Jinhai International Group Holdings Limited
今海國際集團控股有限公司

(Incorporated in the Cayman Islands with members' limited liability)

(Stock Code: 2225)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Jinhai International Group Holdings Limited (the "**Company**", together with its subsidiaries, "**the Group**" or "**Our Group**" or "**we**") announces the audited consolidated results of the Group for the year ended 31 December 2019 (the "**Year**" or "**FY2019**"). The issued shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange on 17 October 2017 (the "**Listing Date**" and the "**Listing**", respectively).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	**2019** **S$**	2018 S$
Revenue	*4*	**51,899,239**	47,457,263
Cost of services		**(39,515,754)**	(38,567,429)
Gross profit		**12,383,485**	8,889,834
Other income	*5*	**1,381,631**	1,237,898
Selling expenses		**(34,471)**	(26,730)
Administrative expenses		**(13,212,068)**	(12,782,656)
Other gains and losses	*6*	**2,817**	(1,170,309)
Finance costs	*7*	**(435,877)**	(4,150)
Profit/(loss) before taxation	*8*	**85,517**	(3,856,113)
Income tax (expense)/credit	*9*	**(771,299)**	317,161
Loss after taxation, representing total comprehensive loss for the year		**(685,782)**	(3,538,952)
Loss per share			
Basic and diluted	*11*	**S$(0.06) cent**	S$(0.29) cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 S$	2018 S$
Non-current assets			
Property, plant and equipment		**2,459,944**	3,235,443
Right-of-use assets	*12*	**4,494,213**	–
Investment property		**5,424,867**	152,762
Other receivables	*13*	**6,377**	1,200,828
Deferred tax assets		**172,100**	589,900
		12,557,501	5,178,933
Current assets			
Trade receivables	*14*	**6,435,012**	7,546,044
Other receivables, deposits and prepayments	*13*	**1,867,299**	2,119,070
Contract assets		**876**	–
Financial assets at fair value through profit or loss		**82,400**	2,966,271
Income tax receivable		**41,215**	–
Bank balances and cash		**21,660,275**	15,995,300
		30,087,077	28,626,685
Current liabilities			
Trade and other payables	*15*	**7,272,289**	7,547,990
Contract liabilities		**610,264**	556,214
Obligations under finance leases		**–**	62,063
Lease liabilities		**5,094,761**	–
Income tax payable		**376,926**	333,372
		13,354,240	8,499,639
Net current assets		**16,732,837**	20,127,046

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – *CONTINUED*
AS AT 31 DECEMBER 2019

	Notes	**2019** *S$*	2018 *S$*
Non-current liabilities			
Other payables	*15*	**–**	48,003
Obligations under finance leases		**–**	279,416
Lease liabilities		**4,995,860**	–
Deferred tax liabilities		**92,100**	90,400
		5,087,960	417,819
Net assets		**24,202,378**	24,888,160
Capital and reserves			
Share capital	*16*	**2,142,414**	2,142,414
Share premium	*17*	**14,958,400**	14,958,400
Merger reserves		**1,350,000**	1,350,000
Accumulated profits		**5,751,564**	6,437,346
		24,202,378	24,888,160

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 14 February 2017. The immediate and ultimate holding company of the Group is Full Fortune International Co., Ltd. The ultimate controlling party is Mr. Chen Guobao, who is also the Chairman and executive Director of the Company. The registered office of the Company is at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The Company was registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Hong Kong Companies Ordinance**") on 29 September 2017 and its principal place of business in Hong Kong is at Room 2503, Cosco Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong. The headquarters and principal place of business of the Company in Singapore is at 21B Senoko Loop, Singapore 758171. The issued Shares have been listed on the Main Board of the Stock Exchange with effect from 17 October 2017.

The Company is an investment holding company and the principal activities of its operating subsidiaries are provision of manpower outsourcing and ancillary services, provision of dormitory services, and provision of IT services and construction ancillary services for the building and construction industry.

The functional currency of the Company is Singapore dollar ("**S$**"), which is also the presentation currency of the Company and its principal subsidiaries.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing for the initial listing of the Company's shares on the Main Board of the Stock Exchange, the companies comprising the Group underwent a group reorganisation (the "**Reorganisation**") as set out in the section headed "A. Further information about our Company – 4. Corporate Reorganisation" in Appendix IV to the prospectus of the Company dated 4 October 2017 (the "**Prospectus**").

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared to include the financial statements of the companies now comprising the Group.

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 January 2019, the Group adopted all the new and revised International Financial Reporting Standards (the "**IFRSs**"), Interpretations of IFRS ("**INT IFRS**") and amendments to IFRSs that are effective and relevant to its operations. The adoption of these new/revised IFRSs and INT IFRSs does not result in significant changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods except as disclosed below:

IFRS 16 *Leases*

IFRS 16 *Leases* supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, INT IFRS 15 *Operating Leases – Incentives* and INT IFRS 27 *Evaluating the Substance of Transactions involving the Legal Form of a Lease*, and pronounces new or amended requirements with respect to lease accounting. For lessee accounting, IFRS 16 introduces significant changes by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low-value assets when such recognition exemptions are adopted. For lessor accounting, the requirements have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group's financial statements are discussed below.

The date of initial application of IFRS 16 for the Group is 1 January 2019. The Group has elected to transition to IFRS 16 using the cumulative catch-up (or modified retrospective) approach which requires the Group to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application, without restatement of comparatives under IAS 17.

Definition of a lease

The new definition of a lease under IFRS 16 mainly relates to the concept of 'control' that determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration, which is in contrast to the concept of 'risks and rewards' under IAS 17.

The Group has elected to apply the practical expedient available on transition to IFRS 16 not to reassess whether a contract is, or contains, a lease. Accordingly, the superseded definition of a lease under IAS 17 continues to be applied to those leases entered into, or modified, before 1 January 2019, and the Group applies the new definition of a lease and related guidance set out in IFRS 16 only to those lease contracts entered into, or modified, on or after 1 January 2019. After the transition to IFRS 16, the Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The new requirements for identifying a lease under IFRS 16 do not change significantly the scope of contracts that will meet the definition of a lease for the Group.

Lessee accounting

Former operating leases

Before the adoption of IFRS 16, the Group's non-cancellable operating lease payments in future reporting periods for a leasehold land, dormitory cum warehouse premises and certain plant and equipment, were not recognised as liabilities in the statement of financial position but were disclosed as commitments in the notes to the financial statements, and these lease payments were reported as rental expenses in profit or loss over the lease term on a straight-line basis and presented under operating activities in the statement of cash flows. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities in the statement of financial position for these outstanding lease payments, reports depreciation of right-of-use assets and interest expense on lease liabilities in profit or loss, and presents these lease payments as principal repayment and interest paid separately under financing activities in the statement of cash flows.

Under IFRS 16, lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17, they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expenses on a straight-line basis.

The Group has elected, as a practical expedient of IFRS 16, not to separate non-lease components from lease components for all classes of underlying assets and instead account for each lease component and any associated non-lease components as a single lease component, except if the non-lease component is an embedded derivative according to IFRS 9 *Financial Instruments*.

For short-term leases and leases of low-value assets, the Group has elected for exemption under IFRS 16 from recognising their right-of-use assets and lease liabilities, and to report their lease expenses in profit or loss on a straight-line basis.

On 1 January 2019, the Group has applied the following IFRS 16 transition provisions under the cumulative catch-up approach for each lease, or each portfolio of leases with reasonably similar characteristics, formerly classified as operating lease under IAS 17:

- recognises a lease liability at the present value of the remaining lease payments using the lessee's incremental borrowing rate for the underlying lease asset; and

- recognises a right-of-use asset, on a lease-by-lease basis, at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The Group has adopted the following IFRS 16 practical expedients when applying the cumulative catch-up transition approach to leases formerly classified as operating lease under IAS 17:

- elects not to recognise the right-of-use asset and lease liability for a lease with lease term ending within twelve months of the date of initial application;

- excludes initial direct costs from the measurement of the right-of-use asset at the date of initial application; and

- uses hindsight for determining the lease term when the contract contains options to extend or terminate the lease.

Former finance leases

On 1 January 2019, with regards to the Group's leases of motor vehicles and office equipment that were formerly classified as finance lease under IAS 17, the carrying amounts of the leased assets (in property, plant and equipment) and obligations under finance lease immediately before the date of initial application become respectively the opening balance of the carrying amounts of right-of-use assets and lease liabilities under IFRS 16. Subsequently, the Group accounts for these right-of-use assets and lease liabilities in accordance with IFRS 16.

Financial impact of initial application of IFRS 16

The Group's weighted average incremental borrowing rate applied to measure the Group's lease liabilities recognised in the statement of financial position on 1 January 2019 is 3.5%.

A reconciliation of the differences between the Group's operating lease commitments previously disclosed in the financial statements as at 31 December 2018 and the Group's lease liabilities recognised in the statement of financial position on 1 January 2019 is as follows:

	S$
Operating lease commitments disclosed at 31 December 2018	15,302,116
(Less)/Add effects of:	
Short-term leases exempted from recognition	(66,622)
Leases with lease term ending within twelve months from the date of initial application	(246,792)
Discounting based on the weighted average incremental borrowing rate	(673,775)
Obligations under finance lease at 31 December 2018 reclassified to lease liabilities	341,479
Lease liabilities recognised on 1 January 2019	14,656,406
Of which are:	
Current lease liabilities	4,767,227
Non-current lease liabilities	9,889,179
	14,656,406

The effects of adoption of IFRS 16 on the Group's financial statements as at 1 January 2019 are as follows.

	Previously reported as at 31 December 2018	**Adoption of IFRS 16**	**Adjusted as at 1 January 2019**
	S$	*S$*	*S$*
Non-current assets			
Property, plant and equipment	3,235,443	(358,178)	2,877,265
Right-of-use assets	–	6,384,822	6,384,822
Investment property	152,762	8,288,284	8,441,046
Current liabilities			
Lease liabilities	62,063	4,705,164	4,767,227
Non-current liabilities			
Lease liabilities	279,416	9,609,763	9,889,179

At the date of authorisation of these consolidated financial statements, the Group has not adopted the new and revised IFRSs, INT IFRSs and amendments to IFRSs that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised IFRSs pronouncements in future periods will not have a material impact on the Group's financial statements in the period of their initial application.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the consideration specified in contracts with customers for the provision of manpower outsourcing and ancillary services, dormitory services, IT services and construction ancillary services, solely derived in Singapore during the Year.

Information is reported to Executive Directors, being the chief operating decision maker of the Group ("**CODM**"), for the purposes of resource allocation and performance assessment. The CODM reviews revenue by nature of services, i.e. provision of manpower outsourcing and ancillary services to contractors of construction projects, provision of dormitory services, provision of IT services and provision of construction ancillary services and profit for the year as a whole. No further detailed analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

An analysis of the Group's revenue for the Year is as follows:

	2019	2018
	S$	*S$*
Revenue recognised over time:		
Provision of manpower outsourcing and ancillary services	**44,677,377**	41,249,556
Provision of dormitory services	**5,664,827**	5,228,727
Provision of IT services	**655,500**	527,220
Provision of construction ancillary services	**901,535**	451,760
	51,899,239	47,457,263

As permitted under IFRS 15 *Revenue from Contracts with Customers*, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period has not been disclosed as those performance obligations are part of customer contracts that have original expected duration of one year or less.

Major customers

There was no individual customer that contributed over 10% of total revenue of the Group during the financial years ended 31 December 2019 and 2018.

Geographical information

The Group principally operates in Singapore, which is also its place of domicile. All revenues are derived from Singapore based on the location of services delivered and the Group's property, plant and equipment are all located in Singapore.

5. OTHER INCOME

	2019	2018
	S$	*S$*
Government grants *(Note (a))*	**357,640**	728,899
Dividend income from equity investments	**2,000**	18,870
Interest income *(Note (b))*	**550,978**	–
Interest income	**89,717**	166,001
Forfeiture of customer deposits	**27,665**	13,242
Work injury/workmen compensation claims	**146,668**	106,394
Sub-leasing income	**181,929**	184,026
Others	**25,034**	20,466
	1,381,631	1,237,898

Notes:

(a) Government grants mainly include the Wages Credit Scheme (the "**WCS**"), the Workforce Training and Upgrading Scheme ("**WTU**"), and the retrofitting grants.

During the financial years ended 31 December 2019 and 2018, respective grants of S$129,811 and S$116,220 under WCS were received. Under this credit scheme, the Singapore Government provides assistance to Singapore-registered businesses by way of co-funding 20% of wage increases given to Singapore citizen employees earning a gross monthly wage of up to S$4,000 and S$5,000 for 2018 and 2019, respectively.

During the financial years ended 31 December 2019 and 2018, the Group received respective grants of S$68,991 and S$338,557 under the WTU which co-funds up to 90% of the costs of selected skills assessment and training courses to upgrade the skills of workforce in the built environment.

In 2018, the Group received retrofitting grants of S$215,678 from the MOM of the Singapore Government to subsidise the costs incurred for retrofitting the Group's investment property. Of the total grant received, S$85,071 has been recognised in profit or loss for the year ended 31 December 2019 (2018: S$82,604). The remaining S$48,003 is recognised as deferred income as at 31 December 2019 (Note 15).

The remaining balances of grants are incentives received upon fulfilling the conditions for compensation of expenses already incurred or as immediate financial support with no future related costs nor related to any assets.

(b) Included in the interest income is deemed interest of S$550,978 (2018: Nil) from receivables arising from the one-off profit sharing agreement with Mines & Mineral Resources Co. Ltd ("Mines & Mineral"), a third party counterparty in Myanmar, and the termination of convertible bonds issued by Mines & Mineral which was converted to a receivable in 2018.

6. OTHER GAINS AND (LOSSES)

	2019	2018
	S$	*S$*
Gain/(loss) arising on disposal of property, plant and equipment	**1,460**	(7,195)
Loss arising on financial assets measured at amortised cost	**–**	(550,978)
Gain on disposal of financial assets at fair value through profit or loss	**3,206**	–
Changes in fair value of financial assets at fair value through profit or loss	**189,968**	(152,702)
Foreign exchange (loss)/gain, net	**(163,841)**	277,155
Forfeited deposits to vendors	**–**	(58,040)
Impairment loss recognised on trade and other receivables	**(41,615)**	(657,994)
Impairment loss on property, plant and equipment	**(47,567)**	–
Impairment loss on right-of-use assets	**(19,019)**	–
Write-off of staff loans	**–**	(20,555)
Write-back of payables	**80,225**	–
	2,817	(1,170,309)

Note:

The net foreign exchange (loss)/gain is mainly arising from the translation of the listing proceeds, which were retained in Hong Kong dollars, to Singapore dollars.

7. FINANCE COSTS

	2019	2018
	S$	*S$*
Interest on:		
Lease liabilities	**435,877**	–
Obligations under finance leases	**–**	4,150
	435,877	4,150

8. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before tax for the year has been arrived at after charging:

	2019	2018
	S$	*S$*
Depreciation of property, plant and equipment	**1,013,445**	998,840
Depreciation of right-of-use assets	**2,157,753**	–
Depreciation of investment property	**3,019,329**	93,178
Auditor's remuneration		
– Annual audit fees	**175,000**	404,000
Non-audit fees paid to independent auditor of the Company	**20,000**	30,000
Directors' remuneration	**2,577,831**	1,953,672
Workers and other staff costs		
– Salaries, wages and other benefits	**21,283,357**	21,300,849
– Salaries, wages and other benefits paid to related parties	**260,360**	579,907
– Contribution to retirement benefit plans	**933,475**	945,319
– Foreign worker levy	**13,123,549**	13,177,955
Total workers and other staff costs	**35,600,741**	36,004,030
Gross rental income from investment property	**5,664,827**	5,228,727
Less: direct operating expenses incurred for investment property that generated rental income during the year	**(3,946,138)**	(3,851,975)
	1,718,689	1,376,752

9. INCOME TAX EXPENSE/(CREDIT)

	2019	2018
	S$	*S$*
Tax expense comprises:		
Current tax – Singapore corporate income tax ("**CIT**")	**372,500**	373,042
Over provision for current tax in prior years	**(20,701)**	(67,203)
Deferred tax	**5,200**	(618,100)
Under/(over) provision for deferred tax in prior years	**414,300**	(4,900)
	771,299	(317,161)

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 20%, capped at S$10,000 for the year of assessment 2019 ("**YA2019**"), and 25%, capped at S$15,000 for the year of assessment 2020 ("**YA2020**") determined based on the financial year end date of respective group companies. Singapore-incorporated companies can also enjoy 75% tax exemption on the first S$10,000 of chargeable income and a further 50% tax exemption on the next S$190,000 of chargeable income for YA2020 and $290,000 for YA2019.

The taxation for the Year can be reconciled to the profit/(loss) before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019	2018
	S$	*S$*
Profit/(loss) before taxation	**85,517**	(3,856,113)
Tax at applicable tax rate of 17%	**14,538**	(655,539)
Tax effect of expenses not deductible for tax purpose	**179,720**	350,262
Tax effect of income not taxable for tax purpose	**(112,745)**	(14,400)
Effect of tax concessions and partial tax exemption	**(65,429)**	(98,627)
Effect of previously unrecognised and unused tax losses	**(2,236)**	–
Effect of unused tax losses not recognised as deferred tax assets	**53,155**	102,459
Effect of different tax rates of subsidiaries operating in other jurisdiction	**310,533**	215,154
Tax effect of adoption of IFRS 9	**–**	(157,075)
Overprovision of current tax in prior years	**(20,701)**	(67,203)
Under/(over) provision of deferred tax in prior years	**414,300**	(4,900)
Others	**164**	12,708
Taxation for the year	**771,299**	(317,161)

10. DIVIDEND

No dividend was paid or declared by the Company for the years ended 31 December 2019 and 2018.

11. LOSS PER SHARE

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

	2019	2018
Loss attributable to the owners of the Company for the purpose of basic loss per share *(S$)*	**(685,782)**	(3,538,952)
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,230,000,000**	1,230,000,000
Basic and diluted loss per share *(S$ cents)*	**(0.06)**	(0.29)

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of Shares in issue.

Diluted loss per share is the same as the basic earnings per share because the Group had no dilutive securities that are convertible into shares during the years ended 31 December 2019 and 2018.

12. RIGHT-OF-USE ASSETS

The group leases several leasehold land and buildings, plant and equipment and motor vehicles. The average lease term is 5 years.

	Leasehold land S$	Dormitory cum warehouse premises S$	Plant and equipment S$	Motor vehicles S$	Total S$
Cost					
Adoption of IFRS 16:					
– Initial recognition	843,729	5,182,914	–	–	6,026,643
– Reclassification from property, plant and equipment	–	–	36,151	410,591	446,742
At 1 January 2019	843,729	5,182,914	36,151	410,591	6,473,385
Additions	–	–	15,652	270,511	286,163
At 31 December 2019	843,729	5,182,914	51,803	681,102	6,759,548
Accumulated depreciation					
Adoption of IFRS 16:					
– Initial recognition	–	–	–	–	–
– Reclassification from property, plant and equipment	–	–	34,575	53,988	88,563
At 1 January 2019	–	–	34,575	53,988	88,563
Depreciation for the year	210,932	1,829,263	6,358	111,200	2,157,753
Impairment loss	–	–	–	19,019	19,019
At 31 December 2019	210,932	1,829,263	40,933	184,207	2,265,335
Carrying amount					
At 31 December 2019	632,797	3,353,651	10,870	496,895	4,494,213
At 1 January 2019	843,729	5,182,914	1,576	356,603	6,384,822

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Non-current

	As at 31 December	
	2019	2018
	S$	*S$*
Other receivables from third party *(Note)*	**–**	1,088,851
Staff loan	**6,377**	111,977
	6,377	1,200,828

Current

	As at 31 December	
	2019	2018
	S$	*S$*
Other receivables from third parties *(Note)*	**–**	292,605
Less: loss allowance	**–**	(35,114)
	–	257,491
Deposits	**376,522**	490,639
Sundry debtors	**10,133**	6,336
Goods and Service Tax ("**GST**") receivable	**785,004**	780,367
Prepayments	**368,444**	183,500
Advances to suppliers	**29,090**	6,321
Advances to an executive director	**–**	190,802
Advances to related parties	**–**	128,334
Advances to director of subsidiaries	**241,129**	–
Advances to related parties of a director of subsidiaries	**45,695**	–
Advances to staff	**182**	45,680
Staff loan	**11,100**	29,600
	1,867,299	2,119,070

Note: The other receivables mainly pertain to outstanding one-off profit sharing with a counterparty in Myanmar and receivables arising from the termination of convertible bonds issued by the counterparty.

The following table shows the movement in lifetime ECL that has been recognised for other receivables:

	Lifetime ECL-credit impaired
	S$
At 1 January 2018	–
Net remeasurement of loss allowance	35,114
At 31 December 2018	35,114
Amount written off	(35,114)
At 31 December 2019	–

Advances to a director and related parties, who are close members of the family of the director, are non-trade, interest free and will be settled by means of offset against the future salaries of the counterparties, who are employed by the Group as at 31 December 2018 and 2019.

14. TRADE RECEIVABLES

	As at 31 December	
	2019	2018
	S$	*S$*
Trade receivables	**8,665,617**	9,702,663
Less: loss allowance	**(2,230,605)**	(2,156,619)
	6,435,012	7,546,044

The credit terms to customers range from 3 to 30 days from the invoice date for trade receivables. The following is an analysis of trade receivables net of loss allowance presented based on due date at the end of each reporting period:

	As at 31 December	
	2019	2018
	S$	*S$*
Not due	**2,727,601**	2,849,290
1 to 30 days	**3,234,757**	3,709,169
31 days to 60 days	**364,155**	663,111
61 days to 90 days	**45,844**	113,377
91 days to 180 days	**40,100**	66,248
181 days to 365 days	**22,760**	96,745
Over 365 days	**(205)**	48,104
	6,435,012	7,546,044

The Group does not charge interest or hold any collateral over these balances.

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on individual basis. Limits attributed to customers are reviewed once a year.

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses ("**ECL**"). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation technique or significant assumptions made during the current reporting period.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

		Trade receivables – days past due						
31 December 2019	**Not past due** *S$*	**1 to 30 days** *S$*	**31 to 60 days** *S$*	**61 to 90 days** *S$*	**91 to 180 days** *S$*	**181 to 365 days** *S$*	**>365 days** *S$*	**Total** *S$*
Expected credit loss rate	0.8%	0.7%	3.3%	14.4%	52.2%	91.5%	100.0%	
Estimated total gross carrying amount at default	2,748,701	3,259,006	376,702	53,534	83,840	267,824	1,876,010	8,665,617
Lifetime ECL	(21,100)	(24,249)	(12,547)	(7,690)	(43,740)	(245,064)	(1,876,215)	(2,230,605)
								6,435,012

		Trade receivables – days past due						
31 December 2018	Not past due *S$*	1 to 30 days *S$*	31 to 60 days *S$*	61 to 90 days *S$*	91 to 180 days *S$*	181 to 365 days *S$*	>365 days *S$*	Total *S$*
Expected credit loss rate	1.4%	1.3%	4.1%	8.8%	21.2%	86.8%	96.6%	
Estimated total gross carrying amount at default	2,890,790	3,758,007	691,222	124,260	84,022	732,465	1,421,897	9,702,663
Lifetime ECL	(41,500)	(48,838)	(28,111)	(10,883)	(17,774)	(635,720)	(1,373,793)	(2,156,619)
								7,546,044

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

	Lifetime ECL – not credit-impaired S$	Lifetime ECL – credit-impaired S$	Total S$
At 1 January 2018	–	609,766	609,766
Adoption of IFRS 9	362,009	561,964	923,973
At 1 January 2018 (Adjusted)	362,009	1,171,730	1,533,739
Transfer to credit-impaired	(362,009)	362,009	–
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	129,332	493,548	622,880
At 31 December 2018	129,332	2,027,287	2,156,619
Transfer to credit-impaired	(129,332)	129,332	–
Unclaimed credit notes written off	–	32,371	32,371
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	65,586	(23,971)	41,615
At 31 December 2019	65,586	2,165,019	2,230,605

15. TRADE AND OTHER PAYABLES

Current

	As at 31 December **2019** S$	2018 S$
Trade payables	**616,415**	800,695
Accrued operating expenses	**3,746,643**	3,747,356
Other payables		
Goods and services tax payables	**1,447,454**	1,463,528
Customer deposits received	**1,178,606**	1,104,066
Deferred income	**48,003**	85,071
Deferred rent	**–**	16,267
Others	**235,168**	331,007
	7,272,289	7,547,990

Non-current

	2019	2018
	S$	*S$*
Other payables		
Deferred income	–	48,003

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 December	
	2019	2018
	S$	*S$*
Within 30 days	**436,417**	324,526
31 days to 90 days	**109,062**	191,089
Over 90 days	**70,936**	285,080
	616,415	800,695

The credit period on purchases from suppliers ranges from 7 to 60 days or payable upon delivery.

16. SHARE CAPITAL

	Number of shares	Per value	Share capital
		HK$	*HK$*
Authorised:			
At 1 January 2018, 31 December 2018 and 31 December 2019	2,000,000,000	0.01	20,000,000

	Number of shares	Share capital
		S$
Issued and fully paid ordinary shares:		
At 1 January 2018, 31 December 2018 and 31 December 2019	1,230,000,000	2,142,414

17. SHARE PREMIUM

Share premium represents the excess of the consideration for the shares issued over the aggregate par value.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a Singapore-based service provider and mainly provides manpower outsourcing and ancillary services to building and construction contractors in the Republic of Singapore ("**Singapore**"). To a lesser extent, the Group also provides dormitory services, IT services and construction ancillary services (which comprise warehousing services, cleaning services and building maintenance works) in Singapore. The Group commenced the business of providing manpower outsourcing services in Singapore in 2006.

For the Year under review, the Group recorded revenue of approximately S$51.9 million, an increase of approximately 9.4% over the previous year, benefiting from the recovery in Singapore's construction demand in 2019. In addition, gross profit increased by approximately 39.2% to approximately S$12.4 million in FY2019 from approximately S$8.9 million in FY2018, while gross profit margin increased from approximately 18.7% in FY2018 to approximately 23.8% in FY2019.

In January 2020, the Building and Construction Authority of Singapore projected the total construction demand to range between S$28 billion and S$33 billion in 2020, of which public sector construction demand is expected to reach between S$17.5 billion and S$20.5 billion. This is about 60% of the projected demand for 2020. Public sector construction demand is expected to be spurred by major infrastructure projects, such as the Integrated Waste Management Facility, infrastructure works for Changi Airport Terminal 5, Jurong Region MRT Line and Cross Island MRT Line. Although this may potentially translate into greater business opportunities for the Group, we remain cautious and expect to face some headwinds in 2020 given the recent outbreak of the novel coronavirus (the "**Coronavirus**") which is likely to affect the demand for manpower for construction works due to construction projects schedule delays amidst disruption to construction materials supply. On the other hand, it is expected that the supply of manpower for construction works may be affected as a result of increased sick leave due to health advisories on medical leave of up to 5 days for workers with respiratory symptoms and unfounded fears of the Coronavirus. Under such circumstances, the Group has taken proactive steps to minimise any negative economic impact on its manpower outsourcing business in Singapore. The aforesaid impact which was beyond the control of the Group, may adversely affect the financial results of the Group for the six months ending 30 June 2020. The Board will continue to assess the impact of the Coronavirus on the Group's business operations and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection with the Coronavirus.

SIGNIFICANT EVENT

In May 2019, Full Fortune International Co., Ltd ("**Full Fortune**") agreed to acquire 632,500,000 shares of the Company, representing approximately 51.42% of the issued share capital of the Company as at the date of the joint announcement dated 31 May 2019 from the then shareholders of the Company at a total consideration of approximately HK$257.1 million. The share acquisition was completed in May 2019 and Full Fortune has become the controlling shareholder of the Company. For details, please refer to the announcements of the Company dated 31 May 2019 and 19 July 2019, and the composite document of the Company dated 28 June 2019.

FINANCIAL REVIEW

Revenue

The Group's revenue increased from approximately S$47.5 million for FY2018 to approximately S$51.9 million for FY2019. The following table sets forth a breakdown of the revenue for FY2019 and FY2018 as indicated:

	FY2019	FY2018	Increased by
	S$	*S$*	*S$*
Manpower outsourcing and ancillary services	**44,677,377**	41,249,556	3,427,821
Dormitory services	**5,664,827**	5,228,727	436,100
Construction ancillary services	**901,535**	451,760	449,775
IT services	**655,500**	527,220	128,280
	51,899,239	47,457,263	4,441,976

Revenue from manpower outsourcing and ancillary services increased from approximately S$41.2 million in FY2018 to approximately S$44.7 million in FY2019, representing an increase of approximately 8.3%. This was mainly due to increases in construction demand and the charge-out rate of foreign workers as the Singapore construction industry continued to recover in 2019.

Revenue from dormitory services increased from approximately S$5.2 million in FY2018 to approximately S$5.7 million in FY2019 mainly due to higher proportion of third-party tenants in FY2019. Given the occupancy rate of our dormitory, the current capacity of our dormitory is insufficient to capture further business opportunities. Whilst the Group is actively exploring a suitable dormitory for acquisition, the Board took a cautious approach by scouting for a property that is worth its value and would also withstand any possible downturn in the property market to ensure shareholders' value are adequately protected. The Group hopes it will locate a reasonably priced property that will suit its business needs, subject to the market conditions.

Revenue from construction ancillary services in FY2019 increased by approximately S$0.45 million as compared to that in FY2018. This was mainly due to an increase in sales from warehousing services due to additional industrial space rented out.

The increase in revenue from IT services from approximately S$0.53 million in FY2018 to approximately S$0.66 million in FY2019 was mainly due to a one-off system upgrade project in 2019 and an increase in the number of maintenance and support days required by our sole IT customer.

Gross profit and gross profit margin

The Group's gross profit increased from approximately S$8.9 million for FY2018 to approximately S$12.4 million for FY2019, while gross profit margin rose from approximately 18.7% for FY2018 to approximately 23.8% for FY2019. Such increases were mainly due to higher revenue as discussed above, partially offset by an increase in costs of services from approximately S$38.6 million in FY2018 to approximately S$39.5 million in FY2019, primarily due to (i) the increase of S$1.0 million in foreign workers' wages as more workers were retained and recruited on the back of higher construction demand in FY2019; and (ii) the adoption of IFRS 16 (Note 3) which resulted in higher depreciation charges.

Other income

Other income increased from approximately S$1.2 million in FY2018 to approximately S$1.4 million in FY2019 mainly due to deemed interest income of S$0.55 million from receivables arising from the one-off profit sharing arrangement with Mines & Mineral Resources Co. Ltd. ("**Mines & Mineral**"), a third party counterparty in Myanmar, and the termination of convertible bonds issued by Mines & Mineral which was converted to a receivable in 2018. The increase was partially offset by a decrease of approximately S$0.3 million in grants received under the Workforce Training and Upgrading Scheme in 2019 (as defined in Note 5).

Administrative expenses

Administrative expenses increased by approximately S$0.4 million mainly due to (i) rental expense of office premises in Hong Kong for one year from July 2019; (ii) an increase in depreciation following the adoption of IFRS 16 (Note 3); (iii) fees paid to professional parties for the provision of services relating to the unconditional mandatory cash offer by Guotai Junan Securities (Hong Kong) Limited for and on behalf of Full Fortune to acquire the issued shares of the Company (the "**Offer**") and the related costs incurred for the translation, typesetting and delivery of the composite document relating to the Offer; and (iv) salaries paid to directors appointed subsequent to the Offer.

Other gains and losses

Other gains increased by approximately S$1.2 million in FY2019 mainly due to (i) gain on fair value movement of equity instruments designated at fair value through profit or loss of approximately S$0.18 million; (ii) a decrease of approximately S$0.6 million in impairment loss recognised on trade receivables; and (iii) no loss being recognised on financial assets measured at amortised cost in FY2019 as compared to approximately S$0.55 million in FY2018. The increase was partially offset by (i) net foreign exchange loss of approximately S$0.16 million as a result of the revaluation of bank balances denominated in Hong Kong dollar ("**HK$**"), which depreciated against Singapore dollar ("**S$**") in FY2019; and (ii) impairment loss on right-of-use assets and property, plant and equipment.

Finance costs

Finance costs increased by approximately S$0.44 million due to interest expense on lease liabilities following the adoption of IFRS 16 (Note 3).

Income tax expense/credit

The Group recorded an income tax expense of approximately S$0.77 million in FY2019 as compared to income tax credit of approximately S$0.32 million in FY2018 mainly due to improvement in profit before taxation and the derecognition of deferred tax assets for unutilised tax losses from some of the subsidiaries.

Loss for the year

As a result of the above factors, the Group recorded a loss of approximately S$0.69 million in FY2019 (FY2018: S$3.54 million).

Loss per share

The basic loss per share was 0.06 Singapore cent (2018: 0.29 Singapore cent) and the calculation is based on the loss attributable to owners of the Company of approximately S$0.69 million (2018: S$3.54 million) and the weighted average number of 1,230,000,000 ordinary Shares in issue during the Year.

Diluted loss per share was the same as the basic loss per share because the Group had no dilutive potential Shares during FY2019 and FY2018.

DIVIDEND

The Board did not recommend distribution of any dividend to the shareholders of the Company (the "**Shareholders**") for FY2019 (FY2018: nil).

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

Liquidity

The Group generally meets its working capital requirements from its internally generated funds and maintained a healthy financial position. Upon the Listing, the source of funds of the Group had been a combination of internally generated funds and net proceeds from the Listing.

Treasury policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy financial position throughout the Year. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Use of proceeds from Listing

The net proceeds from the Listing were approximately HK$82.6 million (equivalent to approximately S$14.1 million) (after deducting underwriting fees and Listing expenses), out of which approximately S$0.3 million was set aside for the acquisition of three new lorries in 2018.

The below table sets out the proposed applications of the net proceeds from the Listing Date to 31 December 2019:

				Expected timeline for the use of the unutilised net proceeds *(Note 2)*	
Use of net proceeds as disclosed in the Prospectus *(Note 1)*	**Amount of the net Proceeds for each intended usage**	**Amount of the utilised net proceeds as at 31 December 2019**	**Total unutilised net proceeds as at 31 December 2019**	**for the year ending 31 December 2020**	**for the six months ending 30 June 2021**
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
(1) For partly financing the acquisition of an additional foreign worker dormitory at an estimated consideration of HK$162.0 million	77.1	Nil	77.1	Please refer to the paragraph headed "Expected timeline for use of the unutilised net proceeds" below.	
(2) For financing the acquisition of 10 additional lorries	5.5	1.8	3.7	1.7	2.0
Total	82.6	1.8	80.8		

Notes:

1. Further details were set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

2. The expected timeline for utilising the remaining net proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

Expected timeline for use of the unutilised net proceeds

As at 31 December 2019, the unutilised net proceeds of approximately HK$80.8 million has been placed as deposits into licensed banks in Hong Kong. The unutilised net proceeds will be expected to be used according to the intentions previously disclosed in the Prospectus, with further details as elaborated below:

- As for the acquisition of an additional foreign worker dormitory, the unutilised portion amounted to approximately HK$77.1 million as at 31 December 2019. Whilst the Company is actively exploring suitable dormitory for acquisition, the Board took a cautious approach by scouting for a property that is worth its value and would also withstand any possible downturn in the property market to ensure shareholders' value are adequately protected. The Company hopes it will locate a reasonably priced property over the next 12 months that will suit its business needs, subject to the market conditions at the material time.

- As for the acquisition of 10 additional lorries, the unutilised portion amounted to approximately HK$3.7 million as at 31 December 2019. The Company also takes a cautious approach in acquiring additional lorries by taking into account of, amongst others, the estimated demand for foreign workers in Singapore and the utilisation rate of the lorries owned by the Company. The Company expects to utilise approximately HK$1.7 million for financing the acquisition of 3 additional lorries by 31 December 2020 and the remaining of approximately HK$2.0 million for financing the acquisition of 4 additional lorries by 30 June 2021.

Borrowings and gearing ratio

As at 31 December 2019, the Group had an aggregate of current and non-current lease liabilities of approximately S$10.1 million as compared to finance lease obligations of approximately S$0.3 million as at 31 December 2018. The increase was due to the recognition of lease liabilities arising from the adoption of IFRS 16 which became effective on 1 January 2019 (Note 3).

The Group's gearing ratio as at 31 December 2019 was approximately 41.7% (as at 31 December 2018: approximately 1.4%). Gearing ratio is calculated by dividing total borrowings (comprising lease liabilities and finance lease obligations) by total equity as at the end of the respective year and multiplied by 100%.

As at 31 December 2019, the Group had unutilised banking facilities of approximately S$527,639 available for cash drawdown (as at 31 December 2018: S$609,816).

Cash and cash equivalents

As at 31 December 2019, the Group had cash and cash equivalents of approximately S$21.7 million, of which approximately 22.9% was denominated in S$ and approximately 77.1% was denominated in HK$ which were placed in major licensed banks in Singapore and Hong Kong, respectively. Cash and cash equivalents denominated in United States dollar ("**US$**") were immaterial.

Foreign exchange exposure

The Group transacts mainly in S$, which is the functional currency of all the entities in the Group. However, the Group retains a large portion of the proceeds from the Listing in HK$ which contributed to an unrealised foreign exchange loss of approximately S$0.14 million as HK$ weakened against S$ in FY2019.

Charges on the Group's assets and contingent liabilities

As at 31 December 2019, certain lease liabilities were secured by the charge over leased assets with an aggregate net book value of approximately S$0.53 million (as at 31 December 2018: S$0.36 million).

The Group did not have any material contingent liabilities as at 31 December 2019 and 2018.

Capital expenditures and capital commitments

The Group's capital expenditures principally consisted of expenditures on renovation of a newly rented dormitory, motor vehicles, computer and equipment, furniture and fittings. The Group recorded capital expenditures for the purchases of property, plant and equipment and additions to right-of-use assets in the amounts of approximately S$0.93 million and S$0.59 million for FY2019 and FY2018, respectively.

The Group did not have any capital commitments as at 31 December 2019 and 2018.

Significant investments held, material acquisitions and disposal of subsidiaries, associates and joint ventures

There were no significant investments held, material acquisitions and disposal of subsidiaries, associates and joint ventures for FY2019.

During the Year, the Group disposed a portion of its investment in quoted equity shares. The proceeds from the disposal were approximately S$1.5 million.

Off-balance sheet transactions

As at 31 December 2019, the Group did not enter into any material off-balance sheet transaction.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2019, the Group had 1,650 employees (as at 31 December 2018: 1,720), including foreign workers.

The Group determines employee salaries based on employee's qualifications, position and seniority. In order to attract and retain valuable employees, the Group reviews the performance of our employees, which will be taken into account in annual salary review and promotion appraisal. The Group has also adopted a sales incentive scheme, pursuant to which our sales managers are entitled to sales commission based on the number of hours of deployment in respect of any manpower outsourcing contracts obtained by them from customers.

The Group incurred workers and staff costs (including the Directors and chief executive's remuneration, and other staff's salaries, wages and other benefits) of approximately S$24.0 million and S$23.7 million for FY2019 and FY2018 respectively.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest rate risk

The Group is exposed to cash flow interest rate risk on the variable rates of interest earned on the bank balances. The Group is also exposed to fair value interest rate risk in relation to fixed-rate finance lease obligations.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

Foreign currency risk

The Group has certain bank balances, financial assets measured at fair value through profit or loss, trade receivables and payables denominated in US$ and HK$ other than the functional currency of respective group entities, which expose the Group to foreign currency risk.

The Group manages the risk by closely monitoring the movement of the foreign currency rate.

Credit risk

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out a research on the credit risk of the customer, assesses the customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group recognises a loss allowance for expected credit losses ("**ECL**") on trade and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Fair value risk

The Group is exposed to fair value risk arising from financial assets and financial liabilities that are measured at fair value on a recurring and non-recurring basis.

Equity price risk

The Group is exposed to equity risks arising from equity instruments designated at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

SIGNIFICANT EVENTS AFTER THE YEAR

Save as disclosed in this announcement, the Directors confirm that no significant event that affected the Group has occurred after 31 December 2019 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its code of conduct governing Directors' securities transactions. In response to a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Model Code during the Year. The Model Code also applies to other specified senior management of the Group in respect of their dealings in the Company's securities.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the controlling shareholders (as defined under the Listing Rules) of the Company or their respective close associates (as defined under the Listing Rules) had interests in any business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person had or might have with the Group during the Year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Year, the Company has applied the principles and adopted all code provisions, where applicable, of the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the "**CG Code**") as its own code of corporate governance.

The Company has complied with all applicable code provisions as set out in the CG Code during the Year save as disclosed below:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the period from 1 January 2019 to 19 July 2019, Mr. Kuah Ann Thia ("**Mr. Kuah**") held both positions. Mr. Kuah had been managing the Group's business and overall financial and strategic planning since May 2006. This arrangement also helped the Company to execute business strategies more efficiently in the ordinary business activities. All the other Directors (including the non-executive Director (the "**NED**") and independent non-executive Directors (the "**INEDs**")) considered that the vesting of the roles of the chairman and the chief executive officer in Mr. Kuah was beneficial to the business operations and management of the Group and would provide a strong and consistent leadership to the Group. In addition, due to the fact that our NED and INEDs represent over half of the Board members, all the Directors (including the NED and INEDs) consider that there is a balance of power and authority such that no one individual has unfettered power of decision.

On 19 July 2019, Mr. Chen Guobao was appointed as an executive Director and the chairman of the Board, and Mr. Wang Zhenfei was appointed as an executive Director and chief executive officer of the Company.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the audited annual results for the Year and discussed with the management and the auditor of the Company and is of the view that the consolidated financial statements for the Year have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the Year have been compared by the Group's auditors, Foo Kon Tan LLP ("**FKT**"), to the amounts set out in the Group's audited Consolidated Financial Statements for the Year and the amounts were found to be in agreement. The work performed by FKT in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by FKT on this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules throughout the Year.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.jin-hai.com.hk. The annual report of the Company for the Year containing all information required by the Listing Rules will be dispatched to shareholders and published on above websites in due course.

APPRECIATION

The Board would like to express its gratitude to all the Group's customers, management and staff and business partners as well as the Shareholders for their continuous support.

By order of the Board
Jinhai International Group Holdings Limited
Chen Guobao
Chairman of the Board and Executive Director

Hong Kong, 30 March 2020

As at the date of this announcement, the executive Directors are Mr. Chen Guobao and Mr. Wang Zhenfei; the non-executive Directors are Mr. Yang Fu Kang, Mr. Li Yunping, Mr. Wang Huasheng and Mr. Jiang Jiangyu; and the independent non-executive Directors are Mr. Yan Jianjun, Mr. Fan Yimin and Mr. Lau Kwok Fai Patrick.