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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 2023

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 2023 (the “**Interim Period**”), together with the comparative figures for the corresponding period ended 30 June 2022 (the “**Prior Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	<i>NOTES</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	339,899	1,201,279
Costs of sales		(346,318)	(1,173,117)
Gross (loss)/profit		(6,419)	28,162
Other income	5	48	49
Other (losses)/gains, net	6	(99,185)	1,544
Selling and distribution costs		(8)	(76)
Administrative expenses		(6,528)	(10,055)
Finance costs	7	(26)	(16)

		Six months ended 30 June	
		2023	2022
	<i>NOTES</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Operating (loss)/profit before income tax	<i>8</i>	(112,118)	19,608
Income tax expense	<i>9</i>	<u>–</u>	<u>–</u>
(Loss)/profit for the period attributable to owners of the Company		(112,118)	19,608
Other comprehensive income			
Exchange differences arising on translation of foreign operation		<u>18</u>	<u>–</u>
Total comprehensive (loss)/income for the period and total comprehensive (loss)/income attributable to owners of the Company		<u>(112,118)</u>	<u>19,608</u>
(Loss)/earnings per share			
– basic	<i>11</i>	<u>(6.62 cents)</u>	<u>1.16 cents</u>
– diluted	<i>11</i>	<u>N/A</u>	<u>1.16 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<i>NOTES</i>	As at 30 June 2023 <i>HK\$'000</i> (unaudited)	As at 31 December 2022 <i>HK\$'000</i> (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	<u>27,682</u>	<u>28,898</u>
Total non-current assets		<u>27,682</u>	<u>28,898</u>
Current assets			
Inventories		272,616	380,461
Trade and other receivables	13	108,010	123,433
Cash and cash equivalents		<u>9,165</u>	<u>1,642</u>
Total current assets		<u>389,791</u>	<u>505,536</u>
Total assets		<u>417,473</u>	<u>534,434</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		67,778	67,778
Reserves		<u>256,827</u>	<u>368,927</u>
Total equity		<u>324,605</u>	<u>436,705</u>

		As at 30 June 2023 <i>HK\$'000</i> (unaudited)	As at 31 December 2022 <i>HK\$'000</i> (audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		<u>123</u>	<u>487</u>
Total non-current liabilities		<u>123</u>	<u>487</u>
Current liabilities			
Trade and other payables	<i>14</i>	13,672	3,345
Provision		76,520	93,197
Contract liabilities		1,835	–
Lease liabilities		<u>718</u>	<u>700</u>
Total current liabilities		<u>92,745</u>	<u>97,242</u>
Total liabilities		<u>92,868</u>	<u>97,729</u>
Total equity and liabilities		<u>417,473</u>	<u>534,434</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 Zhiqun 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 2022, 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 2023 are the same as those followed in the preparation of the Group's annual financial information for the year ended 31 December 2022.

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.

HKFRS 17	<i>Insurance Contracts</i>
HKAS 8 (Amendments)	<i>Definition of Accounting Estimates</i>
HKAS 12 (Amendments)	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
HKAS 1 and HKFRS Practise Statement 2 (Amendments)	<i>Disclosure of Accounting Policies</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 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:

	Electronic components <i>HK\$'000</i>	Health-care products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2023 (unaudited)			
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	<u>(6,422)</u>	<u>3</u>	<u>(6,419)</u>
Six months ended 30 June 2022 (unaudited)			
Segment revenue	1,201,279	–	1,201,279
Cost of sales	<u>(1,173,117)</u>	<u>–</u>	<u>(1,173,117)</u>
Segment result	<u>28,162</u>	<u>–</u>	<u>28,162</u>
		Six months ended 30 June	
		2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Segment results		(6,419)	28,162
Unallocated			
Other income		48	49
Other (losses)/gains, net		(99,185)	1,544
Selling and distribution expenses		(8)	(76)
Administrative expenses		(6,528)	(10,055)
Finance costs		<u>(26)</u>	<u>(16)</u>
(Loss)/profit before income tax		<u>(112,118)</u>	<u>19,608</u>

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 (loss)/profit of each segment without allocation of other income, other (losses)/gains, 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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
OTHER INCOME		
Interest income from bank deposits	3	1
Interest income from loan receivables	45	48
	<u>48</u>	<u>49</u>

6. OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Provision for expected credit loss	(2,530)	–
Provision for inventory	(113,405)	–
Exchange gain, net	73	1,544
Reversal of provision for onerous contracts (<i>Note</i>)	16,677	–
TOTAL	<u>(99,185)</u>	<u>1,544</u>

Note:

Provision for onerous contracts related to the electronic component products was recognised for the year ended 31 December 2022 as the expected selling price of the ordered but not yet delivered electronic component products fell below the contracted purchase price. Subsequent to 31 December 2022, some of the products were delivered to the Group, a reversal of provision for onerous contract of such delivered products of approximately HK\$16.7 million was recorded for the six months ended 30 June 2023.

7. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expense on:		
– bank loans	–	4
– lease liabilities	26	12
	<u>26</u>	<u>12</u>
	<u>26</u>	<u>16</u>

8. (LOSS)/PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss)/profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	1,216	1,219
Expenses relating to short-term leases and other leases	122	109
	<u>1,216</u>	<u>1,219</u>
	<u>1,216</u>	<u>1,219</u>

9. INCOME TAX EXPENSE

(i) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% (2022: 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% (2022: 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 2023 and subsequent to the end of the reporting period.

11. (LOSS)/EARNINGS 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	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss)/earnings		
(Loss)/profit attributable to owners of the Company	<u>(112,118)</u>	<u>19,608</u>

	Six months ended 30 June	
	2023	2022
	('000)	('000)
Number of shares		
Weighted average number of ordinary shares		
for the purpose of basic and diluted earnings per share	<u>1,694,450</u>	<u>1,694,450</u>

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.

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.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group did not acquire any property, plant and equipment (six months ended 30 June 2022: HK\$5,000). The Group has no material disposal of property, plant and equipment on both periods.

13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 <i>HK\$'000</i> (unaudited)	As at 31 December 2022 <i>HK\$'000</i> (audited)
Trade receivables, net of provision (<i>Note (a)</i>)	—	2,530
Prepayment for inventory purchase (<i>Note (b)</i>)	90,095	102,800
Loan receivables (<i>Note (c)</i>)	17,745	17,700
Other prepayments	—	233
Deposits	170	170
	108,010	120,903
Total trade and other receivables	108,010	123,433

Notes:

(a) Trade receivables

The Group generally grants credit periods ranging from 60 to 120 days to its customers. 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 2023 <i>HK\$'000</i> (unaudited)	As at 31 December 2022 <i>HK\$'000</i> (audited)
91 to 180 days	—	2,530

(b) Prepayment for inventory purchase

The balance of prepayment mainly represents the non-refundable deposits placed with a supplier of the Group's electronic component business, representing 20% of the purchase price of the products.

(c) Loan receivable

The loan receivable from former joint venture company, which is secured by the corporate guarantee executed by the current ultimate shareholder of such joint venture company, with an interest-bearing at a fixed rate of 0.33% per annum and repayable by September 2023.

14. TRADE AND OTHER PAYABLES

	As at 30 June 2023 <i>HK\$'000</i> (unaudited)	As at 31 December 2022 <i>HK\$'000</i> (audited)
Trade payables	<u>12,497</u>	<u>–</u>
Other payables		
– Accrued expenses	1,092	3,254
– Others	<u>83</u>	<u>91</u>
	<u>1,175</u>	<u>3,345</u>
Total trade and other payables	<u><u>13,672</u></u>	<u><u>3,345</u></u>

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

As at 30 June 2023, the trade payable aging 31-90 days, which based on the invoice date (2021: Nil).

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**”).

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 global semiconductor industry is undergoing a slowdown period. During the Interim Period, there was an oversupply of semiconductors, which elevated inventories and resulted in reduction in semiconductors prices, and accelerated the decline of the semiconductor market in the Interim Period.

As such, the Group’s revenue of the Electronic Component Business decreased by approximately 71.9% to approximately HK\$337.2 million in the Interim Period, as compared to that for the Prior Period, and the gross loss of approximately HK\$6.4 million was recorded (Prior Period: gross profit of approximately HK\$28.2 million) for such segment during the Interim Period.

The Directors believe that semiconductor industry is dealing with overcapacity and excess inventory, which will continue to put significant pressure on average selling prices in 2023. However, the Directors also believe that prices will not decrease to the similar degree experienced in 2022 and will be on the pace to rebound in the foreseeable future as the leading manufacturing companies continue to bolster the market, keeping prices stable, and the end-user demand will continue to improve in the long run, with the increasing uses autonomous driving, 5G communication, and artificial intelligence.

Health-care Business

The Group is engaged in sourcing and wholesale of health-care products, which include American ginseng. The Health-care Business was adversely affected by the COVID-19 pandemic, which hindered the normal operation of the Health-care Business. As such, only a minimal of revenue was generated from sales of health-care products with approximately HK\$2.7 million for the Interim Period.

The COVID-19 pandemic permanently changed the global health-care practices with increasing focus on sustainability and resiliency. 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.

OUTLOOK

The Group has been actively developing both the Electronic Component Business and 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.

Regarding the Health-care Business, the Group is in the progress of liaising and negotiating with potential business partners to explore a potential investment in food processing and raw material extraction factories in Taiwan and the PRC, which engages in the processing and manufacturing of health-care products. The Group is also in the progress of setting up branch office(s) in the PRC and Taiwan, in order to expand its business coverage.

In order to diversify the Group's product portfolios and to source different kinds of new high-quality products, the Group has been conducting site visits of manufacturers of health-care products and medical consumables in the PRC and Taiwan to explore the feasibility of sourcing new products and establishing authorised distributor relationship with manufacturers.

Regarding the Electronic Component Business, the rising demand for renewable energy sources and electronic vehicles is creating new opportunities for semiconductors, especially silicon wafers, in the energy industry. The Directors expect the semiconductor market is poised for continued expansion in the coming years. The Group also plans to invest in some factories in the PRC in order to provide additional value-added services, including additional support, modification, assembly, packaging, and testing services in order to suit the customers' respective needs after purchasing the products; and obtaining additional authorised distributorship with other upstream manufacturers to further expand its product portfolio and improve its profitability.

The Group remains cautiously optimistic about the long-term development in the business in Hong Kong. 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. With the experienced and dedicated management team, the Group is confident that it will be able to continue to grow the business. The Group has been actively looking for opportunities to diversify the revenue sources of the Group in order to create shareholders' value through making investments and/or acquiring business or projects that have promising outlooks and prospects.

FINANCIAL REVIEW

Revenue

During the Interim Period, the Group derived most of its revenue from the Electronic Component Business, which contributed a revenue of approximately HK\$337.2 million (Prior Period: approximately HK\$1,201.30 million) and recorded a segment loss of approximately HK\$6.4 million (Prior Period: approximately profit of HK\$28.2 million). As the Health-care Business was adversely affected by the COVID-19 pandemic, its hindered normal operation subsisted during the Interim Period, resulting in a minimal revenue of approximately HK\$2.7 million being recorded for such segment during the Interim Period, while recording minimal segment profit of approximately HK\$3,000 during the Interim Period (Prior Period: nil).

Other (losses)/gain, net

Other losses for the Interim Period mainly consisted of net of (i) provision for inventory of approximately HK\$113.4 million (Prior Period: nil); and (ii) reversal of provision for onerous contracts of approximately HK\$16.7 million (Prior Period: nil).

Provision for inventory

With the market price of the semiconductors continued to decline in the Interim Period, the expected net realisable value of the inventory as at 30 June 2023 decreased further accordingly. The Group determined net realisable value of the inventories based on the latest market price of each inventory, and provision for inventory was recorded.

Reversal of provision for onerous contracts

In 2022, provision for onerous contracts was recorded due to the purchase unit price of some of the products ordered were higher than that of the estimated economic benefits. In the Interim Period, as some of these products were delivered to the Group, a reversal of provision for onerous contracts (utilisation of the provision) of approximately HK\$16.7 million was recognised.

During the Interim Period, the semiconductor industry continued to work through excess inventory in various market segments, while the price was not stable. It is expected that such circumstances would subsist in the short run. However, the Directors believe that end-user's demand will continue to improve in the long run. There are no signs of significant volatility in supply, demand and market sentiment. As a result, the Directors consider more appropriate to re-sell inventories later when their market price resumes, in order to safeguard the best interests of the Company and its shareholders as a whole. The Group will continue to attract new customers to expand its customer base.

RESULTS

Overall, the Group recorded a loss attributable to owners of the Company of approximately HK\$112.1 million during the Interim Period, as compared with that of a profit of approximately HK\$19.6 million in the Prior Period.

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 4.2 times as at 30 June 2023 (31 December 2022: approximately 5.2 times).

At 30 June 2023, the Group's total assets amounted to approximately HK\$417.5 million (31 December 2022: approximately HK\$534.4 million). The Group's gearing ratio, calculated on the basis of total liabilities of approximately HK\$92.9 million (31 December 2022: approximately HK\$97.7 million) divided by total assets, was at a low level of about 4.5% (31 December 2022: 5.5%).

Inventories

Inventories decreased by approximately 28.3% to approximately HK\$272.6 million (net of the provision for inventory of approximately HK\$220.4 million) as at 30 June 2023 as compared to that of approximately HK\$380.5 million (net of the provision for inventory of approximately HK\$252.9 million) as at 31 December 2022.

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. For example, the Group would monitor the market price of the relevant products every week, and may not make any further procurement in the event that the market price is lower than the purchase price quoted from the Group's suppliers. In addition, according to the Group's inventory procurement policy, there is a combination of (i) back-to-back procurement based on purchase orders confirmed by its customers; and (ii) bulk procurement based on the Group's estimations as to, among others, the general market trends. The Group would review and assess its product portfolio and product mix from time to time in order for the inventories in stock to be in line with the demand of the Group's customers based on their feedback and market information collected, and thus to minimise the risk of having any aging inventories and/or onerous contracts.

Trade receivables

The trade receivables, net of loss allowances, was approximately HK\$2.5 million as at 31 December 2022 (30 June 2023: nil). The management usually estimates the provision of loss allowance using a matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the relevant debtors and an assessment of both the current and forecast general economic conditions as at the reporting date. The management of the Group regularly evaluates the Group's customers, assesses their known financial position and the credit risks.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, cash and cash equivalents of the Group amounted to approximately HK\$9.2 million (31 December 2022: approximately HK\$1.6 million).

FOREIGN EXCHANGE EXPOSURE

The monetary assets and liabilities as well as business transactions of the Group are mainly denominated in Hong Kong dollars, United States dollars and Renminbi. 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. The Group's foreign exchange exposure to Renminbi could be significant depending on the volatilities of exchange rate of Hong Kong dollars to Renminbi. 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

As at 30 June 2023, certain land and buildings of the Group, with a total carrying value of approximately HK\$25.9 million, were pledged to a supplier (an independent third party) as securities for purchase of products for the Electronic Component Business. (No assets were charged as at 31 December 2022).

INTERIM DIVIDEND

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

SUBSEQUENT EVENT

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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

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 (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing (the “**Listing Rules**”) the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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 exacting 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.

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 Interim 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
Huang Zhiqun
Chairman

Hong Kong, 22 August 2023

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.