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 2020

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 2020 (the "**Year**" or "**FY2020**"). 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 2020

	Notes	**2020** **S$**	2019 S$
Revenue	*4*	**22,471,557**	51,899,239
Cost of services		**(13,616,695)**	(39,515,754)
Gross profit		**8,854,862**	12,383,485
Other income	*5*	**3,188,216**	1,381,631
Selling expenses		**(19,284)**	(34,471)
Administrative expenses		**(10,594,896)**	(13,212,068)
Other gains and losses	*6*	**310,548**	2,817
Finance costs	*7*	**(313,721)**	(435,877)
Profit before taxation	*8*	**1,425,725**	85,517
Income tax expense	*9*	**(162,646)**	(771,299)
Profit/(Loss) after taxation		**1,263,079**	(685,782)
Other comprehensive income, after tax			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from foreign operations		**24,968**	–
Total comprehensive income/(loss) for the year		**1,288,047**	(685,782)
		Cents	*Cents*
Earnings/(Loss) per share			
Basic and diluted	*11*	**0.10**	(0.06)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 S$	2019 S$
Non-current assets			
Property, plant and equipment		**1,429,207**	2,459,944
Right-of-use assets		**2,858,451**	4,494,213
Investment property		**2,438,956**	5,424,867
Other receivables		**33,181**	6,377
Deferred tax assets		**206,100**	172,100
		6,965,895	12,557,501
Current assets			
Trade receivables	*12*	**2,281,692**	6,435,012
Other receivables, deposits and prepayments		**4,425,544**	1,867,299
Contract assets		**–**	876
Financial assets at fair value through profit or loss	*13*	**7,137,155**	82,400
Income tax receivable		**–**	41,215
Bank balances and cash		**18,602,537**	21,660,275
		32,446,928	30,087,077
Current liabilities			
Trade and other payables	*14*	**7,551,236**	7,272,289
Contract liabilities		**466,696**	610,264
Lease liabilities		**4,795,025**	5,094,761
Income tax payable		**353,570**	376,926
		13,166,527	13,354,240
Net current assets		**19,280,401**	16,732,837

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – *CONTINUED*
AS AT 31 DECEMBER 2020

	Notes	**2020** **S$**	2019 *S$*
Non-current liabilities			
Lease liabilities		**708,701**	4,995,860
Deferred tax liabilities		**47,170**	92,100
		755,871	5,087,960
Net assets		**25,490,425**	24,202,378
Capital and reserves			
Share capital	*15*	**2,142,414**	2,142,414
Share premium	*16*	**14,958,400**	14,958,400
Merger reserves		**1,350,000**	1,350,000
Currency translation reserve		**24,968**	–
Accumulated profits		**7,014,643**	5,751,564
		25,490,425	24,202,378

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 information technology 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 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 2020, 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.

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:

	2020	2019
	S$	*S$*
Revenue recognised over time:		
Provision of manpower outsourcing and ancillary services	**15,210,414**	44,677,377
Provision of dormitory services	**5,891,605**	5,664,827
Provision of IT services	**362,265**	655,500
Provision of construction ancillary services	**1,007,273**	901,535
	22,471,557	51,899,239

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 2020 and 2019.

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

	2020	2019
	S$	*S$*
Government grants *(Note (a))*	**2,725,492**	357,640
Dividend income from equity investments	**31,077**	2,000
Interest income *(Note (b))*	**–**	550,978
Bank interest income	**25**	89,717
Forfeiture of customer deposits	**44,560**	27,665
Work injury/workmen compensation claims	**207,024**	146,668
Sub-leasing income	**124,185**	181,929
Others	**55,853**	25,034
	3,188,216	1,381,631

Notes:

(a) Government grants mainly include COVID-Safe Firm-Based Support ("**CSS**"), COVID-19 Jobs Support Scheme ("**JSS**"), Wages Credit Scheme ("**WCS**"), Workforce Training and Upgrading Scheme ("**WTU**"), and the retrofitting grants.

During the financial year ended 31 December 2020, the Group received grants of S$530,000 and S$1,776,115 under CSS and JSS, respectively. CSS is a one-off support which helps with the additional costs incurred by firms to comply with COVID-safe requirements; while JSS provides wage support to employers to help them retain local employees (Singapore Citizens and Permanent Residents) during the period of economic uncertainty caused by COVID-19 pandemic.

During the financial years ended 31 December 2020 and 2019, respective grants of S$116,463 and S$129,811 under WCS were received. Under this credit scheme, the Singapore Government provides assistance to Singapore-registered businesses by way of co-funding 15% of wage increases in 2020 and 20% of wage increases in 2019 given to Singapore citizen employees earning a gross monthly wage of up to S$5,000.

During the financial years ended 31 December 2020 and 2019, the Group received respective grants of S$145,995 and S$68,991 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 Ministry of Manpower of the Singapore Government to subsidise the costs incurred for retrofitting the Group's investment property. Of the total grant received, S$48,003 has been recognised in profit or loss for the year ended 31 December 2020 (2019: S$85,071).

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) In 2019, included in the interest income was deemed interest of S$550,978 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.

6. OTHER GAINS AND LOSSES

	2020	2019
	S$	*S$*
Gain arising on disposal of property, plant and equipment	**139,252**	1,460
Gain on disposal of financial assets at fair value through profit or loss	**8,606**	3,206
Changes in fair value of financial assets at fair value through profit or loss	**444,645**	189,968
Foreign exchange loss, net	**(244,028)**	(163,841)
Impairment loss recognised on trade and other receivables	**(91,278)**	(41,615)
Reversal of/(impairment loss) on property, plant and equipment	**16,186**	(47,567)
Reversal of/(impairment loss) on right-of-use assets	**19,019**	(19,019)
Write-back of payables	**18,146**	80,225
	310,548	2,817

7. FINANCE COSTS

	2020	2019
	S$	*S$*
Interest on margin financing	**32,547**	–
Interest on lease liabilities	**281,174**	435,877
	313,721	435,877

8. PROFIT BEFORE TAXATION

Profit before tax for the year has been arrived at after charging:

	2020	2019
	S$	*S$*
Depreciation of property, plant and equipment	**1,017,286**	1,013,445
Depreciation of right-of-use assets	**1,870,972**	2,157,753
Depreciation of investment property	**2,016,911**	3,019,329
Auditor's remuneration paid to:		
– auditor of the Company	**175,000**	175,000
– other auditors	**23,680**	–
Non-audit fees paid to independent auditor of the Company	**10,500**	20,000
Directors' remuneration	**1,208,050**	2,577,831
Workers and other staff costs		
– Salaries, wages and other benefits	**12,588,767**	21,283,357
– Salaries, wages and other benefits paid to related parties	**–**	260,360
– Contribution to retirement benefit plans	**785,189**	933,475
– Foreign worker levy *(Note)*	**(1,133,136)**	13,123,549
Total workers and other staff costs	**12,240,820**	35,600,741
Gross rental income from investment property	**5,891,605**	5,664,827
Less: direct operating expenses incurred for investment property that generated rental income during the year	**(3,231,907)**	(3,946,138)
	2,659,698	1,718,689

Note:

To help ease labour costs, the Singapore government provided employers with monthly levy rebates and full waiver for levies due from April to September 2020, followed by 75% waiver for levies due in October 2020, 50% waiver for levies due in November, and 25% waiver for levies due in December 2020. Levy rebates are deducted against levy expense, as permitted under IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*.

9. INCOME TAX EXPENSE

	2020	2019
	S$	*S$*
Tax expense comprises:		
Current tax – Singapore corporate income tax ("**CIT**")	**242,100**	372,500
Over provision for current tax in prior years	**(524)**	(20,701)
Deferred tax	**(64,260)**	5,200
(Over)/under provision for deferred tax in prior years	**(14,670)**	414,300
	162,646	771,299

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 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. There is no CIT rebate for the year of assessment 2021 ("**YA2021**"). 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 YA2021 and YA2020.

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

	2020	2019
	S$	*S$*
Profit before taxation	**1,425,725**	85,517
Tax at applicable tax rate of 17%	**242,373**	14,538
Tax effect of expenses not deductible for tax purpose	**244,370**	179,720
Tax effect of income not taxable for tax purpose	**(549,871)**	(112,745)
Effect of tax concessions and partial tax exemption	**(59,272)**	(65,429)
Effect of previously unrecognised and unused tax losses	**(139,794)**	(2,236)
Effect of unused tax losses not recognised as deferred tax assets	**101,118**	53,155
Effect of different tax rates of subsidiaries operating in other jurisdiction	**339,126**	310,533
Overprovision of current tax in prior years	**(524)**	(20,701)
(Over)/under provision of deferred tax in prior years	**(14,670)**	414,300
Others	**(210)**	164
Taxation for the year	**162,646**	771,299

10. DIVIDEND

No dividend was paid or declared by the Company for the years ended 31 December 2020 and 2019.

11. EARNINGS/(LOSS) PER SHARE

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

	2020	2019
Profit/(loss) attributable to the owners of the Company for the purpose of basic earnings/(loss) per share *(S$)*	**1,263,079**	(685,782)
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,230,000,000**	1,230,000,000
Basic and diluted earnings/(loss) per share *(S$ cents)*	**0.10**	(0.06)

The calculation of basic earnings/(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 earnings/(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 2020 and 2019.

12. TRADE RECEIVABLES

	As at 31 December	
	2020	2019
	S$	*S$*
Trade receivables	**3,773,120**	8,665,617
Less: loss allowance	**(1,491,428)**	(2,230,605)
	2,281,692	6,435,012

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	
	2020	2019
	S$	*S$*
Not due	**927,125**	2,727,601
1 to 30 days	**1,237,789**	3,234,757
31 days to 60 days	**53,705**	364,155
61 days to 90 days	**10,624**	45,844
91 days to 180 days	**25,859**	40,100
181 days to 365 days	**21,224**	22,760
Over 365 days	**5,366**	(205)
	2,281,692	6,435,012

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

12. TRADE RECEIVABLES – *CONTINUED*

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 2020	**Not past due**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 180 days**	**181 to 365 days**	**>365 days**	**Total**
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
Expected credit loss rate	0.7%	0.7%	6.4%	13.8%	10.4%	41.7%	99.6%	
Estimated total gross carrying amount at default	934,096	1,246,086	57,366	12,327	28,856	36,374	1,458,015	3,773,120
Lifetime ECL	(6,971)	(8,297)	(3,661)	(1,703)	(2,997)	(15,150)	(1,452,649)	(1,491,428)
								2,281,692

				Trade receivables – days past due				
31 December 2019	Not past due	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	>365 days	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*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

12. TRADE RECEIVABLES – *CONTINUED*

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	Lifetime ECL – credit-impaired	Total
	S$	*S$*	*S$*
At 1 January 2019	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
Transfer to credit-impaired	(65,586)	65,586	–
Amount written off	–	(814,613)	(814,613)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	20,632	54,804	75,436
At 31 December 2020	20,632	1,470,796	1,491,428

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2020	2019
	S$	*S$*
Quoted equity shares	**7,137,155**	82,400

The investments in quoted equity securities offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

14. TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	S$	*S$*
Trade payables	**1,258,891**	616,415
Accrued operating expenses	**3,257,594**	3,746,643
Other payables		
Goods and services tax payables	**977,525**	1,447,454
Customer deposits received	**1,044,826**	1,178,606
Deferred grant income *(Note)*	**775,999**	48,003
Others	**236,401**	235,168
	7,551,236	7,272,289

Note:

The deferred grant income was provided in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, where government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Significant judgement is required in determining the systematic basis, and timing of recognition of grant receivable and realisation to profit or loss.

In determining the timing of recognition of the JSS grant income, we have evaluated and assessed the adverse impact of this economic uncertainty to the Group commenced in April 2020 when significant volume of sales and construction activities declined following the lockdown measures, travel restrictions and supply chain disruption in Singapore where the Group's operations are primarily situated in. While the grant receivables are calculated with reference to wages paid in 2020, they are meant to support businesses during the period in which the payouts are received. Hence, a certain portion of the grants we are entitled to (computed based on 2020 wages) was deferred to 2021.

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	
	2020	2019
	S$	*S$*
Within 30 days	**567,838**	436,417
31 days to 90 days	**160,399**	109,062
Over 90 days	**530,654**	70,936
	1,258,891	616,415

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

15. SHARE CAPITAL

	Number of shares	Per value *HK$*	Share capital *HK$*
Authorised:			
At 1 January 2019, 31 December 2019 and 31 December 2020	2,000,000,000	0.01	20,000,000

	Number of shares	Share capital *S$*
Issued and fully paid ordinary shares:		
At 1 January 2019, 31 December 2019 and 31 December 2020	1,230,000,000	2,142,414

16. 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$22.5 million, a significant drop of approximately 56.7% over the previous year, due to the Circuit Breaker ("**CB**") measures that were implemented by the Singapore government to slow the spread of COVID-19. This resulted in the suspension of non-essential services and closure of most worksites. Following the easing of the CB, the pace of work resumption has been slow amid manpower disruption from the workers' movement control, additional safe management measures at the worksites and other regulations. These have collectively impacted our manpower supply business and weighed down the segment's performance consequently.

Based on advanced estimates from the Ministry of Trade and Industry Singapore released on 4 January 2021, the Singapore economy contracted by 5.8% in 2020 amid the disruption to economic activities caused by the COVID-19 pandemic. The construction sector shrank by 28.5% on a year-on-year basis in the fourth quarter, improving from the 46.2% contraction in the preceding quarter. The improved performance of the sector came on the back of the slow resumption of construction activities in the second half of 2020. In January 2021, the Building and Construction Authority Singapore estimated that the construction demand in 2021 to recover between S$23 billion and S$28 billion, with the public sector contributing about 65% of the total demand. This is an improvement from the preliminary estimate of S$21.3 billion in 2020 during the ongoing pandemic.

However, the Group expects the construction industry to remain challenging on the back of a competitive environment and labour shortage. The pace of resumption of the construction activity has been slow and is expected to continue to be limited by manpower deployment challenges and higher cost and time resources needed to comply with safe management measures. The Group is taking proactive steps to conserve cash by implementing stricter cost management measures, where sensible, and continues to closely monitor and manage the COVID-19 situation and will make further announcements in the event of material changes.

On 7 January 2021, Jinhai Technology Development (Ningbo) Co., Ltd.,*（今海科技發展（寧波）有限公司）(“**Jinhai Technology**”), a wholly-owned subsidiary of the Company, entered into the articles of association (the “**JV Articles**”) with Mr. Liu Lei（劉鐳先生）and Ms. Yu Haibo（俞海波女士）, pursuant to which the parties agreed to establish Shanghai Jinhai Medical Technology Company Limited*（上海今海醫療科技有限公司）(“**Jinhai Medical**”), with registered capital of RMB30,000,000. Pursuant to the JV Articles, Jinhai Technology will contribute RMB17,000,000 in cash towards the registered capital of Jinhai Medical. Jinhai Medical intends to engage in the provision of minimally invasive surgery solutions by producing, selling and distributing, amongst others, 4K, 3D and fluorescent ultra high resolution endoscope products. For further details, please refer to the announcement of the Company dated 2 March 2021.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased from approximately S$51.9 million for FY2019 to approximately S$22.5 million for FY2020. The following table sets forth a breakdown of the revenue for FY2020 and FY2019 as indicated:

	FY2020	FY2019	(Decreased)/ Increased by
	S$	*S$*	*S$*
Manpower outsourcing and ancillary services	**15,210,414**	44,677,377	(29,466,963)
Dormitory services	**5,891,605**	5,664,827	226,778
Construction ancillary services	**1,007,273**	901,535	105,738
IT services	**362,265**	655,500	(293,235)
	22,471,557	51,899,239	(29,427,682)

Revenue from manpower outsourcing and ancillary services decreased from approximately S$44.7 million in FY2019 to approximately S$15.2 million in FY2020, representing a decrease of approximately 66.0%. This was mainly attributable to the decrease in construction activities during FY2020, in particular, since the commencement of the CB period on 7 April 2020, where the construction activities were suspended and slow resumption of activities following the ease of CB, hence minimal revenue recognised since then.

* *For identification purpose only*

Revenue from dormitory services increased from approximately S$5.7 million in FY2019 to approximately S$5.9 million in FY2020 mainly due to provision of catering services to occupants of our dormitory as self-cooking is prohibited at communal kitchen to prevent the spread of COVID-19. Given the occupancy rate of our dormitory, the current capacity of our dormitory is insufficient to capture further business opportunities. Whilst the Group continues to search for a suitable dormitory for acquisition, given the previous lockdown of the city, changes to regulations affecting workers dormitory capacity to combat COVID-19 infection and the market condition, the identification of the additional foreign worker dormitory has been delayed. 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 over the next 12 months that will suit its business needs, subject to the market conditions.

Revenue from construction ancillary services in FY2020 increased by approximately S$0.1 million as compared to that in FY2019. This was mainly caused by an increase in sales from warehousing services due to additional industrial space rented out.

The decrease in revenue from IT services from approximately S$0.66 million in FY2019 to approximately S$0.36 million in FY2020 was mainly due to a decrease in the number of maintenance and support days required by our sole IT customer during the CB period.

Gross profit and gross profit margin

The Group's gross profit decreased from approximately S$12.4 million in FY2019 to approximately S$8.9 million in FY2020. This was mainly due to the decrease in construction activities as discussed above. Despite that, the gross profit margin increased from approximately 23.9% in FY2019 to approximately 39.4% in FY2020, primarily due to (i) foreign workers' levy waiver in certain months and levy rebates provided by the Singapore government to partially support the upkeep and well-being of foreign workers, (ii) rental waiver granted by landlords and the Singapore government, and (iii) stricter cost management measures implemented by the Group.

Other income

Other income increased from approximately S$1.4 million in FY2019 to approximately S$3.2 million in FY2020 mainly due to government grants received, namely, JSS which provides wage support to help employers retain local employees.

Administrative expenses

Administrative expenses decreased by approximately S$2.6 million mainly due to workforce reduction and implementation of other cost saving strategies as a result of the economic and operational impacts of the COVID-19. There were additional costs incurred in the prior year 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 International Co., Ltd 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.

Other gains and losses

Other gains increased by approximately S$0.31 million in FY2020 mainly due to (i) gain on fair value movement of equity instruments designated at fair value through profit or loss; and (ii) gain on disposal of motor vehicles due to reduction in workforce.

Finance costs

Finance costs decreased by approximately S$0.12 million due to reduction in lease liabilities.

Income tax expense

The Group recorded an income tax expense of approximately S$0.16 million in FY2020 as compared to approximately S$0.77 million in FY2019 mainly due to lower chargeable income as certain COVID-19 government support grants were non-taxable. There was derecognition of deferred tax assets for unutilised tax losses from some of the subsidiaries in FY2019.

Profit for the year

Despite the disruption in business activities due to COVID-19, the Group recorded a profit of approximately S$1.26 million in FY2020 (FY2019: loss of S$0.69 million) largely attributed to various non-recurring COVID-19 support schemes rolled out by the Singapore government and stricter cost management measures implemented by the Group.

Earnings per share

The basic earnings per share was 0.10 Singapore cent (2019: loss per share of 0.06 Singapore cent) and the calculation is based on the profit attributable to owners of the Company of approximately S$1.26 million (2019: loss of approximately S$0.69 million) and the weighted average number of 1,230,000,000 (2019: 1,230,000,000) ordinary Shares in issue during the Year.

Diluted earnings per share was the same as the basic earnings per share because the Group had no dilutive potential Shares during FY2020 and FY2019.

CLARIFICATION TO POSITIVE PROFIT ALERT ANNOUNCEMENT

Reference is made to the announcement of the Company dated 19 March 2021 (the "**Positive Profit Alert Announcement**") in relation to the positive profit alert of the results of the Company for the year ended 31 December 2020. The Company would like to clarify that the actual profit after taxation of the Company for the year ended 31 December 2020 amounted to approximately S$1.26 million, which is less than the expected amount stated in the Positive Profit Alert Announcement.

The Board would like to emphasize that the information contained in the Positive Profit Alert Announcement was based on the preliminary review by the Board of the Group's unaudited consolidated management accounts for the year ended 31 December 2020 and the latest information available to the Board up to the date of the Positive Profit Alert Announcement. In the process of finalizing the annual result of the Company, certain portion of the grant income in relation to the non-recurring government grants would be deferred to the financial year ending 31 December 2021. As a result of such adjustment which was an information not available to the Board at the time of issuing the Positive Profit Alert Announcement, there is a discrepancy between the expected profit after taxation of the Company stated in the Positive Profit Alert Announcement and the actual profit after taxation of the Company.

For details regarding the deferred grant income, please refer to Note 14 in the Notes to the Consolidated Financial Statements in this announcement.

DIVIDEND

The Board did not recommend distribution of any dividend to the shareholders of the Company (the "**Shareholders**") for FY2020 (FY2019: 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.

Cash and cash equivalents

As at 31 December 2020, the Group had cash and cash equivalents of approximately S$18.6 million, of which approximately 32.4% was denominated in S$ and approximately 67.5% 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.

Use of proceeds from Listing

References are made to the announcements of the Company dated 16 October 2020, 12 November 2020 and 2 March 2021 (the "**Announcements**") pursuant to which, amongst others, the Company announced certain changes in the use of the Net Proceeds which remained unutilised (the "**Unutilised Net Proceeds**") as at 2 March 2021. Unless otherwise defined, capitalised terms used in this section shall have the same meanings as defined in the Announcements.

As at the date of this announcement, the Group utilised an aggregate amount of approximately HK$11.8 million of the Net Proceeds, representing approximately 14.3% of the Net Proceeds. The Unutilised Net Proceeds amounted to approximately HK$70.8 million, representing approximately 85.7% of the Net Proceeds as follows:

Intended use of Net Proceeds	**Amount of the Net Proceeds for each intended usage** *(HK$' million)*	**Utilised amount of Net Proceeds up to the date of this announcement** *(HK$' million)*	**Unutilised amount of Net Proceeds as at the date of this announcement** *(HK$' million)*	**Expected timeline for fully utilising the Unutilised Net Proceeds** ***(Note 1)***
(1) For partly financing the acquisition of an additional foreign worker dormitory at an estimated consideration of HK$162.0 million	46.6	–	46.6	*Note 2*
(2) For financing the acquisition of 10 additional lorries	5.5	1.8	3.7	By the end of 30 June 2021
(3) For financing the Investment in Securities	10.0	10.0	–	N/A
(4) For injection of registered capital in Jinhai Medical	20.5	–	20.5	*Note 3*
Total	**82.6**	**11.8**	**70.8**	

Notes

(1) 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.

(2) The unutilised portion amounted to approximately HK$46.6 million as at the date of this announcement. Whilst the Company continues to search for a suitable dormitory for acquisition, given the previous lockdown of the city and the market condition, the identification of the additional foreign worker dormitory has been delayed. Also, 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.

(3) The first phase of the injection will amount to RMB3 million and will be paid by end of March 2021. The Company expects no more than RMB7 million to be injected by the end of 31 December 2021. The expected timeline for utilising the remaining Net Proceeds for the injection of registered capital of Jinhai Medical based on the current and future business development of Jinhai Medical and the market conditions.

Borrowings and gearing ratio

As at 31 December 2020, the Group had an aggregate of current and non-current lease liabilities of approximately S$5.5 million as compared to lease liabilities of approximately S$10.1 million as at 31 December 2019. The decrease was due to repayment of lease liabilities arising in FY2020.

The Group's gearing ratio as at 31 December 2020 was approximately 21.6% (as at 31 December 2019: approximately 41.7%). 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 2020, the Group had unutilised banking facilities of approximately S$527,639 available for cash drawdown (as at 31 December 2019: S$527,639).

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$0.24 million as HK$ weakened against S$ in FY2020.

Charges on the Group's assets and contingent liabilities

As at 31 December 2020, certain lease liabilities were secured by the charge over leased assets with an aggregate net book value of approximately S$0.39 million (as at 31 December 2019: S$0.53 million).

The Group did not have any material contingent liabilities as at 31 December 2020 and 2019.

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 FY2020 and FY2019. For details regarding the formation of Jinhai Medical as discussed above, please refer to the announcement of the Company dated 2 March 2021.

The Group held investments in quoted equity shares at fair value of approximately S$7.1 million and S$0.1 million, respectively as at 31 December 2020 and 2019.

The economic outlook and financial market in Singapore remain uncertain due to the global outbreak of the COVID-19 since early 2020. In view of these uncertainties and the existing market conditions, the Group decided to adopt a more effective approach to manage its internally generated funds to acquire on the open market certain listed securities. The investments in quoted equity securities offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

Capital expenditures and capital commitments

The Group's capital expenditures principally consisted of expenditures on 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$0.74 million and S$0.93 million for FY2020 and FY2019, respectively.

The Group did not have any capital commitments as at 31 December 2020 and 2019.

Off-balance sheet transactions

As at 31 December 2020, the Group did not enter into any material off-balance sheet transaction.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2020, the Group had 551 employees (as at 31 December 2019: 1,650), 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$13.8 million and S$24.0 million for FY2020 and FY2019, 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 provisions 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 price 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 and the announcement dated 2 March 2021 in relation to the formation of joint venture company and change in use of proceeds, the Directors confirm that no significant event that affected the Group has occurred after 31 December 2020 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.

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 2021

As at the date of this announcement, the Board comprises nine Directors, of which two are executive Directors, namely Mr. Chen Guobao and Mr. Wang Zhenfei; four are non-executive Directors, namely Mr. Yang Fu Kang, Mr. Li Yunping, Mr. Jiang Jiangyu and Mr. Wang Huasheng; and three are independent non-executive Directors, namely Mr. Yan Jianjun, Mr. Fan Yimin and Mr. Chai Chi Man.