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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)

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Qianhai Health Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 (the “**Year**”), together with the comparative figures for the corresponding year ended 31 December 2023 (the “**Prior Year**”) as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>	3	<b>519,699</b>	961,291
Cost of sales		<u>(490,029)</u>	<u>(996,894)</u>
<b>Gross profit/(loss)</b>		<b>29,670</b>	(35,603)
Other income	4	<b>243</b>	69
Other losses, net	5	<b>(12,828)</b>	(548)
(Provision)/reversal of loss allowance for expected credit losses on trade receivables, net		<b>(258)</b>	171
Selling and distribution expenses		<b>(185)</b>	(142)
Administrative expenses		<b>(15,308)</b>	(16,609)
Finance cost	6	<u><b>(23)</b></u>	<u>(43)</u>
<b>Profit/(loss) before income tax</b>		<b>1,311</b>	(52,705)
Income tax	7	<u><b>–</b></u>	<u>–</u>
<b>Profit/(loss) for the year attributable to owners of the Company</b>		<u><b>1,311</b></u>	<u>(52,705)</u>
		<b>HK cent</b>	<b>HK cents</b> (Restated)
<b>Earnings/(loss) per share</b>			
Basic and diluted	8	<u><b>0.77</b></u>	<u>(31.10)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
<b>Profit/(loss) for the year</b>	9	<u>1,311</u>	<u>(52,705)</u>
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		<u>145</u>	<u>114</u>
<b>Total comprehensive income/(loss) for the year attributable to owners of the Company</b>		<u><u>1,456</u></u>	<u><u>(52,591)</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment		<u>21,154</u>	<u>26,465</u>
<b>Current assets</b>			
Inventories		188,751	329,785
Trade and other receivables	11	174,146	102,342
Cash at bank		<u>23,258</u>	<u>19,525</u>
<b>Total current assets</b>		<u>386,155</u>	<u>451,652</u>
<b>Total assets</b>		<u><u>407,309</u></u>	<u><u>478,117</u></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		67,778	67,778
Reserves		<u>317,792</u>	<u>316,336</u>
<b>Total equity</b>		<u><u>385,570</u></u>	<u><u>384,114</u></u>

	<i>Note</i>	<b>2024</b> <b><i>HK\$'000</i></b>	2023 <i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Lease liabilities		<u>424</u>	<u>–</u>
<b>Current liabilities</b>			
Other payables and accruals	12	2,305	1,317
Provision	13	18,400	92,199
Lease liabilities		<u>610</u>	<u>487</u>
<b>Total current liabilities</b>		<u>21,315</u>	<u>94,003</u>
<b>Total liabilities</b>		<u><u>21,739</u></u>	<u><u>94,003</u></u>
<b>Total equity and liabilities</b>		<u><u>407,309</u></u>	<u><u>478,117</u></u>
<b>Total assets less current liabilities</b>		<u><u>385,994</u></u>	<u><u>384,114</u></u>
<b>Net assets</b>		<u><u>385,570</u></u>	<u><u>384,114</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 1 GENERAL INFORMATION

Qianhai Health Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) are principally engaged in sale of health-care products and food, and electronic components products.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 18 August 2011 under the Companies Law, 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 “**BVI**”). The ultimate beneficial owners of Explorer Rosy are Mr. Huang Zhiquan and Ms. Huang Jinglin. 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, Hong Kong. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated. The consolidated financial statements have been approved for issue by the board of directors of the Company on 24 March 2025.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

### 2.1 Basis of preparation

#### (a) *Compliance*

The consolidated financial statements of the Company have been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term include all applicable individual HKFRS Accounting Standards, Hong Kong Accounting Standards (“**HKASs**”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), and the disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange.

**(b) *Historical cost convention***

The consolidated financial statements have been prepared on a historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique.

**(c) *Amendments to standards adopted by the Group***

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024, for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease liability in a sale leaseback
Amendments to HKAS 1	Classification of liabilities as current or non-current and the related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current liabilities with covenants
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements
Hong Kong Interpretation 5 (Revised)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause

The application of the amendments to HKFRS Accounting Standards in the current year had no material impact on the Group's financial position and performance for the current and prior year and/or the disclosures set out in these consolidated financial statements.

**(d) New Standard and Amendments to Standards Not Yet Effective**

The Group has not applied any new and amendments to standards that have been issued but are not yet effective for the financial year beginning 1 January 2024. The new and amendments to standards include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 21 and HKFRS 1 Lack of exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 Classification and measurement of financial instruments	1 January 2026
Annual improvements to HKFRS Accounting Standards - Volume 11	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 Contracts referencing nature-dependent electricity	1 January 2026
HKFRS 18 Presentation and disclosure in financial statements	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or contribution of assets between an investor and its associate or joint venture	<i>To be determined by the HKICPA</i>
Amendments to HK Int 5 – Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2027

The directors of the Company are in the process of making an assessment of what the impacts of these new and amendments to standards are expected to be in the period of initial application. Except for below, the new and amendments to standards are unlikely to have significant impact on the consolidated financial statements.

*HKFRS 18 “Presentation and Disclosure in Financial Statements”*

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

**3. REVENUE AND SEGMENT INFORMATION**

**(a) Revenue**

Revenue from contracts with customers within the scope of HKFRS15 represents the sale value of health-care products and food and electronic component products supplied to customers, which is recognised at a point in time.

**(b) 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) Health-care products and food: sale of health-care products (including Chinese herbal medicines and other health-care drinks); and
- (ii) Electronic component products: sale of information technology components 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 chip; and other electronic components).

The following is an analysis of the Group's revenue from contracts with customers and segment results:

	<b>Electronic component products HK\$'000</b>	<b>Health-care products and food HK\$'000</b>	<b>Total HK\$'000</b>
<b>Year ended 31 December 2024</b>			
Segment revenue	<b>519,699</b>	–	<b>519,699</b>
Cost of sales	<b>(490,029)</b>	–	<b>(490,029)</b>
Segment results	<b>29,670</b>	–	<b>29,670</b>

	Electronic component products <i>HK\$'000</i>	Health-care products and food <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2023</b>			
Segment revenue	954,134	7,157	961,291
Cost of sales	<u>(989,912)</u>	<u>(6,982)</u>	<u>(996,894)</u>
Segment results	<u><u>(35,778)</u></u>	<u><u>175</u></u>	<u><u>(35,603)</u></u>
		<b>2024</b>	<b>2023</b>
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Segment results</b>		<b>29,670</b>	<b>(35,603)</b>
<b>Unallocated</b>			
Other income		<b>243</b>	<b>69</b>
Other losses, net		<b>(12,828)</b>	<b>(548)</b>
(Provision)/reversal of loss allowance for			
ECLs on trade receivables, net		<b>(258)</b>	<b>171</b>
Selling and distribution expenses		<b>(185)</b>	<b>(142)</b>
Administrative expenses		<b>(15,308)</b>	<b>(16,609)</b>
Finance cost		<u><b>(23)</b></u>	<u><b>(43)</b></u>
Profit/(loss) before income tax		<u><u><b>1,311</b></u></u>	<u><u><b>(52,705)</b></u></u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the years ended 31 December 2024 and 2023.

Segment result during the year represents the gross profit/(loss) of each segment without allocation of other income, other losses, net, (provision)/reversal of loss allowance for ECLs on trade receivable, net, selling and distribution expenses, administrative expenses and finance cost. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

### ***Segment assets and liabilities***

No segment assets and segment liabilities and other segment information are presented as such amounts are not reviewed by the chief operating decision makers for the purpose of resource allocation and performance assessment or otherwise regularly provided to the chief operating decision makers.

### ***Geographical information***

No geographical segment information is presented as the Group's revenue is all derived from Hong Kong based on the location of goods delivered for control passed to the customers.

No geographical segment information is presented as the Group's non-current asset is entirely located in Hong Kong.

## **4. OTHER INCOME**

	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Interest income from bank deposits	<b>19</b>	15
Interest income from loans advanced to independent third parties (Note)	<u><b>224</b></u>	<u>54</u>
	<u><b>243</b></u>	<u>69</u>

*Note:* The interest income represents interest received from a short-term loan with a fixed interest rate of 5% (2023: 0.33%) per annum.

## **5. OTHER LOSSES, NET**

	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Gain on disposal of subsidiaries	<b>51,903</b>	–
Impairment losses on property, plant and equipment	<b>(4,154)</b>	–
Exchange losses, net	<b>(177)</b>	(1,546)
(Provision)/reversal of provision for onerous contracts	<u><b>(60,400)</b></u>	<u>998</u>
	<u><b>(12,828)</b></u>	<u>(548)</u>

## 6. FINANCE COST

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expenses on lease liabilities	<u>23</u>	<u>43</u>

## 7. INCOME TAX

### (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 have sufficient tax losses brought forward to set off against the estimated assessable profits for the current and prior years.

### (ii) PRC Enterprise Income Tax

The subsidiary established in the PRC is subject to the PRC Enterprise Income Tax (“EIT”) rate of 25% (2023: 25%) during the year ended 31 December 2024. No provision for PRC EIT has been made as the subsidiary established in the PRC has estimated tax losses for both current and prior years.

### (iii) Income tax from other tax jurisdictions

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

## 8. EARNINGS/(LOSS) PER SHARE

### (a) Basic

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

	2024 HK\$'000	2023 HK\$'000
Profit/(Loss) for the year attributable to owners of the Company	<u>1,311</u>	<u>(52,705)</u>
		(Restated)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share (in thousands)	<u>169,445</u>	<u>169,445*</u>

\* The weighted average number of ordinary shares of the Company in issue during the year ended 31 December 2023 was adjusted to reflect the effect of the share consolidation on 20 May 2024.

### (b) Diluted

Diluted earnings/(loss) per share is the same amount as the basic earnings/(loss) per share for both years ended 31 December 2024 and 2023 because the Company's outstanding share options during the years ended 31 December 2024 and 2023 do not give rise to any dilution effect.

## 9. PROFIT/(LOSS) FOR THE YEAR

	2024 HK\$'000	2023 HK\$'000
Profit/(loss) for the year has been arrived at after charging:		
Auditor's remuneration	850	950
Cost of inventories sold	490,029	996,894
Employee benefit expense	6,568	6,447
Depreciation of property, plant and equipment	2,400	2,433
Short-term lease expenses	<u>572</u>	<u>—</u>

## 10 DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend in respect of the years ended 31 December 2024 and 2023.

## 11. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables, net of loss allowance ( <i>Note A</i> )	98,746	–
Prepayments for inventory purchase ( <i>Note B</i> )		
– electronic component products	43,161	102,001
– health-care product and food	27,413	–
Other prepayments	4,576	171
Deposits	250	170
	75,400	102,342
Total trade and other receivables	174,146	102,342

*Notes:*

### (A) Trade receivables

The Group generally grants credit periods ranging from 60 to 180 days (2023: 60 to 120 days) to its customers. Before accepting any new customer, the Group internally assesses the potential customer's credit quality and define an appropriate credit limit. 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 – 30 days	78,732	–
31 – 60 days	20,014	–
	98,746	–

**(B) Prepayment for inventory purchase**

The balance of prepayment mainly represents several non-refundable deposits placed with the suppliers of the Group for both electronic component products and health-care products and food. For each individual purchase order placed with the suppliers, the Group was required to pay an upfront prepayment of the purchase price of the products. 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 to determine if provision for onerous contracts is necessary. For details, please refer to Note 13 to this announcement.

As at 31 December 2024, balances of HK\$4,575,000 (2023: Nil) and HK\$141,907,000 (2023: HK\$102,001,000) were included in trade and other receivables and denominated in RMB and US\$ respectively and are foreign currencies, other than functional currencies of entities within the Group.

**12. OTHER PAYABLES AND ACCRUALS**

	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Accruals	<b>2,300</b>	1,313
Other payables	<u><b>5</b></u>	<u>4</u>
	<u><b>2,305</b></u>	<u>1,317</u>

As at 31 December 2024, included in other payables and accruals is the balances of HK\$5,000 (2023: HK\$4,000) denominated in RMB which is a foreign currency, other than functional currencies of entities within the Group.

### 13. PROVISION

Provision was made for onerous contracts for purchasing electronic components. The Group entered into several purchase contracts with suppliers for purchasing electronic components which the Group is contractually obligated to purchase an agreed quantity of electronic components at a pre-determined unit price. Given the market price of these electronic components decreased after the placement of the relevant purchase orders, the estimated unavoidable cost of meeting the obligations under such contracts 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.

Movements of the provision under onerous contracts are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 January	92,199	93,197
Provision/(reversal of provision) for the year	60,400	(998)
Derecognised upon disposal of subsidiaries	<u>(134,199)</u>	<u>–</u>
At 31 December	<u><b>18,400</b></u>	<u><b>92,199</b></u>



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in sale of electronic component products (the “**Electronic Component Business**”) for the Year. As the Group focused more on its Electronic Component Business, there was no sale of health-care products and food in the Year. 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

The Group is a distributor of semiconductors and other electronic components, and is engaged in the supply of digital storage 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)) and general electronic components. It focuses on identifying, sourcing, selling and distributing quality electronic components produced by branded upstream manufacturers.

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 relationships with the Directors. The Group’s suppliers are mainly electronic components distributors and corporations specialising in electronics and information technology.

In 2024, the electronic components industry experienced a challenging year filled with significant transitions as it strives for recovery and stabilisation. The introduction of artificial intelligence (AI) implemented into smartphones and personal computers has become the new engines that drive the development of consumer electronics, which led to a rise of demand and prices of the ICs and NAND flash wafer in the first half of 2024. However, such demand in the first half of 2024 is not expected to significantly accelerate the industry’s recovery as there has been fluctuation in price of the ICs and NAND flash wafer in the second half of 2024, resulting in a decline in price overall during the Year.

During the Year, the Group has adopted a diversified strategy to better cope with the impact of industry fluctuations, promote product structure optimisation and supply chain optimisation, and achieve stable business operations. Gross profit margin for the Year was 5.7% (2023: gross loss of 3.7%), the turnaround was mainly due to the Group’s strategic shift towards selling higher-margin products and the rebound in product prices in the first quarter of 2024.

## **FINANCIAL REVIEW**

### **Revenue and gross profit**

During the Year, all of the Group's revenue derived from the Electronic Component Business amounted to approximately HK\$519.7 million (2023: approximately HK\$961.3 million) and recorded a gross profit of approximately HK\$29.7 million (2023: gross loss of approximately HK\$35.8 million). The decrease 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 experienced a rebound in the first quarter of 2024, resulting in a turnaround from a gross loss to a gross profit during the Year.

### **Other losses, net**

Other losses for the Year mainly consisted of (i) additional provisions for onerous contracts of approximately HK\$60.4 million, as a result of the Group being contractually obligated to procure certain electronic components, while the Group has unavoidable costs of meeting the obligations under such contracts that exceed the economic benefits expected to be received from such contracts; (ii) impairment loss on property, plant and equipment of approximately HK\$4.2 million; and net of (iii) gain on disposal of wholly-owned subsidiaries of approximately HK\$51.9 million.

### **Results**

Overall, the Group recorded a profit attributable to owners of the Company of approximately HK\$1.3 million during the Year, as compared with that of a loss of approximately HK\$52.7 million in the Prior Year.

## **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 18.1 times as at 31 December 2024 (2023: approximately 4.8 times). As at 31 December 2024, the Group's total assets amounted to approximately HK\$407.3 million (2023: approximately HK\$478.1 million). The Group's gearing ratio, calculated on the basis of total liabilities of approximately HK\$21.7 million (2023: approximately HK\$94 million) divided by total assets, was at a low level of about 5.3% (2023: 19.7%).

As at 31 December 2024, the equity attributable to owners of the Company amounted to approximately HK\$385.6 million (2023: approximately HK\$384.1 million) and was equivalent to an amount of approximately HK2.3 cents (2023: restated HK2.3 cents) per share of the Company.

### **Inventory**

As at 31 December 2024, the Group held inventories of approximately HK\$188.7 million (2023: HK\$329.8 million, net of provision for inventory of HK\$7.1 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. 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.

### **Prepayment for inventory purchase**

Prepayment for inventory purchase amounted to approximately HK\$70.6 million as at 31 December 2024 (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 purchase order, the Group is required to make a deposit of 15-30% of the purchase price within three business days after placing the order. The remaining balance, along with the deposit, is paid prior to the delivery of the products. The prepayment does not involve any interest or collateral. Upon receipt of the products, the prepayment made by the Group is recognised as inventory cost.

To the best of the Directors' knowledge, based on reasonable inquiries, the entity that we prepaid for inventory purchase and its ultimate beneficial owners are not affiliated with the Company and are independent of the Directors, chief executive, substantial shareholders, and associates of the Company and its subsidiaries.

The Group's management conducts regular evaluations of its suppliers (such as reputation, delivery track records and quality control measures, etc.), assessing their ability to fulfill delivery agreements.

## **Trade receivables**

As at 31 December 2024, trade receivables amounted to approximately HK\$98.7 million (2023: Nil). During the Year, a loss allowance for expected credit losses (“ECL”) on trade receivables of approximately HK\$0.3 million (2023: nil) was recognised. The Group would grant credit terms to its customers ranged between 60 to 180 days. The Group would perform periodic assessment on the impairment of trade receivables based on information including credit risk characteristics of each customer and settlement records, subsequent settlement status, expected timing and amount of recovering outstanding balances, and on-going trading relationships with the relevant customers and forward-looking information that may impact its customers’ abilities to repay the outstanding trade receivables in order to estimate the ECL.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The principal sources of funds for the Group are through internally generated cash flows. As at 31 December 2024, cash and cash equivalents of the Group amounted to approximately HK\$23.3 million (2023: approximately HK\$19.5 million).

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

## **CHARGE OF ASSETS**

As at 31 December 2024, certain land and buildings of the Group, with a total carrying value of approximately HK\$20.1 million (2023: HK\$25.3 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.

## **DISPOSAL OF SUBSIDIARIES**

On 28 November 2024, the Group disposed of its entire interests in Huge Hope Holdings Limited, a company incorporated in the BVI, and its subsidiary (collectively the “**Huge Hope Group**”) to an independent third party. Upon completion of such disposal, Huge Hope Group was no longer a subsidiary of the Company. For further details, please refer to the announcements of the Company dated 6 December 2024 and 20 December 2024.

## 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. Please refer to the announcement of the Company dated 17 April 2024 and the circular of the Company dated 29 April 2024 for details.

## LITIGATION

- (i) During the Year, one of a disposed subsidiaries 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). The Notice was related to a contractual dispute among such disposed subsidiary, its supplier (the “**Supplier**”) in relation to alleged unfulfillment of payment obligation under certain purchase contracts and a guarantee letter. For details, 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 in the consolidated statement of profit and loss for the Year. Such provision was derecognised upon completion of the disposal of such subsidiary.
- (ii) There is a legal action from a supplier (the “**Plaintiff**”) against a disposed subsidiary of the Company and the Company, for a total sum of CAD2.8 million (approximately HK\$16.8 million) being an alleged outstanding payment owed to the Plaintiff. The management considers the counterclaim by the Plaintiff against the Company is lacking substantiation and evidence in support. The management is in the process of seeking legal advice. The Directors do not consider the outcome of any of these claims to have any material adverse impact on the Group’s financial position as a whole. As such, no provision has been made in these consolidated financial statements for the Year.

The Company is currently seeking legal advice on the above matter. 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 such proceedings as and when appropriate.

## **FINAL DIVIDEND**

The Board does not recommend a payment of final dividend for the Year (2023: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2024, we had a total of 16 employees. The Company determines employee salaries based on each employee's qualifications, position and seniority. The Group has established an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotions. The emoluments of the Directors are decided by the Board after recommendation from the remuneration committee of the Company, having considered the factors such as the Group's financial performance, the achievement of special targets and the individual performance of the Directors, etc.. Apart from mandatory provident fund and medical insurance, the Company has adopted a share option scheme under which share options may also be awarded to the Directors and eligible employees as an incentive with reference to the assessment of individual performance. The Board believes that the Group maintains an amicable relationship with the employees.

## **SHARE OPTION SCHEME**

The share option scheme was adopted by the Company on 27 June 2024 ("**Share Option Scheme**") and is valid for a period of 10 years from its adoption. No options have been granted under the Share Option Scheme since its adoption. Accordingly, the number of shares that may be issued in respect of share options granted under the Share Option Scheme during the Year divided by the weighted average number of Shares in issue (excluding treasury shares) during the Year was nil.

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 31 December 2024.

## **SUBSEQUENT EVENT**

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

## **FUTURE PROSPECTS**

Gradual development of advanced technologies, such as third-generation semiconductor materials, 5G technology, AI and automotive electronics, will continue to create new growth opportunities and avenues for innovation within the electronic components industry. Strong demand in the smartphone and server markets will significantly drive up memory demands. In the medium to long term, AI-powered smart devices are likely to speed up the replacement cycles for smartphones and personal computers, helping the consumer electronics market continue its recovery. The Group will optimise its product agency layout, expand its product matrix, and strengthen cooperation across the supply chain to enhance its competitive advantages. In addition, the Group will increase product sales efforts and actively source suitable investment in research and development to create its own products, improving market competitiveness and brand influence.

At the same time, 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 sourcing different kinds of health-related products and food (such as ginseng wine and other healthy food) and aims to establish the authorised distributor relationship with manufacturers.

Moving forward, 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. The Group will monitor market changes, adjust strategies as needed, plan business directions wisely, optimise product structures, enhance profitability, and improve risk resilience, all while striving to deliver better returns to investors.

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

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. The Company did not hold any treasury shares during the year ended 31 December 2024.



## 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 Year, 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. There are 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 31 December 2024 and up to the date of this results announcement, the Audit Committee comprised all three independent non-executive Directors, namely, Ms. Wu Hung Yu (Chairman of the Audit Committee), Mr. Li Wei and Mr. Leung Chun Tung.

The audited consolidated financial statements of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee together with the management and the external auditors of the Company. The Audit Committee is satisfied that such statements comply with the applicable accounting standards and that adequate disclosures have been made.



## **REVIEW OF ANNUAL RESULTS**

The Audit Committee has reviewed the accounting principles, accounting policies and standards adopted by the Group, and has discussed and reviewed the risk management and internal control and reporting matters. The Audit Committee, together with the management and the external auditor of the Company has reviewed the audited consolidated financial statements of the Group for the Year.

## **SCOPE OF WORK OF AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, McMillan Woods (Hong Kong) CPA Limited (the "**Auditors**"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements and consequently no assurance has been expressed by McMillan Woods (Hong Kong) CPA Limited on the audited annual results in this results announcement.

## **2024 ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The 2024 annual general meeting of the Company (the "**AGM**") will be held on Wednesday, 25 June 2025, and the notice of the AGM will be published and despatched to Shareholders (as required) in due course.

For the purpose of determining the Shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 20 June 2025 to Wednesday, 25 June 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong branch registrar, Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 19 June 2025.

## **PUBLICATION OF THE FINAL RESULTS AND DESPATCH OF ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange and the Company, and the annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company (as required) and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Qianhai Health Holdings Limited**  
**Huang Zhiquan**  
*Chairman*

Hong Kong, 24 March 2025

*As at the date of this announcement, the non-executive Directors are Mr. Huang Zhiquan, Mr. Chen Kaiben and Mr. Chen Qi; the executive Director is Mr. Tang Yu Yuan and Mr. Yuen Chee Lap Carl and the independent non-executive Directors are Mr. Li Wei, Mr. Leung Chun Tung and Ms. Wu Hung Yu.*