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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)

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Qianhai Health Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Interim Period**”), together with the comparative figures for the corresponding period ended 30 June 2023 (the “**Prior Period**”) as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2024*

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b>HK\$’000</b>	<b>HK\$’000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	4	<b>306,970</b>	339,899
Costs of sales		<b>(264,074)</b>	(346,318)
Gross profit/(loss)		<b>42,896</b>	(6,419)
Other income	5	<b>102</b>	48
Other losses, net	6	<b>(19,868)</b>	(99,185)
Selling and distribution costs		<b>(168)</b>	(8)
Administrative expenses		<b>(7,406)</b>	(6,528)
Finance costs	7	<b>(8)</b>	(26)

		<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(unaudited)</b>	(unaudited)
Operating profit/(loss) before income tax	<i>8</i>	<b>15,548</b>	(112,118)
Income tax expense	<i>9</i>	<u>–</u>	<u>–</u>
Profit/(loss) for the period attributable to owners of the Company		<b>15,548</b>	(112,118)
Other comprehensive income			
Exchange differences arising on translation of foreign operation		<u>147</u>	<u>18</u>
Total comprehensive income/(loss) for the period and total comprehensive income/(loss) attributable to owners of the Company		<u><b>15,695</b></u>	<u>(112,100)</u>
			(restated)
Earnings/(loss) per share			
– basic	<i>11</i>	<u><b>9.18 cents</b></u>	<u>(66.2 cents)</u>
– diluted	<i>11</i>	<u><b>9.18 cents</b></u>	<u>N/A</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	As at <b>30 June 2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31 December 2023 <i>HK\$'000</i> (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>12</i>	<u>25,257</u>	<u>26,465</u>
Total non-current assets		<u>25,257</u>	<u>26,465</u>
<b>Current assets</b>			
Inventories		<b>375,270</b>	329,785
Trade and other receivables	<i>13</i>	<b>122,352</b>	102,342
Cash at bank		<u>2,387</u>	<u>19,525</u>
Total current assets		<u>500,009</u>	<u>451,652</u>
<b>Total assets</b>		<u><b>525,266</b></u>	<u><b>478,117</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>67,778</b>	67,778
Reserves		<u>332,031</u>	<u>316,336</u>
<b>Total equity</b>		<u><b>399,809</b></u>	<u><b>384,114</b></u>

		As at <b>30 June</b> <b>2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31 December 2023 <i>HK\$'000</i> <b>(audited)</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>13,263</b>	1,317
Provision	<i>15</i>	<b>112,071</b>	92,199
Lease liabilities		<b>123</b>	487
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>125,457</b>	94,003
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>125,457</b>	94,003
		<hr/> <hr/>	<hr/> <hr/>
<b>Total equity and liabilities</b>		<b>525,266</b>	478,117
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 June 2024*

## 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 (Law 3 of 1961, as consolidated and revised) of Cayman Islands. The Company’s immediate and 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 Zhiquan 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, 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 2023, 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.

### 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 2024 are the same as those followed in the preparation of the Group's annual financial information for the year ended 31 December 2023.

The Group has adopted the following amendments 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 16	<i>Lease Liability in Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The application of the above amendments 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, 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 NAND flash wafer (a thin slice of semiconductor material, such as silicon, which is a vital component of flash memory integrated circuits (ICs)); embed multi-chip package (eMCP) memory (an electronic component containing several memory chips; and other electronic components); and
- (ii) Health-care products: sale of health-care products (including Chinese herbal medicine and other health-care products).

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

	<b>Electronic components</b> <i>HK\$'000</i>	<b>Health-care products</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Six months ended 30 June 2024 (unaudited)</b>			
Segment revenue	<b>306,970</b>	–	<b>306,970</b>
Cost of sales	<b>(264,074)</b>	–	<b>(264,074)</b>
Segment result	<b><u>42,896</u></b>	<b><u>–</u></b>	<b><u>42,896</u></b>
<b>Six months ended 30 June 2023 (unaudited)</b>			
Segment revenue	337,196	2,703	339,899
Cost of sales	<u>(343,618)</u>	<u>(2,700)</u>	<u>(346,318)</u>
Segment result	<b><u>(6,422)</u></b>	<b><u>3</u></b>	<b><u>(6,419)</u></b>
		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Segment results</b>		<b>42,896</b>	<b>(6,419)</b>
<b>Unallocated</b>			
Other income		<b>102</b>	48
Other (losses), net		<b>(19,868)</b>	(99,185)
Selling and distribution expenses		<b>(168)</b>	(8)
Administrative expenses		<b>(7,406)</b>	(6,528)
Finance costs		<b><u>(8)</u></b>	<b><u>(26)</u></b>
Profit/(loss) before income tax		<b><u>15,548</u></b>	<b><u>(112,118)</u></b>

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

Segment result during the period represents the gross profit/(loss) of each segment without allocation of other income, other losses, net, selling and distribution expenses, administrative expenses and finance costs. 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	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income from bank deposits	9	3
Interest income from loan receivables	93	45
	<u>102</u>	<u>48</u>

## 6. OTHER LOSSES, NET

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Provision)/Reversal of provision for onerous contracts ( <i>Note 15</i> )	(19,872)	16,677
Exchange gain, net	4	73
Provision for inventory	–	(113,405)
Provision for expected credit loss	–	(2,530)
	<u>(19,868)</u>	<u>(99,185)</u>

## 7. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expense on:		
– lease liabilities	8	26
	<u>8</u>	<u>26</u>



## 8. PROFIT/(LOSS) BEFORE TAXATION

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit/(loss) before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	1,216	1,216
Expenses relating to short-term leases and other leases	<u>460</u>	<u>122</u>

## 9. INCOME TAX EXPENSE

### (i) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% (2023: 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 estimated 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% (2023: 25%) during the Interim 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 2024 and subsequent to the end of the reporting period.

## 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	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Earnings/(loss)</b>		
Profit/(loss) attributable to owners of the Company	<u>15,548</u>	<u>(112,118)</u>
	Six months ended 30 June	
	2024	2023
	('000)	('000)
		(restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares		
for the purpose of basic and diluted earnings per share	<u>169,445</u>	<u>169,445</u>

The denominator for the purpose of calculating basic loss per share for the year ended 30 June 2023 has been adjusted to reflect the share consolidation on 20 May 2024 on the basis of every ten (10) ordinary shares being consolidated into one (1) ordinary share.

Diluted earnings per share is the same amount as the basic earnings per share for the six months ended 30 June 2024 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 2023 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.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment HK\$8,000 (six months ended 30 June 2023: Nil). The Group has no material disposal of property, plant and equipment on both periods.

### 13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 <i>HK\$'000</i> (unaudited)	As at 31 December 2023 <i>HK\$'000</i> (audited)
Loan receivables ( <i>Note A</i> )	4,573	–
Prepayment for inventory purchase ( <i>Note B</i> )	117,513	102,001
Other prepayments	–	171
Deposits	266	170
	<u>122,352</u>	<u>102,342</u>

*Notes:*

**(A) Loan receivables**

The loan is unsecured, interest-bearing at a fixed rate of 5% per annum and repayable within 6 months.

**(B) Prepayment for inventory purchase**

The balance of prepayment mainly represents several non-refundable deposits placed with the suppliers of the Group's electronic component business. For each individual purchase order placed with the suppliers, the Group was required to pay (i) an upfront prepayment of 15% to 20% of the purchase price of the products within three business days after each purchase order is placed; and (ii) the remaining balance of the purchase price prior to the delivery of the relevant products. The purchase price and purchase quantities were committed in each individual purchase order and the Group has an unconditional purchase obligation to execute the purchase orders.

The prepayments are carried at cost and is expected to be utilised within one year. The management compares the unit price of the above non-cancellable purchase orders so committed against the subsequent market price and trend of the ordered electronic components and made a provision for onerous contracts. For details, please refer to Note 15 to the financial statements.

#### 14. TRADE AND OTHER PAYABLES

	As at 30 June 2024 <i>HK\$'000</i> (unaudited)	As at 31 December 2023 <i>HK\$'000</i> (audited)
Trade payable	12,000	–
Accruals	1,259	1,313
Other payables	4	4
	<u>13,263</u>	<u>1,317</u>

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

As at 30 June 2024, the trade payable aging 31-90 days, which based on the invoice date (2023: Nil).

#### 15. PROVISION

The provision was made for onerous contracts for purchasing electronic components. As detailed in Note 13 to the financial statements, the Group entered several purchase contracts with suppliers for purchasing electronic components which the Group is obliged to purchase an agreed quantity of electronic components at a pre-determined unit price. Given the market price of these ordered electronic components subsequently decreased and extra costs charged by the suppliers due to delay payment, the estimated unavoidable cost of meeting the obligations will exceed the economic benefits expected to be received by the Group upon executing these purchase contracts, The economic benefits expected to be received represents the management's best estimate by reference to the market price and trend of the ordered electronic components. During the six months ended 30 June 2024, provision amounting to approximately HK\$19,872,000 was recognised, and a balance of provision of approximately HK\$112,071,000 was recognised as at 30 June 2024 (31 December 2023: approximately HK\$92,199,000).

## **BUSINESS REVIEW**

The Group is principally engaged in sale electronic component products (the “**Electronic Component Business**”) for the Interim Period. As the Group focused more on its Electronic Component Business, there was no sale of health-care products in the Interim Period. The Group will continue to keep track of the latest market demand and supply trend in order to optimise its product mix and business strategies.

### **Electronic Component Business**

With respect to the Electronic Component Business, the Group offers a wide spectrum of electronic components, including: NAND flash wafer (a thin slice of semiconductor material, such as silicon, which is a vital component of flash memory integrated circuits (ICs)); and embed multi-chip package (eMCP) memory (an electronic component containing several memory chips), etc.. Silicon wafers are the fundamental building material for most semiconductors, which are vital components of all electronic devices.

The trend of automotive intelligence and electrification is an important driving force for the future semiconductor market growth. Artificial intelligence (“**AI**”) is making a significant impact, as data centers require higher computing power, data processing, complex large language models, and big data analytics. With the advancement of semiconductor technology, it is expected that more AI functions will be integrated into personal devices in the coming future. AI smartphones, AI personal computers, and AI wearable devices will be gradually launched into the market. It is expected that there will be more innovative applications for personal devices after the introduction of AI, which will positively stimulate the increase in demand for semiconductors and advanced packaging.

The Group employed a multi-faceted procurement approach, combining (i) back-to-back procurement basis, matching its purchases to confirmed customer orders; and (ii) strategic bulk procurement basis, based on the market insights, and active management of its product mix and inventory levels. This allows the Group to optimise its purchasing and sales activities to capitalise on favourable market conditions.

The Group has a large customer and supplier base. Most of the customers and suppliers of the Group have established long term relationship of with the Directors. The Group’s suppliers are mainly electronic components distributors and corporations specialising in electronics and information technology.

During the Interim Period, the Group observed that various common and popular products, such as furniture and appliances, are continually being retrofitted and integrated with new technology. This trend has led to a relatively steady demand for semiconductors, as more products are being developed using smart technologies that rely on semiconductor chips. Additionally, with the effect of the reduction in production in prior years has pushed up the market price of semiconductors in the Interim Period.

## **FINANCIAL REVIEW**

### **Revenue and gross profit**

During the Interim Period, all the Group's revenue derived from the Electronic Component Business, which contributed approximately HK\$307.0 million (Prior Period: approximately HK\$339.9 million) and recorded a gross profit of approximately HK\$42.9 million (Prior Period: gross loss of approximately HK\$6.4 million). The drop in revenue was mainly due to the decline in sales volume. This decline was primarily driven by the intense competition in the market, which put pressure on the Group's sales volume.

Despite the decline in sales volume, the market price of the electronic components gradually increased during the interim period, the Group was able to make a turnaround from a gross loss to a gross profit during the Interim Period, while achieving a gross profit margin at demonstrating its ability to adapt its business strategies and optimise its product mix and pricing to navigate the challenging market conditions.

### **Other losses, net**

Other losses for the Interim Period mainly consisted of additional provisions for onerous contracts. As the Group is contractually obliged to procure certain electronic components, the Group has unavoidable costs of meeting the obligations under such contracts that exceed the economic benefits expected to be received from such contracts. As the result, an additional provision for onerous contracts of HK\$19.9 million was recognised in the Interim Period, which mainly were the overdue penalties being charged by the counterparty due to delay in fulfillment of the purchase obligations.

### **Results**

Overall, the Group recorded a profit attributable to owners of the Company of approximately HK\$15.5 million during the Interim Period, as compared with that of a loss of approximately HK\$112.1 million in the Prior Period.

## **FUTURE PROSPECTS**

Gradual development of advanced technologies, such as third-generation semiconductor materials, 5G technology, AI and automotive electronics, will create new growth opportunities and avenues for innovation within the electronic components industry. Additionally, the Group anticipates substantial growth in the new energy field, encompassing electric vehicles/smart cars and photovoltaic energy storage systems, which is expected to drive a surge in demand for related electronic products.

To capitalise on these opportunities, the Group intends to invest in manufacturing facilities within the People's Republic of China (the "PRC"). This strategic initiative will enable the Group to offer additional value-added services, including technical support, product modification, assembly, packaging, and testing, tailored to the specific needs of its customers after the purchase of electronic components.

Regarding the health care segment, the Group is still actively developing the Health-care Business by exploring business opportunities and possible collaborations with players in the same industry. The Group is currently in the progress of liaising and negotiating with potential business partner to explore a potential investment in a food processing and raw material extraction factory for health-care supplements. Also, the Group is sourcing different kind of health related product and aiming to establish the authorised distributor relationship with manufacturers.

Given the ongoing uncertainties in the global economy, the Group foresees that the coming years will continue to be challenging. The Group remains vigilant and is closely monitoring the evolving market landscape. The Group will continue to maintain its strategy of diversifying its product range and customer base to explore new business opportunities. The Group will leverage its established experience and sustain its strong competitive advantages in the market. The Group will also seize the opportunities for the business expansion, through making investments and/or acquiring business or projects that have promising outlooks and prospects, in order to generate best possible results for shareholders in the medium to long term.

## **WORKING CAPITAL AND INVENTORY CONTROL**

As at 30 June 2024, the current ratio of the Group, calculated by dividing the total current assets by the total current liabilities, was approximately 4.0 times (31 December 2023: approximately 4.8 times).

As at 30 June 2024, the equity attributable to owners of the Company amounted to approximately HK\$399.8 million (31 December 2023: approximately HK\$384.1 million) and was equivalent to an amount of approximately HK\$2.4 (2023: HK\$2.0) per share of the Company.

## **Inventory control**

As at 30 June 2024, the Group held inventories of approximately HK\$375.3 million (31 December 2023: HK\$329.8 million). Inventories are carried at the lower of cost and net realisable value. The Group has risk management and internal control systems in place to minimise the risk exposure on purchase price of the products that it purchases and to safeguard its assets.

The Group would regularly review and assess its product portfolio and product mix in order to ensure the inventories aligned with the demands of the Group's customers, based on their feedback and the collected market intelligence. The Group would carefully assess the appropriate timing to make bulk purchases and subsequent sales, aiming to secure favourable prices.

## **Prepayment for inventory purchase**

Prepayment for inventory purchase amounted to approximately HK\$117.5 million as at 30 June 2024 (31 December 2023: approximately HK\$102.0 million). As part of its regular business operations, the Group typically places purchase orders with suppliers to acquire electronic components. For each order, the Group is generally required to make a deposit of 15-20% deposit. The remaining balance is paid before the products are delivered. The prepayment is interest-free and does not generally involve any collateral. Once the products are received, the prepayment is recognised as inventory cost.

The Group regularly evaluates its suppliers' reputation, delivery record, quality control, etc. to assess their ability to fulfill the agreements.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The principal sources of funds for the Group are through internally generated cash flows. As at 30 June 2024, cash and cash equivalents of the Group amounted to approximately HK\$2.4 million (31 December 2023: approximately HK\$19.5 million).

As at 30 June 2024 and 31 December 2023, the Group did not have any borrowings.

## **CHARGE OF ASSETS**

As at 30 June 2024, certain land and buildings of the Group, with a total carrying value of approximately HK\$24.8 million, were pledged to a supplier (an independent third party) as securities for purchase of products for the Electronic Component Business.



## FOREIGN EXCHANGE EXPOSURE

The monetary assets and liabilities as well as business transactions of the Group are mainly denominated in Hong Kong dollars and United States dollars. The Group has not experienced any significant foreign exchange exposure to United States dollars as the exchange rate of Hong Kong dollars to United States dollars is pegged.

## SHARE CONSOLIDATION

On 20 May 2024, the share consolidation of every ten (10) of the existing issued and unissued shares of HK\$0.04 each in the share capital of the Company into one consolidated share (“**Share**”) of HK\$0.4 each in the share capital of the Company has become effective (“**Share Consolidation**”). Upon completion of the Share Consolidation, the authorised share capital of the Company was HK\$200,000,000 divided into 500,000,000 Shares, of which 169,445,000 Shares are in issue and fully paid.

## LITIGATIONS

- (1) During the Interim Period, a subsidiary of the Company, Cheerwin Success Trading Limited (“**Cheerwin**”), received a notice to produce evidence (舉證通知書) (the “**Notice**”) issued by the Beijing Fourth Intermediate People’s Court (北京市第四中級人民法院). The Notice is related to a contractual dispute among Cheerwin, the Company, and one of Cheerwin’s suppliers (the “**Supplier**”) in relation to alleged unfulfillment of payment obligation under certain purchase contracts and a guarantee letter. For detailed information, please refer to the Company’s announcement dated 10 May 2024.

The delays in fulfilling of these purchase contracts have led to a provision for onerous contracts of approximately HK\$112.1 million recorded in the condensed consolidated financial statements for the Interim Period.

- (2) A legal dispute between a supplier (“**the Plaintiff**”) and the Company, together with a disposed subsidiary of the Company. The Plaintiff is claiming a total of CAD2.8 million (approximately HK\$16.8 million) as alleged outstanding payments owed to them. The management believes the Plaintiff’s counterclaim against the Company lacks substantiation and supporting evidence.

The Directors do not believe the outcome of such claim will have any material adverse impact on the Group’s overall financial position. No provision has been made in the current consolidated financial statements for this case.

The Company is currently seeking legal advice on the above matters. The Company will closely monitor the status of the legal proceedings and evaluate its potential impact. The Company will provide shareholders and potential investors with updates on the development of these proceedings as and when appropriate.

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 30 June 2024.

## **EVENTS AFTER REPORTING PERIOD**

Save for disclosed in this announcement, there was no material event which could have material impact to the Group's operating and financial performance after the Interim Period and up to the date of this announcement.

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

During the Interim Period, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

## **INTERIM DIVIDEND**

The Directors do not recommend any dividend in respect of the Interim Period.

## **CORPORATE GOVERNANCE**

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. For the Interim Period, the Company has applied the principles and complied with the applicable code provisions of the corporate governance code ("**CG Code**") as set out in Appendix C1 to the Listing Rules. The Group also has in place an internal control system to perform the checks and balance function. There are also three independent non-executive Directors on the Board offering strong, independent and differing perspectives. The Board is therefore of the view that there are adequate balance-of-power and safeguards in place to enable the Company to make and implement decisions promptly and effectively.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

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 C3 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.

## AUDIT COMMITTEE

The Company has established the audit committee of the Board (the “**Audit Committee**”) with a specific written terms of reference in accordance with the requirements under Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee is responsible for, among others, reviewing and supervising the Group’s financial reporting process, assisting the Board to ensure effective risk management and internal control systems and providing advice and comments to the Board.

As at 30 June 2024 and up to the date of this results announcement, the Audit Committee comprised all three independent non-executive Directors, namely, Mr. Yuen Chee Lap Carl (Chairman of the Audit Committee), Mr. Li Wei and Mr. Leung Chun Tung.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control procedures and financial reporting matters including the review of the Group’s financial results for the Period. The Audit Committee is of the view that the unaudited interim consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with the applicable standards, the Listing Rules and the statutory provisions and sufficient disclosures have been made.

The unaudited interim condensed consolidated financial statements for the Period are reviewed by the Audit Committee.

By order of the Board  
**Qianhai Health Holdings Limited**  
**Huang Zhiqun**  
*Chairman*

Hong Kong, 22 August 2024

*As at the date of this announcement, the non-executive Directors are Mr. Huang Zhiqun, 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.*