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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)

PROFIT WARNING

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 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary assessment of the unaudited consolidated management accounts of the Group (the “**Management Accounts**”) for the year ended 31 December 2022 (the “**Year**”) and information currently available to the Board, the Group is expected to record a net loss attributable to Shareholders of approximately HK\$170 million, as compared to a net loss attributable to Shareholders of approximately HK\$0.9 million for the year ended 31 December 2021 (the “**Prior Year**”).

The increase in expected loss for the Year was primarily attributable to the record of the provision for impairment for inventories amounting to approximately HK\$238 million. As at 31 December 2022, the Group had inventories at cost of approximately HK\$633 million, while over 98% of which were semi-conductors including wafers and memory chips. The prices of semi-conductors, especially memory chips, peaked during the early stage of the outbreak of COVID-19 pandemic due to strong demand for technology products, and they began falling in late 2021. With the reasons of macroeconomic woes and rising interest rates collided with geopolitical uncertainties due to the Russia-Ukraine war and China's prolonged implementation of static management to combat the outbreak of COVID-19, the semi-conductor industry had undergone a significant slowdown in the second half of 2022 and the prices of semi-conductors continued to decline and slumped in the last quarter of 2022, which dropped over 20 to 30%. Management of the Company estimates the net realisable value for such inventories based primarily on the latest invoice price and current market conditions, which results in provision for impairment for inventories recorded and led to a net loss for the Year.

The Company is still in the process of finalising its annual results of the Group for the Year. The information contained in this announcement is only a preliminary assessment by the Board based on the Management Accounts and the latest information currently available, which have not been reviewed by the auditor or the audit committee of the Company and may be subject to adjustments. Actual financial results for the Year may be different from what is disclosed in this announcement. Shareholders and potential investors of the Company are advised to read carefully the announcement to be published by the Company in relation to the annual results of the Group for the Year. The Company expects to announce its annual results for the Year by the end of March 2023.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 2 March 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.