographic Segments <i>(mainly countries or region of revenue)</i>	Revenue <i>(USD mm)</i>	Net Profit <i>(USD mm)</i>	Net Asset <i>(USD mm)</i>	Market Capitalization <i>(USD mm)</i>	Enterprise Value <i>(USD mm)</i>
Company F	Company F engages in formulating, manufacturing, and marketing nutritional supplements in the United States, Europe, Australia, Asia, Mexico, and Canada. It operates in two segments, Private-Label Contract Manufacturing, and Patent and Trademark Licensing. It offers private-label contract manufacturing services to companies that market and distribute vitamins, minerals, herbal, and other nutritional supplements, as well as other health care products. It was founded in 1980 and is headquartered in Carlsbad, California.	United States and the markets outside of The United States	145	1	89	40	32
Company G	Company G operates as a health functional food company in South Korea and internationally. It also provides original design and original brand manufacturing services. In addition, it offers cosmetics, medicines, and medical supplies. It offers its products in tablets, capsules, liquid, and powder supplement form of dosages. It serves its products through business to business, distribution companies, pharmaceutical and food companies, networks, and online channels. Company G was founded in 2002 and is headquartered in Seongnam-si, South Korea.	South Korea United States Australia Asia	243	(12)	33	90	197
Company H	Company H is a R & D-based health & functional food manufacturing company. It provides health & functional food OEM/ODM services. Company H was founded in 2008 and is headquartered in Cheongju-si, South Korea.	South Korea Asia	218	15	146	143	151

Company Description	Geographic Segments <i>(mainly countries or region of revenue)</i>	Revenue <i>(USD mm)</i>	Net Profit <i>(USD mm)</i>	Net Asset <i>(USD mm)</i>	Market Capitalization <i>(USD mm)</i>	Enterprise Value <i>(USD mm)</i>
Company I Company I engages in the research and development of materials used in the functional health food and cosmetics market in South Korea and internationally. It provides cosmetics and functional health food original development manufacturing services, such as manufacturing tablets, hard capsules, soft capsules, liquids, gels, powder dosage, and various new formulation forms. Company I was founded in 2004 and is headquartered in Sejong-si, South Korea.	South Korea China United States	424	17	299	360	435

Note:

The above financial data of revenue and net profit of market comparables are for last twelve months as at 30 September 2023. The net asset, market capitalization and enterprise value of market comparables are as at 30 September 2023.

Save as disclosed above, all other information disclosed in the Announcement remains accurate and unchanged.

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

Hong Kong, 18 March 2024

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.