THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Qianhai Health Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Qianhai Health Holdings Limited
前海健康控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 911)

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF 100% EQUITY INTEREST IN TARGET COMPANY

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

1 November 2021

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Announcement"	the announcement of the Company dated 18 August 2021 in relation to the Disposal
"Agreement"	the sale and purchase agreement dated 6 January 2021 and entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Shares
"Board"	the board of Directors
"Business Day(s)"	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9: 00 a.m. and 12: 00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which commercial banks are open for business in Hong Kong
"Clarification Announcement"	the announcement of the Company dated 25 August 2021 in relation to the clarification on the Announcement and the Profit Warning Announcement
"Company"	Qianhai Health Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on Main Board of the Stock Exchange (stock code: 0911)
"Consideration"	the total consideration in the sum of RMB110,000,000 (equivalent to approximately HK$132,530,000) payable by the Purchaser to the Vendor for the Disposal under the Agreement
"controlling Shareholder"	has the meaning ascribed to it under the Listing Rules
"connected person"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Shares pursuant to the Agreement
"Effective Date"	6 January 2021, being the date where the transfer of the Sale Shares has become effective

"Explorer Rosy"	Explorer Rosy Limited, being the controlling Shareholder, holding 892,485,771 Shares (representing approximately 52.72% of the issued share capital of the Company as at the date of the Announcement)
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	third parties independent of and not connected (within the meaning of the Listing Rules) with the Company and its connected persons (within the meaning of the Listing Rules)
"Latest Practicable Date"	27 October 2021, being the latest practicable date prior to printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan"	the loan between the Group (excluding the Target Group) and the Target Group amounting to RMB30,000,000 (equivalent to approximately HK$36,145,000) as at 6 January 2021
"Mr. Huang"	Mr. Huang Guanchao, the Chairman of the Board and a non-executive Director
"Non-Compliance"	the failure of the Company to report, announce and issue circular in relation to the details of the Disposal and to seek Shareholders' approval
"Purchaser"	南樑(深圳)農業科技實業有限公司 (Nan Liang (Shenzhen) Agricultural Technology Industry Co., Ltd.*), a company established in the PRC with limited liability, an Independent Third Party
"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)

"Profit Warning Announcement"	the announcement of the Company dated 10 August 2021 in relation to the profit warning
"Profit Warning Update Announcement"	the update announcement on the Profit Warning Announcement dated 27 August 2021
"QHIL"	Qianhai Health Investment Limited (前海健康投資有限公司), a company incorporated in Hong Kong with limited liability, a wholly owned subsidiary of the Target Company and holds 100% equity interests in Zhejiang Huijun
"Resort"	hotspring hotel resort and hotel facilities located at No. 188, Tuan Quan Street, Lin An District, Hangzhou City, the PRC
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	the entire issued share capital of the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shares(s)"	ordinary shares in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Top Nova Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of the Vendor immediately prior to the Effective Date and holds 100% the issued share capital of QHIL
"Target Group"	the Target Company and its subsidiaries and Zhongan Huijun
"US$"	United States dollar(s), the lawful currency of the United States of America
"Vendor"	QHH Limited, a company incorporated in the British Virgin Islands with limited liability, a direct wholly owned subsidiary of the Company

"Zhejiang Huijun"	Zhejiang Huijun Investment Management Limited*(浙江匯尊投資管理有限公司), a company established in the PRC with limited liability, wholly owned subsidiary of QHIL and holds 51% equity interests in Zhongan Huijun
"Zhongan Huijun"	Hangzhou Tuankou Zhongan Huijun Hotspring Resort Limited*(杭州湍口眾安匯尊溫泉度假村有限公司), a company established in the PRC with limited liability and a company which 51% of its equity interest is held by Zhejiang Huijun
"%"	per cent.

* *For identification purposes only*

For the purpose of this circular, unless otherwise specified, conversions of RMB into HK$ are based on the approximate exchange rate of HK$1:RMB 0.83.

Qianhai Health Holdings Limited
前海健康控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 911)

Non-executive Directors:
Mr. Huang Guanchao *(Chairman)*
Mr. Lim Tzea
Mr. Chen Kaiben
Mr. Chen Qi

Executive Directors:
Mr. Xu Keli
Mr. Lam Hin Chi

Independent non-executive Directors:
Mr. Li Wei
Mr. Wu Wai Leung Danny
Mr. Yuen Chee Lap Carl

Registered office:
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Room 301-3, 3/F
Wing Tuck Commercial Centre
177-183 Wing Lok Street
Sheung Wan, Hong Kong

1 November 2021

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF 100% EQUITY INTEREST IN TARGET COMPANY

I. INTRODUCTION

References are made to the Announcement and the Clarification Announcement. On 6 January 2021, the Vendor, a direct wholly owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of RMB110,000,000 (equivalent to approximately HK$132,530,000) in cash. Transfer of the Sale Shares has become effective on the Effective Date, being 6 January 2021.

The circular is despatched to the Shareholders for information purpose only. As disclosed in the Announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Disposal, thus no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting for approving the Agreement. Explorer Rosy, being the controlling Shareholder holding 892,485,771 Shares (representing approximately 52.72% of the issued share capital of the Company as at the date of the Agreement and the date of Announcement), gave its written approval for the Disposal on the date of Agreement, and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened for the purpose of approving the Disposal.

II. THE DISPOSAL

Details of the Agreement and the transaction contemplated thereunder are set out below:

Date: 6 January 2021

Parties: the Purchaser; and

the Vendor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Subject matter

Pursuant to the Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares, which represented the entire issued share capital of the Target Company.

The Target Company is a limited liability company, which was incorporated in the British Virgin Islands. The Target Company has an issued and paid-up share capital of US$100, comprising 100 ordinary shares of US$1.00 each, which were beneficially owned by the Vendor, a directly wholly owned subsidiary of the Company.

Consideration

The Consideration was RMB110,000,000 (equivalent to approximately HK$132,530,000). The Consideration shall be payable by the Purchaser to the Vendor in cash in the following manner:

a) a sum of not less than RMB30,000,000 (equivalent to approximately HK$36,145,000) on or before 31 August 2021; and

b) the remaining amount of the Consideration on or before 31 December 2021.

The Consideration was determined based on arm's length negotiation between the Purchaser and the Vendor, with reference to, among others, (i) the adjusted net asset value (based on the unaudited consolidated management accounts of the Target Group as at 31 December 2020) of the Target Group as at 31 December 2020 of approximately RMB99.6 million (equivalent to approximately HK$118.3 million) (being the net asset value of the Target Group of approximately RMB129.6 million (equivalent to approximately HK$153.9 million) less the Loan of approximately RMB30.0 million (equivalent to approximately HK$35.6 million, using the exchange rate as at 31 December 2020)); (ii) the then carrying value of the Group's share of net assets of Zhongan Huijun; (iii) the financial position of the Target Group as set out under the sub-section headed "Financial information of the Target Group" below; and (iv) the information set out under the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" below. Regarding the Loan arrangement, the Company considered that the Target Group was developing the Resort at the relevant time with the expected completion date in June 2023. In order to maintain sufficient cash flow for the construction and development of the Resort, the Company did not request the Target Group to repay the Loan immediately at the time of the Disposal. Upon negotiation with the Purchaser, it was both parties' common intention not to include the Loan as part of the Disposal and therefore excluded the Loan as part of the basis to determining the Consideration. As a result, having considered the above and the financial condition of all parties, the Company considered that it is fair and reasonable for the Company to continue keeping Loan to the Target Group in light of the Disposal.

The aforementioned adjusted net asset value of the Target Group as at 31 December 2020 is calculated based on, among others, the Target Company's 51% interests in the carrying value of the Resort with reference to the Vendor's portion of equity interest in Zhongan Huijun (joint venture), being the property held by Zhongan Huijun, and the assets and liabilities of the Target Company, QHIL and Zhejiang Huijun. The following table sets out the composition of the adjusted net asset value of the Target Group as at 31 December 2020 with reference to the (i) carrying value of the Resort as set out in the unaudited consolidated management accounts of the Target Group; and (ii) market value of the Resort as set out in the valuation report in Appendix II to this circular:

	As at 31 December 2020	
	With reference to carrying value	**With reference to market value**
Zhongan Huijun		
Resort *(RMB'000)*	384,343[1]	404,000[2]
Other net liabilities[3] *(RMB'000)*	(189,651)	(189,651)
Net assets of Zhongan Huijun *(RMB'000)*	194,692	214,349
Target Group's 51% interests in net assets of Zhongan Huijun *(RMB'000)*	99,293	109,318
Target Group		
51% interests in net assets of Zhongan Huijun *(HK$'000)*	117,861	129,760
Other net assets of Target Group[4] *(HK$'000)*	414	414
Adjusted net asset of the Target Group *(HK$'000)*	118,275	130,174

Notes:

1. Being the carrying value (i.e. construction costs) of the Resort as at 31 December 2020.

2. Being the market value of the Resort as at 31 December 2020.

3. Other net liabilities of Zhongan Huijun represents the net of other assets and liabilities owned by Zhongan Huijun.

4. Other net assets of the Target Group represents the net of other assets and liabilities of the Target Group, excluding the Loan.

As demonstrated above, the Consideration, being RMB110,000,000 (equivalent to approximately HK$132,530,000), is greater than the adjusted net asset value of the Target Group as at 31 December 2020 with reference to (i) the carrying value of the Resort as set out in unaudited consolidated management accounts of the Target Group as at 31 December 2020; and (ii) market value of the Resort as at 31 December 2020 as set out in the valuation report in Appendix II to this circular. Therefore, based on the foregoing, the Directors consider that the Consideration is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

As at the Latest Practicable Date, the Purchaser settled RMB35,000,000 (equivalent to approximately HK$42,000,000) in cash as partial Consideration, and the outstanding Consideration receivables is RMB75,000,000 (equivalent to approximately HK$90,000,000).

Other matters

Upon signing of the Agreement, the Vendor shall no longer (i) bear any of its capital investment responsibilities and any other types of losses and legal liabilities of the Target Group; and (ii) share the profits of the Target Group.

The transfer of the Sale Sales has become effective on the Effective Date. Therefore, the Target Company, QHIL and Zhejiang Huijun ceased to be subsidiaries of the Company, and their financial statements had also ceased to be consolidated into the Group's financial statements. In addition, the Group no longer held any equity interests in Zhongan Huijun since the Effective Date, and its performance has no longer been reflected in the share of results of joint venture of the Company since then.

III. THE LOAN

Prior to the entering into of the Agreement and as at the date of this Circular, the Target Group was indebted to the Group (excluding the Target Group) the Loan. Details of the Loan are set out below:

Amount:	RMB30.0 million (equivalent to approximately HK$36,145,000)
Interest rate:	0.33% per annum
Repayment terms:	The Loan, together with the interest incurred, shall be fully repaid by the Target Group to the Group (excluding the Target Group) in cash by 24 September 2023.

The Loan has already existed prior to the entering into of the Agreement based on arm's length negotiation. The Loan can neither be early repaid nor early terminated. The terms of the Loan (together with the applicable interest rate) were determined after arm's length negotiation between parties and after making reference to the prevailing market rates. The interest receivable (at a rate of 0.33% per annum) was previously agreed between the Group (excluding the Target Group) and the Target Group prior to the Disposal. As the Loan is not part of the Disposal and not to be novated to the Purchaser, the Directors are of the view that the agreed interest rate should not be amended.

Having considered that (i) the Purchaser and its ultimate beneficial owners were not found to be subject to any bankruptcy or winding-up petition (where applicable); or material litigation as Mr. Huang conducted desktop search on each of them at the time of entering into the Agreement which it is believed that the Purchaser should have sufficient fund source to procure the Target Group to repay the Loan; (ii) the Purchaser had undertaken to repay the Loan if the Target Group failed to repay by the repayment deadline; and (iii) it is expected that the Target Group will be able to repay the Loan by utilising sales proceeds from the Sale of the Resort after completion of construction of the Resort in June 2023, the Directors considered that the default risk is low. According to the repayment schedule of the Loan, the Loan shall be repaid in cash by installments, while (a) RMB5.0 million (exclusive of interests) to be payable by September 2021; (b) RMB10.0 million (exclusive of interests) to be payable by September 2022; and (c) remaining RMB15.0 million (exclusive of interests) to be payable by September 2023. As at the Latest Practicable Date, the Group (excluding the Target Group) had already received the first installment of RMB5.0 million, together with the interests, in cash. With reference to the credibility of the Target Group and the Purchaser as well as the factors as stated above, the Directors are of the view that the Group (excluding the Target Group) will be able to recover the Loan on schedule.

INFORMATION ABOUT THE ASSETS TO BE DISPOSED OF

Information on the Target Company, its subsidiaries and joint venture

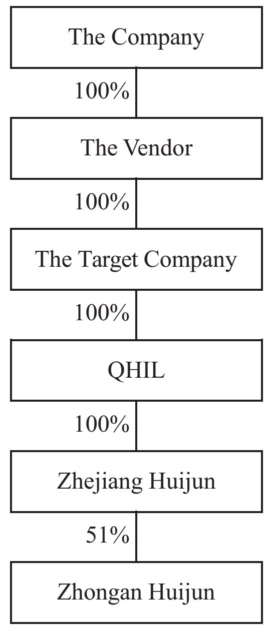
The Target Company is a limited liability company incorporated under the laws of the British Virgin Islands in which the Vendor owned 100% of its entire issued capital immediately prior to the Effective Date. The Target Company is an investment holding company and holds the entire issued capital of QHIL immediately prior to the Effective Date.

QHIL is a limited liability company incorporated under the laws of Hong Kong which is wholly owned by the Target Company immediately prior to the Effective Date. QHIL is an investment holding company and holds 100% equity interests in Zhejiang Huijun immediately prior to the Effective Date.

Zhejiang Huijun is a limited liability company established under the laws of the PRC which is wholly owned by QHIL immediately prior to the Effective Date. Zhejiang Huijun is an investment holding company and holds 51% equity interests in Zhongan Huijun, which was accounted for as a joint venture of the Company using the equity method immediately prior to the Effective Date.

Zhongan Huijun is a limited liability company established in the PRC with a registered capital of RMB200,000,000 and a paid up capital of RMB118,000,000. The subscribed capital contribution is RMB102,000,000. Zhongan Huijun is engaged in joint development of a land parcel in Lin An District, Hangzhou City in China.

The shareholding structure of the Target Group immediately before the Effective Date is shown below:



Set out below is the financial information extracted from the unaudited consolidated management accounts of the Target Group for the two years ended 31 December 2020:

	For the year ended 31 December 2019	**For the year ended 31 December 2020**
	HK'000	*HK'000*
	Approximately	*Approximately*
	(unaudited)	(unaudited)
Revenue	–	–
Net loss before tax	2,064	3,691
Net loss after tax	2,064	3,691

The unaudited consolidated net asset value of the Target Group as at 31 December 2020 amounted to approximately HK$153,885,000.

FINANCIAL EFFECT TO THE DISPOSAL AND USE OF PROCEEDS

The transfer of shareholding in the Target Company has become effective since the Effective Date. Therefore, the Target Company, QHIL and Zhejiang Huijun ceased to be subsidiaries of the Company, and their financial statements had also ceased to be consolidated into the Group's financial statements. In addition, the Group no longer held any equity interests in Zhongan Huijun since the Effective Date, and its performance has no longer been reflected in the share of results of joint venture of the Company since then.

After deducting the estimated expenses attributable to the Disposal of approximately HK$1,000,000, subject to adjustment and audit, it is estimated that the Group will record a gain of approximately HK$13,255,000 from the Disposal. Such gain is calculated based on the difference between (i) the net proceeds of HK$131,530,000; and (ii) the adjusted net asset value of the Target Group of approximately HK$118,275,000 as at 31 December 2020. Shareholders should note that the actual amount of the gain or loss on the Disposal can only be ascertained when the incidental transaction costs are determined. Therefore, the actual amount of the gain or loss on the Disposal will be subject to audit and may be different from the amount mentioned above.

It is currently intended that the net proceeds from the Disposal will be used as to (i) HK$50,000,000 for purchase of inventory; (ii) HK$30,000,000 for repayment of trade payables and bank borrowings; and (iii) HK$51,530,000 as general working capital and other future business opportunities of the Group, so as to optimize the overall development strategy of the Group with a focus on its core businesses.

Assets and liabilities

Upon the Effective Date, each of the Target Company, QHIL and Zhejiang Huijun ceased to be the Company's subsidiary and its financial results was no longer consolidated into the Group's consolidated financial statements. In addition, the Group no longer held any equity interest in Zhongan Huijun since the Effective Date, and its performance has no longer been reflected in the share of results of joint ventures of the Company since then. Based on the unaudited financial information of the Target Group as at 31 December 2020, it is set out that:

1) the total assets of the Group decreased by approximately HK$154.3 million due to the loss of total assets of the Target Group as they were no longer consolidated into the Group's consolidated financial statements;

2) the total liabilities of the Group decreased by approximately HK$0.4 million due to the loss of total liabilities of the Target Group as they were no longer consolidated into the Group's consolidated financial statements; and

3) the net assets of the Group decreased by approximately HK$140.6 million due to the combined effect of loss of net assets of the Target Group as they were no longer consolidated into the Group's consolidated financial statements and gain from the Disposal.

INFORMATION OF THE VENDOR, THE COMPANY, THE GROUP AND THE PURCHASER

The Vendor is a direct wholly owned subsidiary of the Company and is principally engaged in investment holding.

The Company is an investment holding company. The Group is principally engaged in the sale of health-care products and electronic components and international trading.

The Purchaser is a company established in the PRC with limited liability. Ding Jie (丁杰) and Han Xu (韓旭) holds 95% and 5% of the equity interests in the Purchaser respectively. The Purchaser is principally engaged in the wholesale of agricultural products and tourism. Mr. Ding Jie and Mr. Han Xu are merchants in the PRC. The Purchaser and its ultimate beneficial owners are Independent Third Parties.

IV. REASONS FOR AND BENEFITS OF THE DISPOSAL

As stated in the annual report of the Company for the year ended 31 December 2020, the core businesses of the Group are the sale of health-care products and the sale of electronic component products. As at the date of the Agreement, the Resort was still in development phase and further capital investment was required from the Group. To (i) avoid having to make any further investment into a non-core business; (ii) concentrate the resources on its core businesses in the most efficient way; and (iii) further enhance the return of assets brought by the core businesses, the Company had been seeking for suitable opportunities to reduce its investments in the businesses of the Target Group, at an appropriate consideration. The Disposal represents a divestment of a non-core business of the Group and will allow the Group to focus on its core businesses.

The Directors considers that Disposal is in line with the Group's strategy to focus on its core businesses. Having considered the financial performance of the Target Group for the two years ended 31 December 2020, the Target Group had incurred a loss for developing the Resort for the two years ended 31 December 2020. The Directors consider that the Disposal has allowed the Group to dispose of the least performing non-core business of the Group and to make use of its cash position to invest in more profitable businesses.

Based on the assessment set out in the paragraph headed "FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS" above, the Company considers that the Disposal provides a good opportunity for the Group to realize its interest in the Resort, so as to enable the Group to reallocate more financial resources on future potential investment opportunities of the Group.

Taking into account of the above factors, the Directors (including the independent non-executive Directors) believe that the entering into of the Agreement is not in the ordinary and usual course of business of the Group, but consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable and that the Disposal is in the interests of the Company and its Shareholders as a whole.

As none of the Directors are considered to have material interests in the Disposal, no Directors have abstained from voting on the Board resolutions approving the rectification of the Agreement and the transaction contemplated thereunder.

V. LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios under the Listing Rules in respect of the transactions contemplated under the Agreement exceed 25%, but less than 75%, the entering into of the Agreement constitutes a major transaction for the Company and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

VI. REASONS FOR THE BREACH OF LISTING RULES

The Disposal is a major transaction for the Company under Chapter 14 of the Listing Rules. Therefore, the failure by the Company to report, announce and issue circular in relation to the details of the Disposal and to seek Shareholders' approval constituted a breach of the Listing Rules.

The Directors explained that the Non-Compliance was due to Mr. Huang's inadvertent failure to timely notify the Company of the entering into of the Agreement at the relevant time. The Company was not notified of the entering into the Agreement in January 2021, and hence the Board was not aware of the Non-Compliance until after the receipt of partial payment of the Consideration in August 2021. The Board was informed by Mr. Huang on the evening of 17 August 2021 and was provided with relevant documents regarding the Disposal on 18 August 2021 and took immediate actions to rectify the Non-Compliance. Accordingly, the Non-Compliance was inadvertent and unintentional.

VII. REMEDIAL ACTIONS

The Company deeply regrets for the Non-Compliance and the Company would like to stress that the Non-Compliance was inadvertent and unintentional and the Company had no intention to withhold any information relating to the Disposal.

In order to prevent the occurrence of similar non-compliance incidents in the future and to comply with the requirements under the Listing Rules on an on-going basis, the Company (i) has commenced arranging regular training and providing recap on regulatory compliance matters relating to notifiable transactions to the Directors, senior management and responsible staff since August 2021 to ensure that they fully understand the requirements of the Listing Rules; and (ii) will engage independent internal control adviser to discuss and review its internal control and compliance system to identify any weakness and consider further remedial actions to address them by the end of 2021.

Having considered that (i) the Non-Compliance was due to Mr. Huang's inadvertent failure to timely notify the Company of the entering into of the Agreement at the relevant time, the Non-Compliance was not intentional and did not involve fraudulent acts of Mr. Huang; and (ii) Mr. Huang has received regular training and recap on regulatory compliance matters relating to notifiable transactions as abovementioned since August 2021, the Directors are of the view that Mr. Huang is still suitable to act as a Director.

The Company would like to stress that the Company will use its best endeavours to carry out necessary measures and appropriate actions to ensure the full compliance with the Listing Rules on an on-going basis.

VIII. CHRONOLOGY OF EVENTS

As the purposes of this circular include, among others, provide information to the Shareholders and potential investors regarding the Non-Compliance and means of rectification of the Non-Compliance, the Board wishes to provide the Shareholders with a chronology of events in relation to the Non-Compliance for reference.

Date	**Events**
6 January 2021	The Vendor entered into the Agreement with the Purchaser in relation to the Disposal.

Date	**Events**
	After signing the Agreement, Mr. Huang, on behalf of the Vendor (as transferor), signed the undated instrument of transfer relating to the transfer of entire issued share capital of the Target Company (the "**Instrument of Transfer**") and passed the undated Instrument of Transfer to the Purchaser. As at the date thereof, Mr. Huang did not receive the duly executed (on part of the Purchaser as transferee) and dated Instrument of Transfer from the Purchaser. Furthermore, Mr. Huang did not notify the Company about the entering into of the Agreement. The Company had no knowledge in relation to the Agreement at the relevant time.
10 August 2021	Without prior knowledge of the entering into of the Agreement and the Disposal, the Group issued the Profit Warning Announcement on the basis that the financial performance of the Target Group would be included in the Group's unaudited consolidated management accounts for the six months ended 30 June 2021.
17 August 2021	The Company received a partial payment of the Consideration. At the time of receipt of such payment, the Board had no knowledge about the purpose of the payment. Immediately after the receipt of the partial payment, Mr. Huang informed the Board in the evening of 17 August 2021 regarding the entering into of the Agreement and the Disposal. As Mr. Hung has not located the duly executed (by both the Vendor and the Purchaser) and dated Instrument of Transfer at the relevant time, Mr. Huang was of the view that the transfer of the Sale Shares had not yet become effective. Based on the then information available to the Board, the Announcement was prepared in order to rectify the Non-Compliance.

Date	Events
18 August 2021	A Board meeting was convened and Mr. Huang provided the Board with the relevant documents regarding the Disposal and the reason for failure to timely reporting to the Board. The Board resolved to take immediate actions to rectify the Non-Compliance by, among others, publishing the Announcement as soon as possible. The advanced draft Announcement was circulated among members of the Board at night.
19 August 2021	The Company issued the Announcement in the morning.
From 19 August 2021 to 24 August 2021	Mr. Huang further liaised with the Purchaser to confirm whether the Instrument of Transfer has been signed and dated by the Purchaser as a subsequent remedial action.
24 August 2021	Mr. Huang was provided with the duly executed (signed by both the Purchaser and the Vendor) and dated Instrument of Transfer from the Purchaser. Mr. Huang informed the Company that the duly executed (signed by both Vendor and Purchaser) and dated Instrument of Transfer was received and located and such Instrument of Transfer was presented to the Company. Thus, the Board became aware of the fact that the transfer of the Sale Shares had already become effective on 6 January 2021. Shortly after the receipt of such Instrument of Transfer, as a remedial action, the Company took immediate actions to prepare the Clarification Announcement to clarify the effective date of the transfer of the Sale Shares and effect on the Group's unaudited consolidated management accounts for the six months ended 30 June 2021.
25 August 2021	The Company issued the Clarification Announcement.

Date	Events
27 August 2021	With the recognition of provision for impairment of loss under the expected credit loss model on the trade receivable being ascertained and also taking into account of the effect of the Disposal to the Group, an update on the estimate financial performance of the Group for the six months ended 30 June 2021 was ascertained. Thus, the Company further issued the Profit Warning Update Announcement.

IX. WRITTEN APPROVAL FROM THE SHAREHOLDERS IN RESPECT OF THE DISPOSAL

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting for approving the Agreement. Explorer Rosy, being the controlling Shareholder holding 892,485,771 Shares (representing approximately 52.72% of the issued share capital of the Company as at the date of the Agreement and the date of Announcement), gave its written approval for the Disposal on the date of Agreement, and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. As a result, the Company is exempted from convening an extraordinary general meeting for approving the Disposal.

X. FURTHER INFORMATION

Shareholders shall be reminded that the transfer of the Sale Shares in relation to the Disposal had become effective on 6 January 2021. The purpose of this circular is to provide information and explanation of the Non-Compliance to the Shareholders and to rectify the Non-Compliance.

Your attention is also drawn to the additional information set out in the appendices to this circular.

XI. RECOMMENDATION

As stated in the preceding paragraphs, the Directors considered that although the Disposal is not in the ordinary and usual course of business of the Group, the terms of the Agreement are on normal commercial terms and are fair and reasonable. In addition, as stated in the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" above, the Directors also considered that the Disposal is in the interest of the Company and its Shareholders as a whole.

Although a general meeting will not be convened by the Company to approve the Agreement and the transaction contemplated therein, if such a general meeting were to be convened by the Company, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Agreement and the transaction contemplated thereunder.

XII. WARNING NOTICE

Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

Yours faithfully,
By order of the Board
Qianhai Health Holdings Limited
Huang Guanchao
Chairman

1. FINANCIAL SUMMARY

Details of the financial information of the Group for each of the three years ended 31 December 2020 are disclosed on page 44 to 140 of the annual report 2018 of the Group published on 25 April 2019, pages 50 to 140 of the annual report 2019 of the Group published on 28 April 2020 and page 51 to 130 of the annual report 2020 of the Group published on 21 April 2021, respectively, which were published on both the website of the Stock Exchange (http://www.hkexnews.hk) and the Company's website (http://www.qianhaihealth.com.hk).

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

As at the close of business on 31 August 2021, being the latest practicable date for the purpose of indebtedness statement prior to printing of this circular, the bank borrowings and lease liabilities of the Group are as follows:

	Total	**Secured**	**Unsecured**
	HK$'000	*HK$'000*	*HK$'000*
Bank borrowings	11,551	11,551*	–
Lease liabilities	901	–	901**

* *Secured by pledges of the Group's leasehold land and buildings.*

** *This represents the lease arrangements on buildings between the Group and the lessors.*

Saved as disclosed and apart from intra-group liabilities and normal trade and accruals in the ordinary course of business, at the close of business on 31 August 2021, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, lease liabilities, finance lease or hire purchase commitments, guarantees or other material contingent liabilities. The Directors are not aware of any material adverse change in the Group's indebtedness position and contingent liabilities since 31 August 2021.

3. MATERIAL ADVERSE CHANGE

There is material adverse change in the financial or trading position of the Group since 31 December 2020 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date, being a provision for impairment loss under the expected credit loss model on the trade receivables of approximately HK$22.0 million was recorded for the six months ended 30 June 2021 as disclosed in the interim results announcement of the Company.

4. SUFFICIENCY OF WORKING CAPITAL

The Directors, after due and careful enquiries, are of the opinion that following completion of the Disposal, after taking into account the Group's internal resources, cash flow from operations, facilities available to the Group, the Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular, in the absence of unforeseeable circumstances.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in the sale of health-care products and electronic components products.

The Group recorded revenue of approximately HK$195.7 million for the six months ended 30 June 2021 which represented a 49.8% decrease when compared to the six months ended 30 June 2020. During the six months ended 30 June 2021, the business activities of Group in both health-care business and electronic component products business, owing to the impact of the prolonged outbreak of the novel coronavirus pandemic, recorded a decrease in revenue from sale of health-care products and electronic component products of approximately 51.8% and 47.6% respectively, when compared to that of the six months ended 30 June 2020.

The Group has always been looking for new and suitable investment or business opportunities and bring valuable returns to the Shareholders. The current business strategies of the Group are to achieve the best use of its resources and improve its overall performance and achieve portfolio diversification.

The Company has been actively looking to diversify its revenue sources in order to enhance the Shareholders' value through making investments and/or acquiring business or projects that have promising outlooks and prospects.

The following is the text of a property valuation report prepared for inclusion in this document, received from APAC Asset Valuation and Consulting Limited, an independent property valuer, in connection with their valuation as of 31 December 2020 of the Property held by the Company.

APAC Asset Valuation and Consulting Limited
5/F., Blissful Building, 243 – 247 Des Voeux Road Central, Hong Kong
Tel: (852) 2357 0059
Fax: (852) 2951 0799

Qianhai Health Holdings Limited
Room 301-3, 3/F
Wing Tuck Commercial Centre
177-183 Wing Lok Street, Sheung Wan
Hong Kong

1 November 2021

Dear Sirs,

RE: HANGZHOU TUANKOU ZHONG'ANHUIZUN HOTSPRING RESORT LOCATED IN TUANKOU VILLAGE AND TUANYUAN VILLAGE, TUANKOU TOWN, LIN'AN DISTRICT, HANGZHOU, ZHEJIANG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC") (THE "PROPERTY")

In accordance with the instructions from Qianhai Health Holdings Limited (the "**Company**") for us to value the Property situated in The People's Republic of China (the "**PRC**"), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 December 2020 (the "**valuation date**") for the purpose of incorporation into the circular issued by the Company.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

The latest market value of the Property is appraised based on (i) the latest sales progress of the Property; and (ii) the latest construction progress, included but not limited to, the scheduled completion date, costs incurred and expected to be incurred in relation to the Property. In order to appraise the updated market value of the Property (e.g. as at 31 August 2021), we would be required to, among others, obtain the latest financial information of Zhongan Huijun as at 31 August 2021.

As the transfer of shares of the company owning the Property has become effective on 6 January 2021 ("**Disposal**"), we were unable to obtain the latest sufficient financial information and the construction progress regarding the Property during the preparation of our valuation in September 2021, being subsequent to 6 January 2021. Therefore, based on the financial information regarding the Property on hand (i.e. 31 December 2020, being immediately prior to 6 January 2021), we are only able to appraise the Property as at the valuation date (i.e. 31 December 2020). We confirm that the valuations are undertaken in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited published by The Stock Exchange of Hong Kong Limited, and the HKIS Valuation Standards 2020 issued by the Hong Kong Institute of Surveyors.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owners sell the Property on the open markets without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the Property.

No allowance has been made in our valuation report for any charge, mortgage or amount owing on the Property nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

VALUATION METHODOLOGY

In valuing the Property which is held by the Company under development in the PRC, we have valued the Property on the basis that the Property will be developed and completed in accordance with the latest development scheme provided to us and all consents, approvals and licences from relevant government authorities for the development scheme have been or will be obtained without any onerous conditions. We have adopted the direct comparison method by making reference to comparable sales evidences as available in the relevant market, and have taken into account the expended and outstanding construction costs to reflect the quality of the completed development.

TITLE AND ASSUMPTIONS

We have been provided with copies of extracts of title documents relating to the Property. However, we have not caused title searches to be made for the Property at the relevant government bureaus in the PRC and have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the Property in the PRC, we have relied on the legal opinion provided by the Company's PRC legal adviser, GFE LAW OFFICE (廣東恒益律師事務所), regarding the title and other legal matters to the Property.

SOURCES OF INFORMATION

We have relied to a very considerable extent on information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, site area and all other relevant matters. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation report are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to our valuation. We were also advised by the Company that no material facts have been omitted from the information provided to us.

SITE INSPECTIONS

Site inspections of the Property were carried out by Ms. Huang Yan Jun (Bsc in Real Estate Management) in January 2021. We have inspected the Property but have not carried out detailed measurements to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the title documents handed to us are correct. We have not carried out investigations on the site to determine the suitability of the ground conditions and the services for any future development. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

LIMITATION OF LIABILITIES

This valuation report is issued on the understanding that you have drawn our attention to all matters of which they are aware concerning the Property which may have an impact on our valuation report up to the valuation date. We have no responsibility to update this valuation report for events and circumstances occurring after the date of completion of our assessment but will be pleased to discuss further instructions as may be required.

CURRENCY

Unless otherwise stated, all monetary amounts in our valuation are in Renminbi (RMB).

Our valuation report is attached.

Yours faithfully,

For and on behalf of
APAC Asset Valuation and Consulting Limited
Vincent Pang
MHKIS, MRICS, RPS (GP)
Director

Note: Mr. Vincent Pang is a Registered Professional Surveyor in General Practice Division with over 25 years valuation experience on properties in Hong Kong and the PRC.

Encl.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2020
Hangzhou Tuankou Zhong'anhuizun Hotspring Resort, Tuankou Village and Tuanyuan Village, Tuankou Town, Lin'an District, Hangzhou, Zhejiang Province, The PRC	Hangzhou Tuankou Zhong'anhuizun Hotspring Resort (the "**Property**") is a commercial development to be erected on a parcel of land with a site area of 37,479.00 sq. m. According to the latest development proposal provided by the Company, the Property is planned to be developed into a commercial development with a total gross floor area of approximately 73,318.32 sq. m. The Property is planned to be completed in June 2023. Details of the areas are as follow:	The Property was under construction as at the valuation date.	RMB404,000,000

Portion	**Approximate gross floor area** *(sq.m.)*
Reception Building	7,126.21
Villa	63,593.45
Physical Center	2,598.66
Total:	**73,318.32**

The land use rights of the Property have been granted for a term expiring on 9 August 2057 for commercial use.

Note:

1. Pursuant to 128 Realty Title Certificates – Zhe (2017) Lin'an Shi Budongchanquan Di No. 0022588, 0022593-0022598, 0022600-0022610, 0022616-0022718, 0022720-0022723 and 0022725-0022727 all dated 13 September 2017, the land use rights of the Property with a site area of 37,479.00 sq. m. were granted to 杭州湍口眾安匯尊溫泉度假村有限公司 ("**Hangzhou Zhong'anhuizun**") for a term expiring on 9 August 2057 for commercial services use.

2. Pursuant to the following 2 Construction Land Planning Permits, Hangzhou Zhong'anhuizun was permitted to use the land with a total site area of 37,479.00 sq. m for commercial use. Details of the said permits are as follows:

Certificate No.	**Issue Date**	**Site Area** *(sq.m.)*	**Use**
Di Zi Di No. 2018-0300	23 March 2018	3,974.00	Commercial
Di Zi Di No. 330185201800061	13 December 2018	33,505.00	Commercial

3. Pursuant to the following 2 Construction Work Planning Permits, the construction works of the Property were approved. Details of the said permits are as follows:

Certificate No.	**Issue Date**	**Gross Floor Area** *(sq.m.)*
Jian Zi Di No. 330185201800047	9 July 2018	7,696.50
Jian Zi Di No. 330185201900030	13 February 2019	77,213.51
		84,910.01

4. Pursuant to the following 3 Construction Work Commencement Permits, the construction works of the Property were approved for commencement. Details of the said permits are as follows:

Certificate No.	**Issue Date**	**Gross Floor Area** *(sq.m.)*
330185201808300101	30 August 2018	7,696.50
330185201905150101	15 May 2019	62,070.04
330185201905150201	15 May 2019	15,143.47
		84,910.01

5. Pursuant to 50 Pre-sale Permits – (2019) Di No. 00777-00781 and 00161-00175; and Pre-sale Permits – (2020) Di No. 00034-00038, 00610-00620, 01492-01505, portion of the Property with a total gross floor area of 22,461.94 sq.m. were permitted for pre-sale.

   As advised by the Company, portion of the villas of the Property with a total gross floor area of 14,982.47 sq.m. have been pre-sold at a total consideration of approximately RMB280,750,000. We have taken into account the said consideration in our valuation.

6. As advised by the Company, as at the valuation date, the total construction cost incurred for the Property was approximately RMB277,000,000 whereas the total budget construction cost was approximately RMB640,000,000. In the course of our valuation, we have taken into account the said amounts in our valuation.

7. The market value of the proposed development if completed as at the date of valuation was about RMB1,112,000,000.

8. We have been provided with a legal opinion on the Property issued by the Company's PRC legal adviser, which contains, *inter alia*, the followings:

   i. Hangzhou Zhong'anhuizun is the registered owner of the Property, it has the rights to possess, use, lease, transfer or legally dispose of the Property within the stipulated period of land use rights; and

   ii. the land use rights of the Property are free from mortgage and other encumbrances.

1. 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.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests in the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions, if any, of the Directors or the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") to be notified to the Company and the Stock Exchange were as follows:

Name of Directors	Capacity/Nature of interest	Number of Shares held/ interested *(Note 1)*	Approximate % of interest as at the Latest Practicable Date
Mr. Huang	Interest in a controlled corporation, parties acting in concert *(Note 2)*	892,485,771 (L) (S)	52.72%
	Beneficial owner *(Note 3)*	1,690,000 (L)	0.10%
Mr. Lim Tzea	Interest in a controlled corporation, parties acting in concert *(Note 2)*	892,485,771 (L) (S)	52.72%
	Beneficial owner *(Note 3)*	1,690,000 (L)	0.10%
Mr. Xu Keli	Beneficial owner	9,500,000 (L)	0.56%
	Beneficial owner *(Note 3)*	16,925,000 (L)	1.00%
Mr. Lam Hin Chi	Beneficial owner *(Note 3)*	16,925,000 (L)	1.00%

Notes:

1. The letter "L" denotes long position in the Shares. The letter "S" denotes short position in the Shares.

2. These 892,485,771 Shares were beneficially owned by Explorer Rosy as at the Latest Practicable Date. As at the Latest Practicable Date, Explorer Rosy was owned by Great Prosperous Limited ("**Great Prosperous**"), Thousands Beauties Limited ("**Thousands Beauties**") and Noble Stand Limited ("**Noble Stand**") as to 80%, 10% and 10%, respectively. As at the Latest Practicable Date, Great Prosperous, through Sparkling Rock Limited ("**Sparkling Rock**") was wholly owned by Mr. Huang, while Thousands Beauties and Noble Stand were wholly and beneficially owned by Mr. Lim Tzea. Mr. Huang and Mr. Lim Tzea are deemed to be parties acting in concert pursuant to the SFO. By virtue of the SFO, each of Mr. Huang and Mr. Lim Tzea is deemed to be interested in all the Shares held by Explorer Rosy.

   As at the Latest Practicable Date, these 892,485,771 Shares were pledged in favour of Yunnan International Supply Chain Limited.

3. These Shares were the Shares which would be allotted and issued upon exercise in full of the options granted to such Director under the share option scheme of the Company.

(b) Substantial Shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, substantial Shareholders and other persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follow:

Long positions in Shares and underlying Shares

Name of Person	Capacity	Number of Shares held *(Note 1)*	Approximate percentage of issued share capital of the Company as at the Latest Practicable Date
Explorer Rosy	Beneficial owner	892,485,771 (L) (S)	52.72%
Great Prosperous	Interest in a controlled corporation, parties acting in concert *(Note 2)*	892,485,771 (L) (S)	52.72%
Sparkling Rock	Interest in a controlled corporation, parties acting in concert *(Note 2)*	892,485,771 (L) (S)	52.72%

Name of Person	Capacity	Number of Shares held *(Note 1)*	Approximate percentage of issued share capital of the Company as at the Latest Practicable Date
Thousands Beauties	Interest in a controlled corporation, parties acting in concert *(Note 3)*	892,485,771 (L) (S)	52.72%
Noble Stand	Interest in a controlled corporation, parties acting in concert *(Note 3)*	892,485,771 (L) (S)	52.72%
Ms. Du Balong（杜寶龍）	Interest of spouse *(Note 4)*	894,175,771 (L)	52.82%
		892,485,771 (S)	52.72%
Ms. Chong Siew Hoong（張曉紅）	Interest of spouse *(Note 5)*	894,175,771 (L)	52.82%
		892,485,771 (S)	52.72%
Yunnan Provincial Energy Investment Group Co., Ltd	Having a security interest in shares *(Note 6)*	892,485,771 (L)	52.72%
Yunnan Energy Investment (H K) Co. Limited	Having a security interest in shares *(Note 6)*	892,485,771 (L)	52.72%
Yunnan International Supply Chain Limited	Having a security interest in shares *(Note 6)*	892,485,771 (L)	52.72%
Yunnan International Holding Group Limited	Having a security interest in shares *(Note 6)*	892,485,771 (L)	52.72%
SHINEWING SAS (Nominee Services) No.3 Limited	Receiver (*Note 7*)	892,485,771 (L)	52.72%
Mr. Tang Chung Wah	Joint and several receiver (*Note 8*)	892,485,771 (L)	52.72%
Ms. Hou Chung Man	Joint and several receivers *(Note 8)*	892,485,771 (L)	52.72%

Notes:

1. The letter "L" denotes long position in the Shares. The letter "S" denotes short position in the Shares.

2. As at the Latest Practicable Date, Explorer Rosy was owned by Great Prosperous, Thousands Beauties and Noble Stand as to 80%, 10% and 10%, respectively. Great Prosperous was wholly owned by Sparkling Rock. By virtue of the SFO, Great Prosperous and Sparkling Rock are deemed to be interested in all the Shares held by Explorer Rosy.

3. As at the Latest Practicable Date, Great Prosperous, through Sparkling Rock, was wholly and beneficially owned by Mr. Huang, while each of Thousands Beauties and Noble Stand was wholly and beneficially owned by Mr. Lim Tzea. As Mr. Huang and Mr. Lim Tzea are deemed to be parties acting in concert pursuant to the SFO, by virtue of the SFO, each of Thousand Beauties and Noble Stand is deemed to be interested in all the Shares held by Explorer Rosy.

4. Ms. Du Balong (杜寶龍) is the spouse of Mr. Huang, and is deemed to be interested in the Shares which are interested by Mr. Huang under the SFO.

5. Ms. Chong Siew Hoong (張曉紅) is the spouse of Mr. Lim Tzea, and is deemed to be interested in the Shares which are interested by Mr. Lim Tzea under the SFO.

6. As at the Latest Practicable Date, 892,485,771 Shares were pledged in favour of Yunnan International Supply Chain Limited. According to the information available to the Company, Yunnan International Supply Chain Limited was wholly owned by Yunnan International Holding Group Limited, which in turn was owned as to approximately 40% by Yunnan Energy Investment (HK) Co. Limited. Yunnan Energy Investment (HK) Co. Limited is wholly owned by Yunnan Provincial Energy Investment Group Co., Ltd.

7. On 29 September 2021, 892,485,771 Shares were transferred to SHINEWING SAS (Nominee Services) No.3 Limited. As at the Latest Practicable Date, SHINEWING SAS (Nominee Services) No.3 Limited was jointly controlled by Mr. Alan CW Tang and Ms. Hou Chung Man and holding the Shares in their capacity as the receivers of such Shares.

8. Ms. Hou Chung Man and Mr. Alan C W Tang were appointed as the joint and several receiver over 892,485,771 Shares on 27 May 2021. On 29 September 2021, 892,485,771 Shares were subsequently transferred to SHINEWING SAS (Nominee Services) No.3 Limited.

Save as the disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or were required, pursuant to Part XV of the SFO or the Model Code, to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, the Company was not notified by any persons (other than Directors or chief executive of the Company as discussed above) who had interests or short positions in the Share or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

3. COMPETING INTEREST

Mr. Huang, is the owner and director a Hong Kong-based global electronic components trading and distribution group, which supplies electronic components to customers including sizeable manufacturing groups and technology companies in the PRC and the Southeast Asia.

Mr. Lim Tzea has been one of the key management personnel and one of the shareholders of an international trading company based in Singapore, being responsible for the management of the company's trading business (which include trading of electronic components products) in Singapore, Hong Kong, the PRC and Vietnam.

The above-mentioned Directors declare their interests in competing business and both Mr. Huang and Mr. Lim Tzea are non-executive Directors, while they were not involved in the daily operations of the Group. To the best of the knowledge of the Directors, the Group is capable of carrying on its businesses independently.

Save as disclosed above, each of the other Directors has confirmed that so far as they are aware of, as at the Latest Practicable Date, none of the Directors nor any proposed Director or his/her respective close associates had any interest in any business, apart from the Group's business, which compete or is likely to compete, either directly or indirectly, with the Group's business.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company, or any of its subsidiaries or associated companies which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTEREST IN CONTRACTS OR ASSETS

As at the Latest Practicable Date,

(i) there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group; and

(ii) none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2020 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular.

Name	Qualifications
APAC Asset Valuation and Consulting Limited	Independent professional valuer

APAC Asset Valuation and Consulting Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, report, valuation certificate, opinion and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, APAC Asset Valuation and Consulting Limited had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and had no interest, direct or indirect, in any assets which had been, since 31 December 2020, being the date to which the latest audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the results of operations or financial conditions of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Group within the two years immediately preceding the Latest Practicable Date which are, or may be material:

a) the provisional sale and purchase agreement (the "**Provisional SPA**") dated 12 March 2020 and entered into between Fortune Gaining Limited as vendor, Mr. Lee, Michael as purchaser and Centaline Property Agency Limited as property agent in relation to the disposal (the "**2020 Disposal**") of Flat A, 20/F, Broadview Villa, No. 20 Broadwood Road, Happy Valley, Hong Kong for a total consideration of HK$94,800,000;

b) the supplemental agreement to the Provisional SPA dated 18 March 2020 and entered into between Fortune Gaining Limited as vendor and Mr. Lee, Michael as purchaser in relation to the 2020 Disposal;

c) the formal sale and purchase agreement of the Provisional SPA dated 26 March 2020 and entered into between Fortune Gaining Limited as vendor and Mr. Lee, Michael as purchaser in relation to the 2020 Disposal;

d) the assignment dated 3 June 2020 and entered into between Fortune Gaining Limited as assignor and Mr. Lee, Michael as assignee in relation to the 2020 Disposal; and

e) the Agreement.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (www.qianhaihealth.com.hk) for 14 days from the date of this circular:

(a) the Agreement;

(b) the valuation certificate and the valuation report from APAC Asset Valuation and Consulting Limited on a property owned by Zhongan Huijun, the text of which is set out in Appendix II to this circular;

(c) the written consent referred to in the paragraph headed "6. Expert and consent" in this appendix; and

(d) this circular.

10. MISCELLANEOUS

(a) The company secretary of the Company is Ms. Yip Tak Yung, Teresa, who is a certified public accountant registered with the Hong Kong Institute of Certified Public Accountants.

(b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(c) The head office and principal place of business of the Company in Hong Kong is at Room 301-3, 3/F, Wing Tuck Commercial Centre, 177-183 Wing Lok Street, Sheung Wan, Hong Kong.

(d) The principal share registrar of the Company is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(e) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(f) The English text of this circular shall prevail over its Chinese text.