



Interim Report  
**2023**

**前海健康**

QIANHAI HEALTH

**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)





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# Corporate Information

## BOARD OF DIRECTORS

### NON-EXECUTIVE DIRECTORS

Mr. Huang Zhiquan (formerly known as Huang Guanchao)  
*(Chairman)*  
Mr. Lim Tzea  
Mr. Chen Kaiben  
Mr. Chen Qi

### EXECUTIVE DIRECTOR

Mr. Chen Li Kuang

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Wei  
Mr. Yuen Chee Lap Carl  
Mr. Leung Chun Tung

## AUDIT COMMITTEE

Mr. Yuen Chee Lap Carl *(Chairman)*  
Mr. Li Wei  
Mr. Leung Chun Tung

## REMUNERATION COMMITTEE

Mr. Li Wei *(Chairman)*  
Mr. Yuen Chee Lap Carl  
Mr. Chen Li Kuang

## NOMINATION COMMITTEE

Mr. Li Wei *(Chairman)*  
Mr. Yuen Chee Lap Carl  
Mr. Leung Chun Tung

## AUTHORISED REPRESENTATIVES

Mr. Huang Zhiquan  
Ms. Yip Tak Yung Teresa

## COMPANY SECRETARY

Ms. Yip Tak Yung Teresa

## 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

Level 54, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## INDEPENDENT AUDITOR

McMillan Woods (Hong Kong) CPA Limited

## LEGAL ADVISOR

Chiu & Partners

## PRINCIPAL BANKS

China Construction Bank (Asia) Corporation Ltd.  
The Hong Kong and Shanghai Banking Corporation Limited

## INVESTORS RELATIONS

ir@qhhl.com.hk

## STOCK CODE

0911

## WEBSITE

www.qianhaihealth.com.hk

# Management Discussion and Analysis

## BUSINESS REVIEW

Qianhai Health Holdings Limited (the “**Company**”, together with its subsidiaries 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 six months ended 30 June 2023 (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 six months ended 30 June 2022 (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 of the Company (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 of 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.

## Management Discussion and Analysis

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 People's Republic of China (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.

## Management Discussion and Analysis

### *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.

## Management Discussion and Analysis

### 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 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 AND UNDERLYING SHARES

As at 30 June 2023, 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 (THE “SHARES”)

| Name of Director | Capacity/Nature of interest  | Number of shares | Position<br>(Note 1) | Percentage of shareholding |
|------------------|--|------------------|----------------------|----------------------------|
| Mr. Huang Zhiqun | Interest in a controlled corporation, parties acting in concert (Note 2) | 892,485,771      | L S                  | 52.67%                     |
|                  | Beneficial owner (Note 4)  | 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 2023. As at 30 June 2023, 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 2023, Great Prosperous, through Sparkling Rock Limited (“Sparkling Rock”), was wholly owned by Mr. Huang Zhiqun, while Thousands Beauties and Noble Stand were wholly and beneficially owned by Mr. Lim Tzea. Mr. Huang Zhiqun 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 Zhiqun and Mr. Lim Tzea is deemed to be interested in all the Shares held by Explorer Rosy.  
  
As at 30 June 2023, 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. These Shares were the shares which were allotted and issued upon exercise of the options under the share option scheme of the Company.
5. As at 30 June 2023, 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 Zhiqun | 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 2023, 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 2023, 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<br>(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<br>(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. Tang Chung Wah                                   | 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<br>(Nominee Services)<br>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 and Sparkling Rock are 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 Zhiqun, while each of Thousands Beauties and Noble Stand was wholly and beneficially owned by Mr. Lim Tzea. As Mr. Huang Zhiqun 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 2023, 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 2023, Ms. Hou Chung Man and Mr. Tang Chung Wah 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. Tang Chung Wah in their capacity as receivers.
7. As at 30 June 2023, the number of issued Shares were 1,694,450,000.

Save as disclosed above, as at 30 June 2023, 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 2023, 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. 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 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 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.

The following table lists out the details of the movement in the options granted and outstanding under the Scheme during the Interim Period:

| Type of participant           | Date of grant | Exercisable period          | Exercise price | Number of options (thousands)    |                                    |                                |
|-------------------------------|---------------|-----------------------------|----------------|----------------------------------|------------------------------------|--------------------------------|
|                               |               |                             |                | Outstanding as at 1 January 2023 | Movement during the Interim period | Outstanding as at 30 June 2023 |
| 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                            |
| Former directors:<br>(Note)   |               |                             |                |                                  |                                    |                                |
| Mr. Xu Keli                   | 12 June 2020  | 1 July 2020 to 30 June 2025 | HK\$0.121      | 8,463                            | –                                  | 8,463                          |
|                               | 12 June 2020  | 1 July 2021 to 30 June 2025 | HK\$0.121      | 8,462                            | –                                  | 8,462                          |
| Mr. Lam Hin Chi               | 12 June 2020  | 1 July 2020 to 30 June 2025 | HK\$0.121      | 8,463                            | –                                  | 8,463                          |
|                               | 12 June 2020  | 1 July 2021 to 30 June 2025 | HK\$0.121      | 8,462                            | –                                  | 8,462                          |
| A shareholder of one 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                          |
|                               |               |                             |                | 52,465                           | –                                  | 52,465                         |

Note: Share options granted to Mr. Xu Keli (resigned on 30 June 2022) and Mr. Lam Hin Chi (resigned on 30 April 2022) would be extended to 31 December 2023.

The vesting period of the share options is from the date of grant until the commencement of the exercise period.

The number of share options available for grant under the mandate of the Scheme was 98,960,500 as at both 1 January 2023 and 30 June 2023. During the Interim Period, (i) no outstanding share options were exercised, cancelled or lapsed; and (ii) the Company did not grant any share options.

The Company is aware that amendments were made to Chapter 17 of the Listing Rules, which has come into effect on 1 January 2023, which include, among others, revising the scope of eligible participants of share option schemes and setting out the minimum vesting period requirements. The Company will only grant the share options in compliance with the amended Chapter 17 of the Listing Rules and pursuant to the transitional arrangements for share schemes existing as at 1 January 2023 as specified by the Stock Exchange. Going forward, the Company will also consider to amend the Scheme so as to comply with the new requirements under Chapter 17 of the Listing Rules, in any event not later than the refreshment or expiry of the scheme mandate; or to adopt a new option scheme that comply with the requirements under the amended Chapter 17 of the Listing Rules.

## Corporate Governance and Other Information

### 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**  
**Mr. Huang Zhiqun**  
*Chairman*

Hong Kong, 22 August 2023

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

|  | Notes | Six months ended 30 June        |                                 |
|--|-------|---------------------------------|---------------------------------|
|  |       | 2023<br>HK\$'000<br>(unaudited) | 2022<br>HK\$'000<br>(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)                            |
| Operating (loss)/profit before income tax  | 8     | (112,118)                       | 19,608                          |
| Income tax expense   | 9     | -                               | -                               |
| (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   |       | 18                              | -                               |
| Total comprehensive (loss)/income for the period and total comprehensive (loss)/income attributable to owners of the Company |       | (112,100)                       | 19,608                          |
| (Loss)/earnings per share  |       |                                 |                                 |
| - basic  | 11    | (6.62 cents)                    | 1.16 cents                      |
| - diluted  | 11    | N/A                             | 1.16 cents                      |

# Condensed Consolidated Statement of Financial Position

As at 30 June 2023

|   | <i>Notes</i> | As at<br>30 June<br>2023<br>HK\$'000<br>(unaudited) | As at<br>31 December<br>2022<br>HK\$'000<br>(audited) |
|---|--------------|---|---|
| <b>ASSETS</b>                                       |              |   |   |
| <b>Non-current assets</b>                           |              |   |   |
| Property, plant and equipment                       | 12           | 27,682  | 28,898  |
| Total non-current assets                            |              | 27,682  | 28,898  |
| <b>Current assets</b>                               |              |   |   |
| Inventories   |              | 272,616   | 380,461   |
| Trade and other receivables                         | 13           | 108,010   | 123,433   |
| Cash and cash equivalents                           |              | 9,165   | 1,642   |
| Total current assets                                |              | 389,791   | 505,536   |
| <b>Total assets</b>                                 |              | <b>417,473</b>                                      | <b>534,434</b>  |
| <b>EQUITY</b>                                       |              |   |   |
| <b>Equity attributable to owners of the Company</b> |              |   |   |
| Share capital                                       | 15           | 67,778  | 67,778  |
| Reserves  |              | 256,827   | 368,927   |
| <b>Total equity</b>                                 |              | <b>324,605</b>                                      | <b>436,705</b>  |



## Condensed Consolidated Statement of Financial Position

As at 30 June 2023

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

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

|   | Attributable to owners of the Company |                           |                              |                              |                                  |                               |                   |
|---|---------------------------------------|---------------------------|------------------------------|------------------------------|----------------------------------|-------------------------------|-------------------|
|   | Share capital<br>HK\$'000             | Share premium<br>HK\$'000 | Capital reserves<br>HK\$'000 | Exchange reserve<br>HK\$'000 | Share option reserve<br>HK\$'000 | Retained earnings<br>HK\$'000 | Total<br>HK\$'000 |
| Balance as at 1 January 2023 (audited)  | 67,778                                | 246                       | 8,249                        | (130)                        | 3,881                            | 356,681                       | 436,705           |
| Loss and total comprehensive loss for the period                                    | -                                     | -                         | -                            | -                            | -                                | (112,118)                     | (112,118)         |
| Exchange differences arising from translation of foreign operations, net of nil tax | -                                     | -                         | -                            | 18                           | -                                | -                             | 18                |
| Balance as at 30 June 2023 (unaudited)  | 67,778                                | 246                       | 8,249                        | (112)                        | 3,881                            | 244,563                       | 324,605           |
| 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           |

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

|   | Six months ended 30 June |                  |
|---|--------------------------|------------------|
|   | 2023<br>HK\$'000         | 2022<br>HK\$'000 |
| Net cash generated from operating activities                | 7,895                    | 168,515          |
| <b>Cash flows from investing activities</b>                 |                          |                  |
| Purchases of property, plant and equipment                  | -                        | (5)              |
| Net cash (used in) investing activities                     | -                        | (5)              |
| <b>Cash flows from financing activities</b>                 |                          |                  |
| Interest paid   | -                        | (15)             |
| Repayments of bank borrowings                               | -                        | (7,165)          |
| Principle element of lease payment                          | (346)                    | (360)            |
| Interest element of lease payment                           | (26)                     | (12)             |
| Net cash used in financing activities                       | (372)                    | (7,552)          |
| <b>Net increase in cash and cash equivalents</b>            | <b>7,523</b>             | <b>160,958</b>   |
| <b>Cash and cash equivalents at beginning of the period</b> | <b>1,642</b>             | <b>2,470</b>     |
| <b>Cash and cash equivalents at end of the period</b>       | <b>9,165</b>             | <b>163,428</b>   |

# 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 (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, 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.



## 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 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).

## 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<br>components<br>HK\$'000 | Health-care<br>products<br>HK\$'000 | Total<br>HK\$'000 |
|--|--------------------------------------|-------------------------------------|-------------------|
| <b>Six months ended 30 June 2023 (unaudited)</b> |                                      |                                     |                   |
| Segment revenue                                  | 337,196                              | 2,703                               | 339,899           |
| Cost of sales                                    | (343,618)                            | (2,700)                             | (346,318)         |
| Segment result                                   | (6,422)                              | 3                                   | (6,419)           |
| <b>Six months ended 30 June 2022 (unaudited)</b> |                                      |                                     |                   |
| 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        |                                 |
|-----------------------------------|---------------------------------|---------------------------------|
|                                   | 2023<br>HK\$'000<br>(unaudited) | 2022<br>HK\$'000<br>(unaudited) |
| <b>Segment results</b>            | <b>(6,419)</b>                  | 28,162                          |
| <b>Unallocated</b>                |                                 |                                 |
| 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                     | (26)                            | (16)                            |
| (Loss)/profit before income tax   | <b>(112,118)</b>                | 19,608                          |

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 (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<br>HK\$'000<br>(unaudited) | 2022<br>HK\$'000<br>(unaudited) |
| <b>OTHER INCOME</b>                   |                                 |                                 |
| Interest income from bank deposits    | 3                               | 1                               |
| Interest income from loan receivables | 45                              | 48                              |
|                                       | 48                              | 49                              |

### 6. OTHER (LOSSES)/GAINS, NET

|  | Six months ended 30 June        |                                 |
|--|---------------------------------|---------------------------------|
|  | 2023<br>HK\$'000<br>(unaudited) | 2022<br>HK\$'000<br>(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 (Note) | 16,677                          | –                               |
| <b>TOTAL</b>                                       | <b>(99,185)</b>                 | <b>1,544</b>                    |

## Notes to the Consolidated Financial Statements

### 6. OTHER (LOSSES)/GAINS, NET (CONTINUED)

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<br>HK\$'000<br>(unaudited) | 2022<br>HK\$'000<br>(unaudited) |
| Interest expense on: |                                 |                                 |
| – bank loans         | –                               | 4                               |
| – lease liabilities  | 26                              | 12                              |
|                      | 26                              | 16                              |

### 8. (LOSS)/PROFIT BEFORE TAXATION

|   | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2023<br>HK\$'000<br>(unaudited) | 2022<br>HK\$'000<br>(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                             |



## Notes to the Consolidated Financial Statements

### 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.

## Notes to the Consolidated Financial Statements

### 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<br>HK\$'000<br>(unaudited) | 2022<br>HK\$'000<br>(unaudited) |
| <b>(Loss)/earnings</b>                              |                                 |                                 |
| (Loss)/profit attributable to owners of the Company | <b>(112,118)</b>                | 19,608                          |

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

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.

## Notes to the Consolidated Financial Statements

### 13. TRADE AND OTHER RECEIVABLES

|   | As at<br>30 June<br>2023<br>HK\$'000<br>(unaudited) | As at<br>31 December<br>2022<br>HK\$'000<br>(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   |
|   | <b>108,010</b>                                      | 120,903   |
| <b>Total trade and other receivables</b>                | <b>108,010</b>                                      | 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<br>30 June<br>2023<br>HK\$'000<br>(unaudited) | As at<br>31 December<br>2022<br>HK\$'000<br>(audited) |
|----------------|---|---|
| 91 to 180 days | –   | 2,530   |

## Notes to the Consolidated Financial Statements

### 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

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

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 (2022: Nil).



## Notes to the Consolidated Financial Statements

### 15. SHARE CAPITAL

|   | Number of shares<br>(thousands) | Nominal value<br>HK\$'000 |
|---|---------------------------------|---------------------------|
| Ordinary shares   |                                 |                           |
| Authorised: @HK\$0.04 each                              |                                 |                           |
| As at 31 December 2022, 1 January 2023 and 30 June 2023 | 5,000,000                       | 200,000                   |
|   |                                 |                           |
|   | Number of shares<br>(thousands) | Nominal value<br>HK\$'000 |
| Issued and fully paid: @HK\$0.04 each                   |                                 |                           |
| As at 31 December 2022, 1 January 2023 and 30 June 2023 | 1,694,450                       | 67,778                    |

### 16. SHARE-BASED PAYMENT TRANSACTIONS

- a) Movements in number of share options outstanding and their related weighted average exercise prices are as follows:

|                                    | Average exercise<br>price in HK\$ per<br>share option | Number of<br>share options<br>(thousands) |
|------------------------------------|---|---|
| At 1 January 2023 and 30 June 2023 | 0.123   | 52,465                                    |

## Notes to the Consolidated Financial Statements

### 16. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

- b) The fair values for the share options granted were calculated using the Binomial model. The inputs into the model were as follows:

| <u>Grant date</u>                   | <u>3 July 2020</u>       | <u>12 June 2020</u>       |
|-------------------------------------|--------------------------|---------------------------|
| Fair value per option on grant date | HK\$0.0671/<br>HK\$0.083 | HK\$0.0646/<br>HK\$0.0816 |
| Share price on grant date           | HK\$0.123                | HK\$0.121                 |
| Exercise price                      | HK\$0.127                | HK\$0.121                 |
| Expected volatility                 | 136.554%                 | 135.911%                  |
| Expected life                       | 5 years                  | 5.0521 years              |
| Risk-free rate                      | 0.3420%                  | 0.4103%                   |
| Expected dividend yield             | 0%                       | 0%                        |
| Early excise multiple               |                          |                           |
| – Directors                         | N/A                      | 2.8X                      |
| – A shareholder of one customer     | 2.2X                     | N/A                       |

Expected volatility was determined by using the historical volatility of the Company's share prices over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the director's best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.