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Qianhai Health Holdings Limited

前海健康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 911)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of Qianhai Health Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2020 (“the **Period**”), together with the comparative figures for the corresponding period ended 30 June 2019 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	3	389,796	52,647
Costs of sales		(369,279)	(42,284)
Gross profit		20,517	10,363
Other income	4	28	9,960
Other (losses)/gains, net	5	(431)	901
Selling and distribution costs		(518)	(562)
Administrative expenses		(10,301)	(11,475)
Finance costs	6	(1,442)	(283)

	<i>NOTES</i>	Six months ended 30 June	
		2020	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Operating profit		7,853	8,904
Share of loss of a joint venture accounted for using the equity method		(953)	(438)
Profit before income tax	7	6,900	8,466
Income tax expense	8	–	(365)
Profit for the period and profit for the period attributable to owners of the Company		6,900	8,101
Other comprehensive expense for the period			
Exchange differences arising on translation of foreign operation		(1,705)	749
Total comprehensive income for the period and total comprehensive income attributable to owners of the Company		5,195	8,850
Earnings per share			
– basic	10	0.41 cents	0.48 cents
– diluted	10	0.41 cents	0.48 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		As at 30 June 2020 <i>HK\$'000</i> (unaudited)	As at 31 December 2019 <i>HK\$'000</i> (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		33,833	35,368
Investment property	11	–	94,800
Interests in a joint venture		111,397	113,423
Loan to a joint venture		33,000	33,600
		<u>178,230</u>	<u>277,191</u>
Total non-current assets			
Current assets			
Inventories		317,428	196,241
Trade and other receivables	12	204,624	264,113
Loan and interest receivables		–	28,546
Cash and cash equivalents		17,250	19,999
		<u>539,302</u>	<u>508,899</u>
Total current assets			
Total assets		<u>717,532</u>	<u>786,090</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		67,710	67,710
Reserves		599,898	594,703
		<u>667,608</u>	<u>662,413</u>
Total equity		<u>667,608</u>	<u>662,413</u>

		As at 30 June 2020 <i>HK\$'000</i> (unaudited)	As at 31 December 2019 <i>HK\$'000</i> (audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		<u>395</u>	<u>859</u>
Total non-current liabilities		<u>395</u>	<u>859</u>
Current liabilities			
Trade and other payables	<i>13</i>	21,941	15,970
Contract liabilities		–	31,246
Lease liabilities		940	964
Bank borrowings		<u>26,648</u>	<u>74,638</u>
		<u>49,529</u>	<u>122,818</u>
Total liabilities		<u>49,924</u>	<u>123,677</u>
Total equity and liabilities		<u><u>717,532</u></u>	<u><u>786,090</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. GENERAL AND BASIS OF PREPARATION

Qianhai Health Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) are principally engaged in sale of health-care products and electronic component 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 the 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 Guanchao 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, 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 are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2020 (the “**2020 Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard (“**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.

2. SIGNIFICANT ACCOUNTING POLICIES

The 2020 Interim 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 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The Group has adopted and applied, for the first time, the following new standards that have been issued and effective for the accounting periods beginning on 1 January 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 16	COVID-19-Related Rent Concessions (early adopted)

The adoption of the above amendments to standards did not have significant impact on the Group's accounting policies.

For those new standards, amendment to standards and interpretations which have been issued but are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group's results and financial position.

The preparation of the 2020 Interim Financial Statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

3. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports reviewed by the chief operating decision makers, who 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. The Group's reportable and operating segments have been identified as follows:

- (i) Health-care products: sale of health-care products (including Chinese herbal medicine, skin-care and other health-care products); and
- (ii) Electronic component products: sale of information technology component products (including Central Processing Units ("CPU") and semi-conductors).

The following is an analysis of the Group's revenue and results by segment:

	Sale of health-care products <i>HK\$'000</i>	Sale of electronic components <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2020			
Segment revenue	203,586	186,210	389,796
Cost of sales	<u>(195,006)</u>	<u>(174,273)</u>	<u>(369,279)</u>
Segment result	<u><u>8,580</u></u>	<u><u>11,937</u></u>	<u><u>20,517</u></u>
Six months ended 30 June 2019			
Segment revenue	52,647	–	52,647
Cost of sales	<u>(42,284)</u>	<u>–</u>	<u>(42,284)</u>
Segment result	<u><u>10,363</u></u>	<u><u>–</u></u>	<u><u>10,363</u></u>

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment results	20,517	10,363
Unallocated		
Other income	28	9,960
Other (losses)/gains, net	(431)	901
Selling and distribution expenses	(518)	(562)
Administrative expenses	(10,301)	(11,475)
Finance costs	(1,442)	(283)
Share of loss of a joint venture accounted for using the equity method	(953)	(438)
Profit before income tax	<u>6,900</u>	<u>8,466</u>

Revenue reported above represents revenue generated from external customers. There were no intersegment sales during both periods.

Segment result during the period represents the gross profit of each segment without allocation of other income, other (losses)/gains, net, selling and distribution expenses, administrative expenses, finance costs and share of loss of a joint venture accounted for using the equity method. This is the measure reported to the Group's chief operating decision maker, 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 Group's chief operating decision maker for the purpose of resource allocation and performance assessment or otherwise regularly provided to the Group's chief operating decision maker.

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.

The Group's non-current assets other than financial instruments by geographical location, which are determined by the geographical locations in which the assets are located, are as follows:

	As at 30 June 2020 <i>HK\$'000</i> (unaudited)	As at 31 December 2019 <i>HK\$'000</i> (audited)
Non-current assets		
The People's Republic of China (the "PRC")	111,903	114,104
Hong Kong	33,327	129,487
	145,230	243,591

4. OTHER INCOME

	Six months ended 30 June	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Interest income from loan receivables	–	9,302
Interest income from bank deposits	28	656
Sundry income	–	2
	28	9,960

5. OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss on disposal of investment property	(1,044)	–
Exchange gain, net	613	1,346
Realised loss on disposal of financial assets at fair value through profit or loss	–	(445)
	<hr/>	<hr/>
TOTAL	(431)	901
	<hr/> <hr/>	<hr/> <hr/>

6. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest expense on:		
– bank loans	1,405	112
– lease liabilities	37	171
	<hr/>	<hr/>
	1,442	283
	<hr/> <hr/>	<hr/> <hr/>

7. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	1,528	1,275
Expenses relating to short-term leases and other leases	487	1,513
	<hr/>	<hr/>
	1,528	1,275
	<hr/> <hr/>	<hr/> <hr/>

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong Profits Tax:		
Current period	—	365

(i) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% (2019: 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 estimate assessable profits for the current period.

(ii) PRC Enterprise Income Tax

The subsidiaries established in the PRC are subject to PRC Enterprise Income Tax (“EIT”) rate of 25% (2019: 25%) during the period.

No provision for 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 British Virgin Islands.

9. DIVIDENDS

No dividend has been proposed by the Directors during the six months ended 30 June 2020 and subsequent to the end of the reporting period.

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to owners of the Company	<u>6,900</u>	<u>8,101</u>
	Six months ended 30 June	
	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (in thousands)	<u>1,692,760</u>	<u>1,692,760</u>

Diluted earnings per share is the same amount as the basic earnings per share for the six months ended 30 June 2020 and 2019 because the exercise of the outstanding share options would be anti-dilutive.

11. INVESTMENT PROPERTY

During the period, the Group disposed of an investment property with the fair value of approximately HK\$94,800,000 at a consideration of HK\$94,800,000. A loss of disposal of such investment property, amounting to approximately HK\$1,044,000, was recognised in the profit or loss during the period.

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2020 <i>HK\$'000</i> (unaudited)	As at 31 December 2019 <i>HK\$'000</i> (audited)
Trade receivables, net of loss allowance	<u>178,213</u>	<u>254,002</u>
Loan to a joint venture	33,000	33,600
Prepayment for inventory purchase	26,000	9,202
Other prepayments	61	383
Deposits	254	437
Others	<u>96</u>	<u>89</u>
	<u>59,411</u>	<u>43,711</u>
Total trade and other receivables	237,624	297,713
Less: Non-current loan	<u>(33,000)</u>	<u>(33,600)</u>
Current portion	<u><u>204,624</u></u>	<u><u>264,113</u></u>

The Group generally grants credit periods ranging from 30 to 90 days (2019: 30 to 60 days) to its customers. Before accepting any new customer upon receipt of partial prepayment in advance, the Group internally assesses the potential customer's credit quality and defines 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:

	As at 30 June 2020 <i>HK\$'000</i> (unaudited)	As at 31 December 2019 <i>HK\$'000</i> (audited)
Within 30 days	51,847	212,301
31 to 90 days	86,104	33,495
91 to 180 days	40,262	5,990
181 days to 365 days	–	2,216
	<u>178,213</u>	<u>254,002</u>

13. TRADE AND OTHER PAYABLES

	As at 30 June 2020 <i>HK\$'000</i> (unaudited)	As at 31 December 2019 <i>HK\$'000</i> (audited)
Trade payables	<u>21,260</u>	<u>13,971</u>
Other payables		
– Accrued expenses	481	1,797
– Others	<u>200</u>	<u>202</u>
	<u>681</u>	<u>1,999</u>
Total trade and other payables	<u>21,941</u>	<u>15,970</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half year of 2020, the global economy was deeply dampened by the outbreak of the coronavirus disease (the “**COVID-19**”). Different levels of lockdown and quarantine measures that have been taken due to the outbreak of the COVID-19 around the world have significantly reduced the human flows, social activities, transportation and trading activities worldwide and directly led to sharp fall in economies and increment of unemployment. This also severely and adversely impacted the health-care products business line of the Group. In addition, the general slowdown in the growth of the global economy and international trade, and the gradual escalation of Sino-American trade friction have affected China’s economic growth. In light of that, during the Period, the Group tried to further diversify the existing product portfolio in different aspects in order to achieve a better and sustainable long-term development of the Group.

The Group continues maintaining the main business of sale of health-care products (the “**Health-care Business**”), while at the same time diversifying its businesses to expand the sale of electronic component products (the “**Electronic Component Business**”). The Group recorded an increase in the total revenue by approximately 7 times of approximately HK\$389.8 million for the Period, as compared to approximately HK\$52.6 million for the six months ended 30 June 2019 (the “**Prior Period**”). Around 52% of the revenue was generated from the Health-care Business and the remaining 48% of the revenue was generated from the Electronic Component Business (Prior Period: 100% of revenue was generated from the Health-care Business).

OUTLOOK

The COVID-19 pandemic has not yet been under control and there are still uncertainties in the worldwide economy, the Group foresees that 2020 will continue to be a very challenging and difficult year.

In view of the continuous increasing awareness in health and the aging of population in Hong Kong, the demand for health-care products has grown steadily in recent years. Meanwhile, the Group has been actively exploring opportunities to expand its product mix from time to time so to broaden the Group's income sources.

The Group will continue to conduct its review on the business activities and assets of the Group for the purpose of formulating business plan and strategies for the future business development of the Group. The current business strategies of the Group is to achieve the best use of its resources, achieve portfolio diversification and improve its overall performance. The Group has been actively looking to diversify its revenue sources in order to bring valuable returns to the shareholders of the Company (the "Shareholders") through making investments and/or acquiring business or projects that have promising outlooks and prospects, and may also consider the possibility of disposing of business, investment or assets in respect of its non-core business currently held by the Group.

FINANCIAL REVIEW

Revenue

	Revenue				Gross profit margin	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2020		2019		2019	
	<i>HK\$' million</i>	<i>%</i>	<i>HK\$' million</i>	<i>%</i>	<i>%</i>	<i>%</i>
Health-care Business	203,586	52.2	52,647	100.0	4.2	19.7
Electronic Component Business	186,210	47.8	–	–	6.4	N/A
TOTAL	389,796	100.0	52,647	100.0	5.3	19.7

Health-care Business

During the Period, the revenue generated from sale of health-care products, which includes Chinese herbal medicine, skin-care and other health-care products, of approximately HK\$203.6 million, representing approximately 3.9 times of that of the Prior Period. The positive increment was mainly due to diversification of the product portfolios. The Group introduced wider variety of products, which includes Chinese medicines and other skin care products. During the Period, profit of approximately HK\$8.6 million was generated from the Health-care Business.

Electronic Component Business

The Group commenced the Electronic Component Business after the Prior Period in 2019. The diversification of the Electronic Component Business has enabled the Group to broaden its income stream and has brought positive results to the Group. The electronic component products that the Group sells are mainly CPU and semi-conductor. During the Period, Electronic Component Business contributed a revenue of approximately HK\$186.2 million and recorded a segment profit of approximately HK\$11.9 million.

Gross Profit

Gross profit increased by approximately 2.0 times from approximately HK\$10.4 million in the Prior Period to approximately HK\$20.5 million in the Period. The gross profit margin was approximately 5.3% in the Period, as compared to that of approximately 19.7% in the Prior Period. The difference in the gross profit margin was mainly due to difference in product mix in the two periods.

Profit Attributable to Owners of the Company

The profit attributable to owners of the Company for the Period was approximately HK\$5.2 million, as compared to approximately HK\$8.9 million in the Prior Period. The decrease was mainly due to (i) a decrease in interest income from money lending business of approximately HK\$9.3 million, due to the Group's strategy to reduce its money lending activities and allocate more fund for the core businesses; and net off by an increase in revenue and gross operating margin.

WORKING CAPITAL AND INVENTORY MANAGEMENT

As at 30 June 2020, the non-current assets decreased by approximately 35.7% to approximately HK\$178.2 million, as compared with approximately HK\$277.2 million as at 31 December 2019. The decrease in non-current assets was mainly due to the disposal of an investment property during the Period. As at 30 June 2020, the Group recorded total current assets of approximately HK\$539.3 million (31 December 2019: approximately HK\$508.9 million) and total current liabilities of approximately HK\$49.5 million (2019: approximately HK\$122.8 million). The current ratio of the Group, calculated by dividing the total current assets by the total current liabilities, was approximately 10.9 times as at 30 June 2020 (31 December 2019: approximately 4.1 times). The increase in inventories by approximately 61.8% to approximately HK\$317.4 million as at 30 June 2020, as compared to that of approximately HK\$196.2 million as at 31 December 2019, was in line with the growing business during the Period.

TRADE RECEIVABLES

The trade receivables, net of loss allowance decreased by approximately 29.8% to approximately HK\$178.2 million as at 30 June 2020, as compared with approximately HK\$254.0 million as at 31 December 2019. As at 30 June 2020, a loss allowance for expected credit losses on trade receivables was approximately HK\$3.1 million (31 December 2019: approximately HK\$3.1 million), which were estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. The management of the Group regularly evaluates the Group's customers, and assesses their known financial position and the credit risks.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, cash and cash equivalents of the Group amounted to approximately HK\$17.3 million (31 December 2019: approximately HK\$20.0 million). As at 30 June 2020, the Group's borrowings amounted to approximately HK\$26.6 million (31 December 2019: HK\$74.6 million). The net debt to total asset ratio, calculated as borrowings less cash and cash equivalents divided by total assets, was approximately 0.01 (31 December 2019: 0.07).

SHARE OPTIONS SCHEME

During the Period, the Company granted 37,230,000 share options to certain Directors, for details please refer to the announcement of the Company dated 12 June 2020.

Subsequent to 30 June 2020, the Company granted 16,925,000 share options to a controlling shareholder of the Group's customer, for details please refer to the announcements of the Company dated 3 July 2020, 9 July 2020 and 3 August 2020.

FOREIGN EXCHANGE EXPOSURE

The Group faces foreign exchange risk as certain cash and cash equivalents are denominated in foreign currencies. The reporting currency is Hong Kong dollars (“**HKD**”) and the purchases of health-care products and electronic component products are mainly made in United States dollars (“**USD**”) and Canadian dollars (“**CAD**”). As a result, the Group incurred transactional and translational foreign currency gains or losses from its operations. For the Period, the Group incurred a gain of foreign exchange differences of approximately HK\$0.6 million (Prior Period: approximately HK\$1.3 million). The Board will continuously monitor the foreign exchange exposure and will consider hedging of foreign currency risk should the need arise.

CONTINGENT LIABILITIES AND CHARGE OF ASSETS

As at 30 June 2020, the Group continued to provide corporate guarantees on banking facilities granted to the Company’s subsidiaries. The amount of bank borrowings utilised by the subsidiaries as at 30 June 2020 amounted to approximately HK\$26.6 million (31 December 2019: HK\$74.6 million). Certain land and buildings and investment property of the Group, with a total carrying value of approximately HK\$29.1 million as at 30 June 2020 (31 December 2019: HK\$124.5 million), were pledged to banks as securities for bank loans of approximately HK\$26.6 million (31 December 2019: HK\$74.6 million) granted to the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2020.

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

During the Period, neither the Company, nor any of its subsidiaries 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 Period, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing (the “**Listing Rules**”) the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the code of conduct rules (the “**Model Code**”) regarding securities transactions by Directors on terms no less 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 10 to the Listing Rules, and that having made specific enquiry to all Directors, the Company confirms that all Directors have complied with the Model Code.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the unaudited condensed consolidated interim financial statements for the Period, with the Directors.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Yuen Chee Lap Carl (Chairman of the Audit Committee), Mr. Li Wei and Mr. Wu Wai Leung Danny.

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

Hong Kong, 14 August 2020

As at the date of this announcement, the non-executive Directors are Mr. Huang Guanchao and Mr. Lim Tzea; the executive Directors are Mr. Xu Keli and Mr. Lam Hin Chi and the independent non-executive Directors are Mr. Li Wei, Mr. Wu Wai Leung Danny and Mr. Yuen Chee Lap Carl.