
Contents

Corporate Information	2
Management Discussion and Analysis	3
Corporate Governance and Other Information	7
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	13
Condensed Consolidated Statement of Financial Position	14
Condensed Consolidated Statement of Changes in Equity	16
Condensed Consolidated Statement of Cash Flows	17
Notes to the Consolidated Financial Statements	18

Corporate Information

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS

Mr. Huang Guanchao (*Chairman*)
Mr. Lim Tzea
Mr. Chen Kaiben
Mr. Chen Qi

EXECUTIVE DIRECTORS

Mr. Chen Li Kuang (*appointed on 1 April 2022*)
Mr. Xu Keli (*resigned on 30 June 2022*)
Mr. Lam Hin Chi (*resigned on 30 April 2022*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Wei
Mr. Yuen Chee Lap Carl
Mr. Leung Chun Tung (*appointed on 1 March 2022*)

AUDIT COMMITTEE

Mr. Yuen Chee Lap Carl (*Chairman*)
Mr. Li Wei
Mr. Leung Chun Tung (*appointed on 1 March 2022*)

REMUNERATION COMMITTEE

Mr. Li Wei (*Chairman*)
Mr. Yuen Chee Lap Carl
Mr. Chen Li Kuang (*appointed on 30 June 2022*)
Mr. Xu Keli (*resigned on June 30 2022*)

NOMINATION COMMITTEE

Mr. Li Wei (*Chairman*)
Mr. Yuen Chee Lap Carl
Mr. Leung Chun Tung (*appointed on 30 June 2022*)
Mr. Xu Keli (*resigned on June 30 2022*)

AUTHORISED REPRESENTATIVES

Mr. Lam Hin Chi (*resigned on 30 April 2022*)
Mr. Huang Guanchao (*started on 30 April 2022*)
Ms. Yip Tak Yung Teresa

COMPANY SECRETARY

Ms. Yip Tak Yung Teresa

LEGAL ADVISOR AS TO HONG KONG LAWS

CHIU & PARTNERS

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1 Connaught Place, Central
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR

CONYERS TRUST COMPANY (CAYMAN) LIMITED

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

TRICOR INVESTOR SERVICES LIMITED

17/F, Far East Finance Centre
16 Harcourt Road,
Hong Kong

INVESTORS RELATIONS

ir@qhhl.com.hk

STOCK CODE

0911

WEBSITE

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Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in sale of electronic component products (the “**Electronic Component Business**”) and health-care products (the “**Health-care Business**”).

For Electronic Component Business, the Group offers a wide spectrum of electronic components, including: (i) NAND flash wafer (a thin slice of semiconductor material, such as silicon or gallium arsenide, which is a vital component of flash memory integrated circuits (ICs). Such component is widely used in the production of smartphones, laptops, desktop computers, digital and electrical gadgets, etc.); (ii) embed multi-chip package (eMCP) memory (an electronic component containing several memory chips, which is mainly for production of smartphones); and (iii) central processing units (CPU). The Group generally keeps track of the latest market demand and supply trend through regular contact with suppliers and customers. With a group of experienced management team and professionals in the electronic components industry, the Group was able to source the electronic components in bulk from the upstream distributors, and to assist customers in selecting the most suitable electronic components by not only selling the products but also to provide value-added services to enhance customer experience and convenience, such as warehouse and quality control services for the customers to satisfy customers’ specific needs. During the six months ended 30 June 2022 (the “**Interim Period**”), the Group, as a purchaser, has entered into a master sale and purchase agreement (the “**Master Agreement**”) in relation to the purchase of electronic components with one of the largest trading company in the People’s Republic of China (the “**PRC**”) as supplier (the “**Supplier**”). Under the Master Agreement, the Group is able to have a steady source of electronic components from the Supplier during the term of the Master Agreement.

For Health-care Business, the Group is primarily engaged in sourcing and wholesale of health-care products. The Group’s health-care products mainly comprise American ginseng, health and beauty supplements, skin-care products, medical consumables, and other health-care products.

As certain of the Group’s health-care products, such as American ginseng, are plants in their respective natural form, physical inspection of the products through conducting site visit is a critical part of the sourcing process in order to ensure the products purchased by the Group are of good quality. However, due to the COVID-19 pandemic, travel restrictions and unstable flight supply have hindered the Group from visiting Canada and the United States to conduct physical inspection and to source the health-care products, such as American ginseng, which further affect our Health-care Business in the Interim Period.

For other health-care products, most of its customers are wholesalers in the PRC which onward sell to offline and online retailers in the PRC. During the Interim Period, the Omicron variant of COVID-19 had been raging across many regions in China. The implementation of static management control measures was extended to many different areas in China. The resurgence of the pandemic during the Interim Period adversely affected people’s willingness to consume. As such, the pandemic has altered people’s consumption behaviours in China, to prioritise essential spending and cut back on non-essential spending, resulting in decrease in demand in the Group’s skin-care, medical consumables, health-care supplements and other health-care products. Accordingly, there was a slowdown in the Health-care Business during the Interim Period.

For the Interim Period, the Group’s revenue was approximately HK\$1,201.3 million (For the six months ended 30 June 2021 (the “**Prior Period**”): approximately HK\$195.7 million). Gross profit for the Interim Period amounted to approximately HK\$28.2 million (Prior Period: approximately HK\$10.6 million). Operating profit for the Interim Period amounted to approximately HK\$19.6 million (Prior Period: operating loss of approximately HK\$3.7 million). Net profit for the Interim Period amounted to approximately HK\$19.6 million (Prior Period: net loss of approximately HK\$3.7 million). Basic earnings per share for the Interim Period was approximately HK1.16 cents (Prior Period: loss per share of approximately HK0.22 cents).

Management Discussion and Analysis

During the Interim Period, 100% of the Group's total revenue was contributed by the Electronic Component Business. The Electronic Component Business was started in July 2019 after Mr. Huang Guanchao, the Group's chairman, executive Director and one of the controlling shareholders of the Group, acquired the shares of the Company in May 2019. The increase of the Group's revenue during the Interim Period was mainly attributable to the increased sales volume of the electronic component products. With the better performance and growth potential in the Electronic Component Business, the Group has shifted its resources and focus from the Health-care Business to the Electronic Component Business in the Interim Period, in order to maximise the Company's shareholders' profits.

The resurgence of the pandemic in the PRC during the Interim Period adversely affected people's willingness to consume and altered people's consumption behaviour in China. As a result, the Health-care Business encountered a slowdown during the Interim Period. Despite the fact that focus being shifted to the Electronic Component Business during the Interim Period, the Group has been actively developing the Health-care Business by continuing to diversify its product range and customer base and further explore business opportunities and possible collaborations with players in the industry to leverage on the Group's established experience.

OUTLOOK

With the COVID-19 epidemic remained recurrent and the global market environment remained unstable, the economic situation in the second half of 2022 is still full of uncertainties yet opportunities. The Group will continue to monitor the market situation and diversify its product range and customer base and explore business opportunities to leverage on its established experience and to sustain its strong competitive advantages in the market.

The outbreak of the COVID-19 pandemic had led to the implementation of stringent lockdown regulations across several nations, resulting in the temporary closure or suspension of production of numerous end-use industries, thereby limiting the demand for silicon wafers, and the product price and the market remains volatile. With the relaxation of lockdown measures, the demand of silicon wafers and other electronic components are expected to increase. Going forward, the Group plans to expand the Electronic Component Business by (i) setting up branch office in the PRC, in order to expand the Group's business coverage; (ii) providing additional value-added services, including additional support, modification, assembly, packaging and testing services in order to suit the the customers' respective needs after purchasing the products, (iii) obtaining additional authorised distributorship with other upstream manufacturers so as to further expand its product portfolio and improve its profitability.

For Health-care Business, even though the Group experienced a slowdown in its Health-care Business, the Group is actively exploring different opportunities to expand the Health-care Business by diversifying its product portfolios (including new health-care supplements, raw materials of the health-care supplements, and other medical consumables). The Group is also actively seeking opportunities to expand the Health-care Business through investment.

The Group will continue to work actively to improve the internal operational and financial efficiencies to improve the Group's margins. The Group also continues to expand the Electronic Component Business and explore expanding its health-care products portfolio. With the experienced and dedicated management team, the Group is confident that it will be able to continue to grow the business.

Management Discussion and Analysis

FINANCIAL REVIEW

REVENUE

During the Interim Period, the Group has enlarged its operation in the Electronic Component Business while minimised its operation in the Health-care Business. During the Interim Period, the Electronic Component Business contributed a revenue of approximately HK\$1,201.3 million (Prior Period: approximately HK\$97.6 million) and recorded a segment profit of approximately HK\$28.2 million (Prior Period: approximately HK\$12.0 million).

GROSS PROFIT

Gross profit of the Group increased by approximately 166.7% from approximately HK\$10.6 million in the Prior Period to approximately HK\$28.2 million in the Interim Period. The gross profit margin was approximately 2.3% in the Interim Period (Prior period: approximately 5.4%).

During the Interim Period, the Group reclassified the “Provision of inventory write down” from other gains and losses to costs of sales. Hence, the costs of sales and other gains or losses for the Prior Period were previously re-stated. Due to the uncertain market situations, especially on electronic component products, a provision of inventory of approximately HK\$40.2 million (Prior Period: HK\$2.4million) was recognised in the cost of sales in the Interim Period.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company for the Interim Period was approximately HK\$19.6 million, as compared to a loss attributable to owners of the Company of approximately HK\$3.7 million in the Prior Period. The turnaround from loss to profit position of the Group for the Interim Period was mainly due to the Group’s strategy to allocate more resources from Health-care Business to the Electronic Component Business with increase in both revenue and gross profit of such segment.

WORKING CAPITAL AND INVENTORY MANAGEMENT

The current ratio of the Group, calculated by dividing the total current assets by the total current liabilities, was approximately 23.8 times as at 30 June 2022 (31 December 2021: approximately 10.1 times).

The decrease in inventories by approximately 39.2% to approximately HK\$276.9 million as at 30 June 2022 as compared to that of approximately HK\$455.1 million as at 31 December 2021, was mainly due to the shortened inventory turnover of the Group.

TRADE RECEIVABLES

As at 30 June 2022, there were no trade receivables, as compared with approximately HK\$104.9 million as at 31 December 2021. The management of the Group regularly evaluates the Group’s customers, and assesses their known financial position and the credit risks. Due to the uncertain market situations, the Group had tightened the credit periods granted to each customer and resulted in no trade receivables as at 30 June 2022.

Management Discussion and Analysis

PREPAYMENT FOR INVENTORY PURCHASE

As at 30 June 2022, the prepayment for inventory purchase, amounting to approximately HK\$219.6 million (31 December 2021: approximately HK\$25.4 million) was mainly the aggregate amount of the partial payments, as deposit paid, to one of the major suppliers, which is one of the largest trading companies in the PRC, for the purchase of the electronic component products ordered by the Group during the Interim Period. The Directors are of the view that such prepayment arrangement is in line with the industry norm which serves as a risk control to lock the purchase price of the electronic components at the time when the order is made. The management of Group also believes that the prepayment for the inventory purchase offers the Group more time to pay for the inventory that the Group ordered, and the Group can have better usage of its financial resources. The management of the Group regularly evaluates the Group's suppliers, with deposit paid, assesses their known financial position, and ensure they can provide the inventory that the Group ordered on the timely basis.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, cash and cash equivalents of the Group amounted to approximately HK\$163.4 million (31 December 2021: approximately HK\$2.5 million).

As at 30 June 2022, the Group has no interest-bearing loans (31 December 2021: approximately HK\$7.2 million).

FOREIGN EXCHANGE EXPOSURE

The Group faces foreign exchange risks as certain cash and cash equivalents are denominated in foreign currencies. The reporting currency of the Group is Hong Kong dollars ("HKD") and the purchases of electronic component products and health-care products are mainly made in United States dollars ("USD") and Canadian dollars ("CAD"). As a result, the Group incurred transactional and translational foreign currency gains or losses from its operations. For the Interim Period, the Group incurred a gain of foreign exchange differences of approximately HK\$1.5 million (Prior Period: approximately HK\$1.8 million). The Board will continuously monitor the foreign exchange exposure and will consider the hedging of foreign currency risks should the need arise.

CHARGE OF ASSETS

No assets of the Group were charged as at 30 June 2022.

As at 31 December 2021, certain land and buildings of the Group, with a total carrying value of approximately HK\$27.5 million, were pledged to banks as securities for bank loans of approximately HK\$7.2 million granted to the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the Interim Period.

SUBSEQUENT EVENT

Saved as disclosed in this report, the Group had no material subsequent events from the end of the Interim Period to the date of this report.

Corporate Governance and Other Information

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES

As at 30 June 2022, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which 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 referred to therein, or were required pursuant to the Model Code (“Model Code”) for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), to be notified to the Company and the Stock Exchange were as follows:

(I) LONG/SHORT POSITIONS IN THE SHARES OF THE COMPANY

Name of Director	Capacity/Nature of interest	Number of shares	Position (Note 1)	Percentage of shareholding
Mr. Huang Guanchao	Interest in a controlled corporation, parties acting in concert (Note 2)	892,485,771	L S	52.67%
	Beneficial owner	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	52.67%
	Beneficial owner (Note 3)	1,690,000	L	0.10%

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 Limited (“Explorer Rosy”) as at 30 June 2022. As at 30 June 2022, 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 30 June 2022, Great Prosperous, through Sparkling Rock Limited (“Sparkling Rock”), was wholly owned by Mr. Huang Guanchao, while Thousands Beauties and Noble Stand were wholly and beneficially owned by Mr. Lim Tzea. Mr. Huang Guanchao 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 Guanchao and Mr. Lim Tzea is deemed to be interested in all the Shares held by Explorer Rosy.

As at 30 June 2022, 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.
4. As at 30 June 2022, the number of issued Shares were 1,694,450,000.

Corporate Governance and Other Information

(II) LONG POSITIONS IN THE SHARES OF ASSOCIATED CORPORATION OF THE COMPANY – EXPLORER ROSY

Name of Director	Capacity	Number of shares	Percentage of shareholding
Mr. Huang Guanchao	Beneficial owner	8,000 shares of US\$1 each	80%
Mr. Lim Tzea	Beneficial owner	2,000 shares of US\$1 each	20%

Save as disclosed above, as at 30 June 2022, no Directors or chief executive of the Company had any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to be have under such provisions) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required in the Listing Rules pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, according to the register of interests maintained by the Company pursuant to section 336 of the SFO and so far as was known to, or could be ascertained after reasonable enquiry by the Directors or chief executive of the Company, the following persons, other than the Directors and the chief executive of the Company, who had an interest or a short position 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 who were, directly or indirectly, deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interests in such securities, together with particulars of any options in respect of such capital were as follows:

Corporate Governance and Other Information

LONG/SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Shareholder	Capacity/Nature of interest	Number of shares	Position (Note 1)	Percentage of shareholding
Explorer Rosy	Beneficial owner	892,485,771	L S	52.67%
Great Prosperous	Interest in a controlled corporation, parties acting in concert (Note 2)	892,485,771	L S	52.67%
Thousands Beauties	Interest in a controlled corporation, parties acting in concert (Note 3)	892,485,771	L S	52.67%
Noble Stand	Interest in a controlled corporation, parties acting in concert (Note 3)	892,485,771	L S	52.67%
Sparkling Rock	Interest in a controlled corporation, parties acting in concert (Note 2)	892,485,771	L S	52.67%
Ms. Chong Siew Hoong (張曉紅)	Interest of spouse (Note 4)	892,485,771	L S	52.67%
	Interest of spouse (Note 4)	1,690,000	L	0.10%
Yunnan Provincial Energy Investment Group Co., Ltd.	Having a security interest in shares (Note 5)	892,485,771	L	52.67%
Yunnan Energy Investment (HK) Co., Limited	Having a security interest in shares (Note 5)	892,485,771	L	52.67%
Yunnan International Supply Chain Limited	Having a security interest in shares (Note 5)	892,485,771	L	52.67%
Yunnan International Holding Group Limited	Having a security interest in shares (Note 5)	892,485,771	L	52.67%
Mr. Alan C W Tang	Joint and several receivers (Note 6)	892,485,771	L	52.67%
Ms. Hou Chung Man	Joint and several receivers (Note 6)	892,485,771	L	52.67%
SHINEWING SAS (Nominee Services) No. 3 Limited	Receivers (Note 6)	892,485,771	L	52.67%

Notes:

- The letter "L" denotes long position in the Shares. The letter "S" denotes short position in the Shares.
- 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 is deemed to be interested in all the Shares held by Explorer Rosy.
- Great Prosperous, through Sparkling Rock, was wholly and beneficially owned by Mr. Huang Guanchao, while Thousands Beauties and Noble Stand were wholly and beneficially owned by Mr. Lim Tzea. As Mr. Huang Guanchao 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.

Corporate Governance and Other Information

4. 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.
5. As at 30 June 2022, 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..
6. As at 30 June 2022, Ms. Hou Chung Man and Mr. Alan C W Tang were appointed as the joint and several receivers over 892,485,771 Shares, while SHINEWING SAS (Nominee Services) No. 3 Limited was jointly controlled by Ms. Hou Chung Man and Mr. Alan C W Tang in their capacity as receivers.
7. As at 30 June 2022, the number of issued Shares were 1,694,450,000.

Save as disclosed above, as at 30 June 2022, 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 30 June 2022, 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.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted for a period of 10 years commencing 9 June 2014 (which will expire on 8 June 2024) pursuant to an Ordinary Resolution passed at the special general meeting of the Shareholders held on 9 June 2014 for the purpose of providing incentives or rewards to selected eligible participants for their contribution to the Group.

Under the Scheme, the Company may grant options to selected employees and directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to eligible suppliers, customers, advisors and consultants to the Company and its subsidiaries at the discretion of the Board.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders, independent non-executive Directors, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholders, independent non-executive Directors, or any of their respective associates) in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5,000,000 must be also approved by the Company's shareholders.

Corporate Governance and Other Information

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period for the share options granted is determined by the Board, which period may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of the grant of the option subject to the provisions for early termination under the Scheme.

The exercise price of the share options is determinable by the Directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Shares on the date of the offer of the share options which must be a business day; (ii) the average Stock Exchange closing price of the Shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Shares.

As at 30 June 2022, options to subscribe for an aggregate of 52,465,000 Shares granted to the eligible grantees pursuant to the Scheme remained outstanding, details of which are as follows:

Type of participant	Date of grant	Exercisable period	Exercise price	Number of options (thousands)		
				Outstanding as at 1 January 2022	Lapsed during the period	Outstanding as at 30 June 2022
A Supplier	20 May 2019	20 May 2019 to 19 May 2022	HK\$0.25	16,925	(16,925)	–
Director:						
Mr. Lim Tzea	12 June 2020	1 July 2020 to 30 June 2025	HK\$0.121	845	–	845
	12 June 2020	1 July 2021 to 30 June 2025	HK\$0.121	845	–	845
Resigned directors: (Note)						
Mr. Xu Keli	12 June 2020	1 July 2020 to 30 June 2025	HK\$0.121	8,462	–	8,462
	12 June 2020	1 July 2021 to 30 June 2025	HK\$0.121	8,463	–	8,463
Mr. Lam Hin Chi	12 June 2020	1 July 2020 to 30 June 2025	HK\$0.121	8,462	–	8,462
	12 June 2020	1 July 2021 to 30 June 2025	HK\$0.121	8,463	–	8,463
A shareholder of a customer	3 July 2020	3 July 2020 to 2 July 2025	HK\$0.127	8,463	–	8,463
	3 July 2020	3 July 2021 to 2 July 2025	HK\$0.127	8,462	–	8,462
				69,390	(16,925)	52,465

Note: The Group offer one year extension period for the resigned Directors to exercise their share options from the date of resignation.

Corporate Governance and Other Information

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

CORPORATE GOVERNANCE CODE

The Board is committed to achieving high standards of corporate governance to safeguard the interest of the Company's shareholders and to enhance corporate value and accountability. During the six months ended 30 June 2022, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct rules (the "Model Code") regarding securities transactions by Directors on terms no less exactly than the required standard set out in the Model Code for Securities Transactions by the Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, and that having made specific enquiry to all Directors, the Company confirms that all Directors have complied with the Model Code during the six months ended 30 June 2022.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the unaudited condensed consolidated interim financial statements for the Period with the Directors.

The Audit Committee comprises three independent non-executive directors, namely Mr. Yuen Chee Lap Carl (Chairman of the Audit Committee), Mr. Li Wei and Mr. Leung Chun Tung.

By order of the Board
Qianhai Health Holdings Limited
Mr. Huang Guanchao
Chairman

Hong Kong, 23 August 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	4	1,201,279	195,714
Costs of sales		(1,173,117)	(185,155)
Gross profit		28,162	10,559
Other income	5	49	60
Other gains/(losses), net	6	1,544	(4,876)
Selling and distribution costs		(76)	(83)
Administrative expenses		(10,055)	(9,100)
Finance costs	7	(16)	(275)
Operating profit/(loss) before income tax	8	19,608	(3,715)
Income tax expense	9	-	-
Profit/(loss) for the period and profit for the period attributable to owners of the Company		19,608	(3,715)
Other comprehensive income for the period			
Exchange differences arising on translation of foreign operation		-	8
Total comprehensive income/(loss) for the period and total comprehensive income attributable to owners of the Company		19,608	(3,707)
Earnings/(loss) per share			
- basic	11	1.16 cents	(0.22) cents
- diluted	11	1.16 cents	N/A

Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	<i>Notes</i>	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	<i>12</i>	28,872	30,086
Loan receivables	<i>13</i>	17,550	18,000
Total non-current assets		46,422	48,086
Current assets			
Inventories		276,880	455,082
Trade and other receivables	<i>13</i>	231,590	232,988
Cash and cash equivalents		163,428	2,470
Total current assets		671,898	690,540
Total assets		718,320	738,626
EQUITY			
Equity attributable to owners of the Company			
Share capital		67,778	67,778
Reserves		622,363	602,755
Total equity		690,141	670,533

Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	<i>Notes</i>	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
LIABILITIES			
Current liabilities			
Trade and other payables	14	22,931	54,262
Contract liabilities		4,942	6,000
Lease liabilities		306	666
Bank borrowings		-	7,165
Total liabilities		28,179	68,093
Total equity and liabilities		718,320	738,626

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000 <i>(Note)</i>	Exchange reserve HK\$'000	Share option reserve HK\$'000	Retained earnings HK\$'000	
Balance as at 1 January 2022 (audited)	67,778	246	8,249	(5)	4,945	589,320	670,533
Loss and total comprehensive loss for the period	-	-	-	-	-	19,608	19,608
Exchange differences arising from translation of foreign operations, net of nil tax	-	-	-	-	-	-	-
Balance as at 30 June 2022 (unaudited)	67,778	246	8,249	(5)	4,945	608,928	690,141
Balance as at 1 January 2021 (audited)	67,710	-	8,249	3,075	3,944	590,208	673,186
Loss and total comprehensive loss for the period	-	-	-	-	-	(3,715)	(3,715)
Exchange differences arising from translation of foreign operations, net of nil tax	-	-	-	(8)	-	-	(8)
Reclassification adjustment on exchange differences released upon disposal of a subsidiary, net of nil tax	-	-	-	(3,078)	-	-	(3,078)
Balance as at 30 June 2021 (unaudited)	67,710	-	8,249	(11)	3,944	586,493	666,385

Note: Capital reserves represents (i) an amount of HK\$5,002,000 arising from the difference between the nominal amount of the shares issued by the Company and the aggregate amount of the paid-in capital of subsidiaries acquired pursuant to the Group's restructuring in preparation for the listing of the Company's shares; (ii) deemed capital contribution from a shareholder amounting to HK\$3,551,000 and (iii) the difference between the amount by which the non-controlling interests are adjusted and the fair value paid in subsidiaries originally held by non-controlling shareholders.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Net cash generated from/(used in) operating activities	168,515	(7,014)
Cash flows from investing activities		
Purchases of property, plant and equipment	(5)	(9)
Net cash inflow from disposal of a subsidiary	-	1,794
Net cash (used in)/generated from investing activities	(5)	1,785
Cash flows from financing activities		
Interest paid	(15)	(142)
Repayments of bank borrowings	(7,165)	(37,554)
Proceeds from bank borrowings	-	33,275
Principle element of lease payment	(360)	(343)
Interest element of lease payment	(12)	(29)
Net cash used in financing activities	(7,552)	(4,793)
Net increase/(decrease) in cash and cash equivalents	160,958	(10,022)
Cash and cash equivalents at beginning of the period	2,470	16,365
Effect of change of foreign exchange rate	-	276
Cash and cash equivalents at end of the period	163,428	6,619

Notes to the Consolidated Financial Statements

1. GENERAL AND BASIS OF PREPARATION

Qianhai Health Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) are principally engaged in sale of electronic component products and health care products.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 18 August 2011 under the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The ultimate holding company is Explorer Rosy Limited (“**Explorer Rosy**”), a company incorporated in the British Virgin Islands. The ultimate beneficial owners of Explorer Rosy are Mr. Huang Guanchao and Mr. Lim Tzea. The address of the Company’s registered office is P.O. Box 2681, Cricket Square, Hutchins Drive, Grand Cayman, KY1-1111, the Cayman Islands. The address of its principal place of business is Room 301-3, 3/F, Wing Tuck Commercial Centre, 177-183 Wing Lok Street, Sheung Wan Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The condensed consolidated financial statements (“**Financial Statements**”) are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange.

These Financial Statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) except for the adoption of new and amended standards as disclosed in Note 3.

Notes to the Consolidated Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual financial information for the year ended 31 December 2021.

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these Financial Statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to HKFRSs 2018-2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16 and HKAS 41</i>

The application of the above revised HKFRSs in the current period has had no material impact on the Group's results and financial position.

4. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports reviewed by the chief operating decision makers, which are the executive directors of the Company, for the purpose of allocating resources to the segments and to assess their performance which focus on the sale of different types of products from different business lines.

Specifically, the Group's reportable and operating segments have been identified as follows:

- (i) Electronic component products: sale of information technology component products (including semi-conductors and central processing units); and
- (ii) Health-care products: sale of health-care products (including Chinese herbal medicine, skin-care and other health-care products).

Notes to the Consolidated Financial Statements

4. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's revenue and results by segment:

	Electronic components HK\$'000	Health-care products HK\$'000	Total HK\$'000
Six months ended 30 June 2022 (unaudited)			
Segment revenue	1,201,279	–	1,201,279
Cost of sales	(1,173,117)	–	(1,173,117)
Segment result	28,162	–	28,162
Six months ended 30 June 2021 (unaudited)			
Segment revenue	97,585	98,129	195,714
Cost of sales	(85,633)	(99,522)	(185,155)
Segment result	11,952	(1,393)	10,559

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Segment results	28,162	10,559
Unallocated		
Other income	49	60
Other gains/(losses), net	1,544	(4,876)
Selling and distribution expenses	(76)	(83)
Administrative expenses	(10,055)	(9,100)
Finance costs	(16)	(275)
Profit/(loss) before income tax	19,608	(3,715)

Revenue reported above represents revenue generated from external customers. There were no intersegment sales during both periods.

Notes to the Consolidated Financial Statements

4. SEGMENT INFORMATION (CONTINUED)

Segment result during the period represents the gross profit of each segment without allocation of other income, other gains/(losses), net, selling and distribution expenses, administrative expenses, finance costs and share of results of a joint venture accounted for using the equity method. This is the measure reported to the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment.

5. OTHER INCOME

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
OTHER INCOME		
Interest income from bank deposits	1	–
Interest income from loan receivables	48	60
	49	60

6. OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Gain on disposal of a subsidiary	–	15,366
Exchange gain, net	1,544	1,758
Provision for impairment loss on receivables	–	(22,000)
TOTAL	1,544	(4,876)

Notes to the Consolidated Financial Statements

7. FINANCE COSTS

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Interest expense on:		
– bank loans	4	246
– lease liabilities	12	29
	16	275

8. PROFIT/(LOSS) BEFORE TAXATION

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Profit/(loss) before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	1,219	1,217
Expenses relating to short-term leases and other leases	109	101

Notes to the Consolidated Financial Statements

9. INCOME TAX EXPENSE

(I) HONG KONG PROFITS TAX

Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) on the estimated assessable profit. No provision for Hong Kong Profits Tax has been made for the Company and the subsidiaries incorporated in Hong Kong as they have no assessable profits or sufficient tax losses brought forward to set off estimate assessable profits in both current and prior periods.

(II) PRC ENTERPRISE INCOME TAX

The subsidiaries established in the People's Republic of China ("PRC") are subject to PRC Enterprise Income Tax ("EIT") rate of 25% (2021: 25%) during the period.

No provision for PRC EIT has been made as the subsidiaries established in the PRC have estimated tax losses for both current and prior periods.

(III) INCOME TAX FROM OTHER TAX JURISDICTIONS

Pursuant to the income tax rules and regulations, the Group is not subject to income tax in the jurisdictions of the Cayman Islands and the BVI.

10. DIVIDENDS

No dividend has been proposed by the Directors during the six months ended 30 June 2022 and subsequent to the end of the reporting period.

Notes to the Consolidated Financial Statements

11. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company	19,608	(3,715)

	Six months ended 30 June	
	2022 ('000)	2021 ('000)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,694,450	1,692,760

Diluted earnings per share is the same amount as the basic earnings per share for the six months ended 30 June 2022 because the exercise of the outstanding share options would be anti-dilutive.

The computation of diluted loss per share for the six months ended 30 June 2021 does not assume the exercise of outstanding share options of the Company since their assumed exercise would result in a decrease in loss per share.

Notes to the Consolidated Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired other property, plant and equipment of approximately HK\$5,000 (six months ended 30 June 2021: HK\$9,000). The Group has no material disposal of property, plant and equipment on both periods.

13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Trade receivables, net of provision	–	104,948
Prepayment for inventory purchase (<i>Note (a)</i>)	219,604	25,431
Consideration receivables (<i>Note (b)</i>)	–	90,000
Loan receivables (<i>Note (c)</i>)	29,250	30,000
Other prepayments	–	435
Deposits	174	174
Others	112	–
	249,140	146,040
Total trade and other receivables	249,140	250,988
<i>Less: Non-current loan receivables</i>	(17,550)	(18,000)
Current portion	231,590	232,988

Notes:

- (a) The prepayment for inventory purchase was mainly the aggregate amount of the partial payments paid to the suppliers, as deposit, for the purchase of the electronic component products ordered by the Group during the Interim Period.
- (b) The consideration receivables, being the outstanding receivables regarding the disposal of a subsidiary in 2021, was unsecured, non-interest bearing and repayable within one year.
- (c) The loan is unsecured, interest-bearing at a fixed rate of 0.33% per annum and repayable by instalments from 2021 to 2023.

Notes to the Consolidated Financial Statements

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group generally grants credit periods ranging from 30 to 120 days to its customers. Before accepting any new customer upon receipt of partial prepayment in advance, the Group internally assesses the potential customer's credit quality and define an appropriate credit limit. Management closely monitors the credit quality and follow-up action is taken if overdue debts are noted.

The following is an aging analysis of trade receivables based on the invoice date and net of loss allowance at the end of each reporting period:

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
181 to 365 days	–	65,341
Over 1 year	–	39,607
	–	104,948

14. TRADE AND OTHER PAYABLES

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Trade payables	21,587	50,439
Other payables		
– Accrued expenses	1,130	3,609
– Others	214	214
	1,344	3,823
Total trade and other payables	22,931	54,262

The Group normally receives credit terms of 90 to 150 days from its suppliers.