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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)

CHANGE OF AUDITOR

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Qianhai Health Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

RESIGNATION OF AUDITOR

The Board announces that RSM Hong Kong (“**RSM**”) resigned from the office of auditor of the Company with effect from 20 February 2023.

As stated in RSM’s resignation letter, they understand that the Group had inventories at cost of approximately HK\$633,380,000, while over 98% of which were wafers or UFS-based multi-chip packages (the “**Products**”), representing 81% of the Group’s unaudited total assets as at 31 December 2022. RSM’s resignation was due to the fact that their scope and extent of reperformance of counting of the Products were restricted. As polypropylene packages or boxes of the Products can only be opened inside a dust-free control room due to the nature of the Products, as represented by management, and as the Group’s warehouse does not have any dust-free control room, RSM was not able to perform the reperformance of counting according to their planned level and extent. RSM was also being explained to by the management of the Group that unpacking of polypropylene packages or boxes of the Products at the Group’s warehouse during physical inventory count may affect the condition of the Products which may not be acceptable to the Group’s customers. In light of such limitation on the scope of audit work and the significance of the inventory balance to the Group’s consolidated financial statements, RSM considered that they were unable to discharge their responsibilities and complete the audit as auditor, and thus resigned.

The Company is incorporated under the laws of the Cayman Islands and to the knowledge of the Board there is no requirement under the laws of the Cayman Islands for the resigning auditor to confirm whether or not there is any circumstances connected with their resignation which they consider should be brought to the attention of the shareholders of the Company. RSM has therefore not issued such confirmation.

The Board would like to clarify that the Products are semiconductors, which are extremely vulnerable. Even a single airborne particle can damage an entire chip or device. It is the industry norm that the packages of the Products shall be opened in a dust-free control room, a constructed area where contaminants like dust, airborne particles, and micro-organisms are highly controlled to provide the cleanest environment possible. In order to reduce the risk of product failure and losses, upon receiving the Products, the Group stores them in good condition, and delivers the Products to the customers in the original purchased conditions, without opening the packages.

Save as disclosed above, the Board and the audit committee of the Board confirmed that there are no disagreements or outstanding matters between the Company and RSM, and there are no other matters in respect of the resignation of RSM that need to be brought to the attention of the shareholders of the Company.

APPOINTMENT OF AUDITOR

The Board, with the recommendation from the audit committee of the Board, has resolved to appoint McMillan Woods (Hong Kong) CPA Limited as the new auditor of the Company to fill the casual vacancy following the resignation of RSM and to hold office until the conclusion of the next annual general meeting of the Company.

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

Hong Kong, 20 February 2023

As at the date of this announcement, the non-executive Directors are Mr. Huang Guanchao, Mr. Lim Tzea, Mr. Chen Kaiben and Mr. Chen Qi; the executive Director is Mr. Chen Li Kuang and the independent non-executive Directors are Mr. Li Wei, Mr. Yuen Chee Lap Carl and Mr. Leung Chun Tung.