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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)

INSIDE INFORMATION ANNOUNCEMENT IN RELATION TO LITIGATION

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Qianhai Health Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company and potential investors that on 6 May 2024, a subsidiary of the Company received a notice to produce evidence (舉證通知書) (the “**Notice**”) issued by the Beijing Fourth Intermediate People’s Court (北京市第四中級人民法院) dated 17 April 2024. The subject matter relates to a contractual dispute between a supplier (the “**Supplier**”) of Cheerwin Success Trading Limited (“**Cheerwin**”), a wholly-owned subsidiary of the Company, Cheerwin and the Company in relation to alleged unfulfillment of payment obligation under certain purchase contracts and a guarantee letter.

The alleged claim related to certain purchase orders of electronic components placed by Cheerwin with the Supplier during the months of June and July 2022. A deposit of 20% of the purchase price has already been paid and the amount alleged represented the balance of purchase price payable by Cheerwin before the products are to be delivered to the Group.

Information relating to the transactions under the purchase contracts and the relevant delay in fulfilment of purchase obligations have been disclosed in the notes to the consolidated financial statements in the 2023 annual report of the Company when the Group explained the circumstances leading to a provision of about HK\$93 million for onerous contract being made during the year ended 31 December 2022.

When the relevant purchase contracts were made, the relevant products were purchased at prices which were below the market price at the relevant time. However, subsequent to the purchase, due to the decreasing trend in the market price of the relevant electronic component products, Cheerwin considered that it would not be in the best interest of the company to take delivery of the subject electronic component products previously purchased at a higher purchase price and sell them at a lower selling price. As such, Cheerwin temporarily halts to complete the purchase (including making payment of the balance of the purchase price and taking delivery) of the relevant products under the purchase contracts.

Contrary to what was alleged, the Group has been in discussion from time to time with the Supplier regarding the schedule of making payment and taking delivery of the products. During the year ended 31 December 2023 and up to the date of this announcement, the Company has made balance payments of a total of approximately USD14.0 million for the relevant purchase contracts; and the Supplier has delivered to the Group the corresponding amount of products relating to the balance payments made by the Company; and part of such products have been sold to the Group's customer(s).

After receiving the Notice and up to the date of this announcement, the Company has been actively liaising with the Supplier to resolve the contractual dispute and to reach a settlement. At the same time, the Group is seeking legal advice from its legal advisers as to the laws of the People's Republic of China and, if necessary, will proactively respond to the proceedings. The Company will make further announcement(s) to keep its shareholders and potential investors informed of any significant development on the dispute as and when appropriate.

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

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

Hong Kong, 10 May 2024

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