



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)

Interim  
Report

20  
24





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# Corporate Information

## BOARD OF DIRECTORS

### *NON-EXECUTIVE DIRECTORS*

Mr. Huang Zhiqun (*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 Zhiqun  
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*

17/F, Far East Finance Centre  
16 Harcourt Road,  
Hong Kong

## INDEPENDENT AUDITOR

McMillan Woods (Hong Kong) CPA Limited

## LEGAL ADVISOR

Chiu & Partners

## PRINCIPAL BANKS

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

The Group is principally engaged in sale electronic component products (the “**Electronic Component Business**”) for the six months ended 30 June 2024 (“**Interim Period**”). As the Group focused more on its Electronic Component Business, there was no sale of health-care products in the Interim Period. The Group will continue to keep track of the latest market demand and supply trend in order to optimise its product mix and business strategies.

### *ELECTRONIC COMPONENT BUSINESS*

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

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

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

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

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

## Management Discussion and Analysis

### FINANCIAL REVIEW

#### *REVENUE AND GROSS PROFIT*

During the Interim Period, all the Group's revenue derived from the Electronic Component Business, which contributed approximately HK\$307.0 million (six months ended 30 June 2023 ("**Prior Period**"): approximately HK\$339.9 million) and recorded a gross profit of approximately HK\$42.9 million (Prior Period: gross loss of approximately HK\$6.4 million). The drop in revenue was mainly due to the decline in sales volume. This decline was primarily driven by the intense competition in the market, which put pressure on the Group's sales volume.

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

#### *OTHER LOSSES, NET*

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

#### *RESULTS*

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

### FUTURE PROSPECTS

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

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

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



## Management Discussion and Analysis

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

### WORKING CAPITAL AND INVENTORY CONTROL

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

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

#### *INVENTORY CONTROL*

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

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

#### *PREPAYMENT FOR INVENTORY PURCHASE*

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

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

### LIQUIDITY AND FINANCIAL RESOURCES

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

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

## Management Discussion and Analysis

### CHARGE OF ASSETS

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

### FOREIGN EXCHANGE EXPOSURE

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

### SHARE CONSOLIDATION

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

### LITIGATIONS

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

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

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

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

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



## Management Discussion and Analysis

### CONTINGENT LIABILITIES

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

### EVENTS AFTER REPORTING PERIOD

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

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

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

### INTERIM DIVIDEND

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



# Corporate Governance and Other Information

## DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, 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 C3 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 (Note 1)	Percentage of shareholding (Note 4)
Mr. Huang Zhiqun	Interest in a controlled corporation, parties acting in concert (Note 2)	89,248,577	L S	52.67%
	Beneficial owner	169,000	L	0.10%
Mr. Lim Tzea	Interest in a controlled corporation, parties acting in concert (Note 2)	89,248,577	L S	52.67%
	Beneficial owner (Note 3)	169,000	L	0.10%

#### Notes:

- The letter “L” denotes long position in the Shares. The letter “S” denotes short position in the Shares.
- These 89,248,577 Shares were beneficially owned by Explorer Rosy Limited (“Explorer Rosy”) as at 30 June 2024. As at 30 June 2024, 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 2024, 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 2024, these 89,248,577 Shares were pledged in favour of Yunnan International Supply Chain Limited.
- 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.
- As at 30 June 2024, the number of issued Shares were 169,445,000.



## 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 2024, 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.

### CONTROLLING SHAREHOLDERS

As at 30 June 2024, 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 (Note 1)	Percentage of shareholding
Explorer Rosy	Beneficial owner	89,248,577	L S	52.67%
Great Prosperous	Interest in a controlled corporation, parties acting in concert (Note 2)	89,248,577	L S	52.67%
Thousands Beauties	Interest in a controlled corporation, parties acting in concert (Note 3)	89,248,577	L S	52.67%
Noble Stand	Interest in a controlled corporation, parties acting in concert (Note 3)	89,248,577	L S	52.67%
Sparkling Rock	Interest in a controlled corporation, parties acting in concert (Note 2)	89,248,577	L S	52.67%
Ms. Chong Siew Hoong (張曉紅)	Interest of spouse (Note 4)	89,248,577	L S	52.67%
	Interest of spouse (Note 4)	169,000	L	0.10%
Yunnan Provincial Energy Investment Group Co., Ltd.	Having a security interest in shares (Note 5)	89,248,577	L	52.67%
Yunnan Energy Investment (HK) Co., Limited	Having a security interest in shares (Note 5)	89,248,577	L	52.67%
Yunnan International Supply Chain Limited	Having a security interest in shares (Note 5)	89,248,577	L	52.67%
Yunnan International Holding Group Limited	Having a security interest in shares (Note 5)	89,248,577	L	52.67%
Mr. Alan CW Tang	Joint and several receivers (Note 6)	89,248,577	L	52.67%
Ms. Hou Chung Man	Joint and several receivers (Note 6)	89,248,577	L	52.67%
SHINEWING SAS (Nominee Services) No. 3 Limited	Receivers (Note 6)	89,248,577	L	52.67%

\* Adjusted as a result of the Share Consolidation.

#### 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 Zhiquan, while each of Thousands Beauties and Noble Stand was wholly and beneficially owned by Mr. Lim Tzea. As Mr. Huang Zhiquan 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 2024, 89,248,577 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 2024, Ms. Hou Chung Man and Mr. Alan CW Tang were appointed as the joint and several receivers over 89,248,577 Shares, while SHINEWING SAS (Nominee Services) No. 3 Limited was jointly controlled by Ms. Hou Chung Man and Mr. Alan CW Tang in their capacity as receivers.
7. As at 30 June 2024, the number of issued Shares were 169,445,000.

Save as disclosed above, as at 30 June 2024, 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 2024, 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 adopted a share option scheme (the “**Old Scheme**”) for a period of 10 years commencing 9 June 2014, which was expired on 9 June 2024. Upon expiry of the Old Scheme, no further option can be granted thereunder, but its provisions shall remain in force and effect to the extent necessary to give effect to the exercise of any options granted thereunder prior to its expiry which remain outstanding, and the exercise of such options shall be subject to and in accordance with the terms on which they were granted, the provisions of the Old Scheme and the Listing Rules.

The Company’s new share option scheme (the “**New Scheme**”) was adopted for a period of 10 years commencing 27 June 2024 (which will expire on 27 June 2034) pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 27 June 2024 for the purpose of (i) providing incentives or rewards to eligible participants for their contribution to the growth and development of the Group; (ii) attracting and retaining personnel to promote the sustainable development of the Group; and (iii) aligning the interest of the grantees with those of the Shareholders to promote the long-term financial and business performance of the Company.

Under the New Scheme, the Company may grant options to selected employees and directors of the Company and its subsidiaries, holding companies, fellow subsidiaries or associated companies, to subscribe for Shares.

## Corporate Governance and Other Information

The total number of Shares in respect of which options and awards may be granted under the New Scheme and any other share scheme is not permitted to exceed 10% of the number of Shares in issue as at the date of approval of the New Scheme. The number of shares issued and to be issued in respect of which options or awards granted and may be granted to any individual (excluding any options and awards lapsed in accordance with the New Scheme or other share scheme) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of Shares in issue must be separately approved by the Company's shareholders, with such grantee and this close associates abstaining from voting. Options granted to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed grantee of the options or awards). Options granted to an independent non-executive Director or a substantial shareholder or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the New Scheme or any other relevant share scheme(s)) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such grant of options or awards must be approved by the Shareholders in general meeting. The Grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

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 highest 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 business days immediately preceding the date of the offer; and (iii) the nominal value of the Shares, where applicable.

During the Interim Period, the Company did not grant any share options under the New Scheme. The following table lists out the details of the movement in the options granted and outstanding under the Old Scheme during the Interim Period:

Type of participant	Date of grant	Exercisable period	After Adjusted exercise price (Note)	Number of options (thousands)				Adjustment (Note)	Outstanding as at 30 June 2024
				Outstanding as at 1 January 2024	Exercised during Interim Period	Cancelled during Interim Period	Lapsed during Interim Period		
Director:									
Mr. Lim Tzea	12 June 2020	1 July 2020 to 30 June 2025	HK\$1.21	845	-	-	-	(761)	84
	12 June 2020	1 July 2021 to 30 June 2025	HK\$1.21	845	-	-	-	(760)	85
A shareholder of one customer	3 July 2020	3 July 2020 to 2 July 2025	HK\$1.27	8,463	-	-	-	(7,617)	846
	3 July 2020	3 July 2021 to 2 July 2025	HK\$1.27	8,462	-	-	-	(7,616)	846
				18,615	-	-	-	(16,754)	1,861

Note: Adjusted as a result of Share Consolidation.



## Corporate Governance and Other Information

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

Prior to the expiry of the Old Scheme, the number of share options available for grant under the mandate of the Old Scheme was 98,960,500 as at both 1 January 2024 and 30 June 2024. On the other hand, the number of share options available for grant under the mandate of the New Scheme was 16,944,500 as at 27 June 2024 (i.e. the date of the New Scheme becoming effective) and 30 June 2024. The total number of Shares available for issue under the New scheme represented approximately 10% of the Company's issued share capital as at the date of this interim report. During the Interim Period, (i) no outstanding share options were exercised, cancelled or lapsed; and (ii) the Company did not grant any share options.

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

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the code of conduct rules (the "**Model Code**") regarding securities transactions by Directors on terms no less exactly than the required standard set out in the Model Code for Securities Transactions by the Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, and that having made specific enquiry to all Directors, the Company confirms that all Directors have complied with the Model Code.

### AUDIT COMMITTEE

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

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

## Corporate Governance and Other Information

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

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

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

Hong Kong, 22 August 2024



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

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	4	306,970	339,899
Costs of sales		(264,074)	(346,318)
Gross profit/(loss)		42,896	(6,419)
Other income	5	102	48
Other losses, net	6	(19,868)	(99,185)
Selling and distribution costs		(168)	(8)
Administrative expenses		(7,406)	(6,528)
Finance costs	7	(8)	(26)
Operating profit/(loss) before income tax	8	15,548	(112,118)
Income tax expense	9	-	-
Profit/(loss) for the period attributable to owners of the Company		15,548	(112,118)
Other comprehensive income			
Exchange differences arising on translation of foreign operation		147	18
Total comprehensive income/(loss) for the period and total comprehensive income/(loss) attributable to owners of the Company		15,695	(112,100)
			(restated)
Earnings/(loss) per share			
– basic	11	9.18 cents	(66.2 cents)
– diluted	11	9.18 cents	N/A



# Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	<i>Notes</i>	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	25,257	26,465
Total non-current assets		25,257	26,465
<b>Current assets</b>			
Inventories		375,270	329,785
Trade and other receivables	13	122,352	102,342
Cash at bank		2,387	19,525
Total current assets		500,009	451,652
<b>Total assets</b>		<b>525,266</b>	<b>478,117</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	15	67,778	67,778
Reserves		332,031	316,336
<b>Total equity</b>		<b>399,809</b>	<b>384,114</b>



## Condensed Consolidated Statement of Financial Position

As at 30 June 2024

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

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance as at 1 January 2024 (audited)	67,778	246	8,249	(16)	1,407	306,450	384,114
Income and total comprehensive income for the period	-	-	-	-	-	15,548	15,548
Exchange differences arising from translation of foreign operations, net of nil tax	-	-	-	147	-	-	147
<b>Balance as at 30 June 2024 (unaudited)</b>	<b>67,778</b>	<b>246</b>	<b>8,249</b>	<b>131</b>	<b>1,407</b>	<b>321,998</b>	<b>399,809</b>
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
<b>Balance as at 30 June 2023 (unaudited)</b>	<b>67,778</b>	<b>246</b>	<b>8,249</b>	<b>(112)</b>	<b>3,881</b>	<b>244,563</b>	<b>324,605</b>



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Net cash (used in)/generated from operating activities	(16,758)	7,895
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(8)	–
Net cash (used in) investing activities	(8)	–
<b>Cash flows from financing activities</b>		
Principle element of lease payment	(364)	(346)
Interest element of lease payment	(8)	(26)
Net cash (used in) financing activities	(372)	(372)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(17,138)</b>	<b>7,523</b>
Cash and cash equivalents at beginning of the period	19,525	1,642
Cash and cash equivalents at end of the period	2,387	9,165

# 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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) except for the adoption of new and amended standards as disclosed in Note 3.



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

The Group has adopted the following amendments Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these Financial Statements.

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

The application of the above amendments HKFRSs in the current period has had no material impact on the Group's results and financial position.

### 4. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports reviewed by the chief operating decision makers, which are the executive Directors, for the purpose of allocating resources to the segments and to assess their performance which focus on the sale of different types of products from different business lines.

Specifically, the Group's reportable and operating segments have been identified as follows:

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

## 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 components HK\$'000	Health-care products HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2024 (unaudited)</b>			
Segment revenue	306,970	–	306,970
Cost of sales	(264,074)	–	(264,074)
Segment result	42,896	–	42,896
<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)

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
<b>Segment results</b>	42,896	(6,419)
<b>Unallocated</b>		
Other income	102	48
Other (losses), net	(19,868)	(99,185)
Selling and distribution expenses	(168)	(8)
Administrative expenses	(7,406)	(6,528)
Finance costs	(8)	(26)
Profit/(loss) before income tax	15,548	(112,118)

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 profit/(loss) of each segment without allocation of other income, other losses, net, selling and distribution expenses, administrative expenses and finance costs. This is the measure reported to the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment.

### 5. OTHER INCOME

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Interest income from bank deposits	9	3
Interest income from loan receivables	93	45
	<b>102</b>	<b>48</b>

### 6. OTHER LOSSES, NET

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



## Notes to the Consolidated Financial Statements

### 7. FINANCE COSTS

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

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

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



## Notes to the Consolidated Financial Statements

### 9. INCOME TAX EXPENSE

#### *(I) HONG KONG PROFITS TAX*

Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) on the estimated assessable profit. No provision for Hong Kong Profits Tax has been made for the Company and the subsidiaries incorporated in Hong Kong as they have no assessable profits or sufficient tax losses brought forward to set off estimated assessable profits in both current and prior periods.

#### *(II) PRC ENTERPRISE INCOME TAX*

The subsidiaries established in the People's Republic of China ("**PRC**") are subject to PRC Enterprise Income Tax ("**EIT**") rate of 25% (2023: 25%) during the Interim Period.

No provision for PRC EIT has been made as the subsidiaries established in the PRC have estimated tax losses for both current and prior periods.

#### *(III) INCOME TAX FROM OTHER TAX JURISDICTIONS*

Pursuant to the income tax rules and regulations, the Group is not subject to income tax in the jurisdictions of the Cayman Islands and the BVI.

### 10. DIVIDENDS

No dividend has been proposed by the Directors during the six months ended 30 June 2024 and subsequent to the end of the reporting period.

## Notes to the Consolidated Financial Statements

### 11. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
<b>Earnings/(loss)</b>		
Profit/(loss) attributable to owners of the Company	15,548	(112,118)

	Six months ended 30 June	
	2024 ( <i>'000</i> )	2023 ( <i>'000</i> ) (restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	169,445	169,445*

\* The weighted average number of ordinary shares for the six months ended 30 June 2023 has been retrospectively adjusted to reflect the Share Consolidation.

Diluted earnings per share is the same amount as the basic earnings per share for the six months ended 30 June 2024 because the exercise of the outstanding share options would be anti-dilutive.

The computation of diluted loss per share for the six months ended 30 June 2023 does not assume the exercise of outstanding share options of the Company since their assumed exercise would result in a decrease in loss per share.

### 12. PROPERTY, PLANT AND EQUIPMENT

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



## Notes to the Consolidated Financial Statements

### 13. TRADE AND OTHER RECEIVABLES

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

*Notes:*

**(A) Loan receivables**

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

**(B) Prepayment for inventory purchase**

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

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

## Notes to the Consolidated Financial Statements

### 14. TRADE AND OTHER PAYABLES

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

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

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

### 15. PROVISION

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



## Notes to the Consolidated Financial Statements

### 16. SHARE CAPITAL

	Nominal value per share	Number of shares (thousands)	Amount HK\$'000
Ordinary shares			
Authorised:			
At 1 January 2023 and 31 December 2023	0.04	5,000,000	200,000
Adjustment on Share Consolidation		(4,500,000)	–
At 30 June 2024	0.40*	500,000	200,000
Issued and fully paid:			
At 1 January 2023 and 31 December 2023	0.04	1,694,450	67,778
Adjustment on Share Consolidation		(1,525,005)	–
At 30 June 2024	0.40*	169,445	67,778

\* Adjusted as a result of Share Consolidation.

## Notes to the Consolidated Financial Statements

### 17. SHARE-BASED PAYMENT TRANSACTIONS

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

	Average exercise price in HK\$ per share option	Number of share options (thousands)
At 1 January 2024	0.126	18,615
Adjustment on Share Consolidation		(16,754)
At 30 June 2024	1.26*	1,861

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

Grant date	3 July 2020	12 June 2020
Fair value per option on grant date	HK\$0.671*/	HK\$0.646*/
	HK\$0.830*	HK\$0.816*
Share price on grant date	HK\$1.23*	HK\$1.21*
Exercise price	HK\$1.27*	HK\$1.21*
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

\* Adjusted as to reflect the Share Consolidation.

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.