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## **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 2022**

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 2022 (the “**Year**” or “**FY2022**”). 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 2022*

	<i>Notes</i>	<b>2022</b> <i>S\$</i>	2021 <i>S\$</i> (Restated)
Revenue	3	<b>22,279,572</b>	21,895,836
Cost of sales and services		<b>(12,163,694)</b>	(14,169,126)
Gross profit		<b>10,115,878</b>	7,726,710
Other income	4	<b>1,499,056</b>	1,899,621
Other gain and losses, net	5	<b>(630,143)</b>	(395,709)
Selling expenses		<b>(12,151)</b>	(17,969)
Administrative expenses		<b>(10,241,721)</b>	(8,696,505)
(Reversal)/provision of expected credit losses on trade and other receivables		<b>138,411</b>	(446,206)
Finance costs	6	<b>(85,288)</b>	(132,312)
Profit/(loss) before income tax	7	<b>784,042</b>	(62,370)
Income tax expense	8	<b>(668,316)</b>	(435,460)
Profit/(loss) for the year		<b>115,726</b>	(497,830)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – CONTINUED**

*For the year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <i>S\$</i>	2021 <i>S\$</i> (Restated)
<b>Other comprehensive (expense)/income, after tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Translation differences arising on consolidation of foreign operations		<u>(527,665)</u>	<u>146,738</u>
Total comprehensive expense for the year		<u><b>(411,939)</b></u>	<u>(351,092)</u>
<b>Profit/(loss) attributable to:</b>			
Owners of the Company		<b>468,086</b>	(246,205)
Non-controlling interests		<u>(352,360)</u>	<u>(251,625)</u>
Profit/(loss) for the year		<u><b>115,726</b></u>	<u>(497,830)</u>
<b>Total comprehensive expense attributable to:</b>			
Owners of the Company		<b>92,702</b>	(100,019)
Non-controlling interests		<u>(504,641)</u>	<u>(251,073)</u>
Total comprehensive expense for the year		<u><b>(411,939)</b></u>	<u>(351,092)</u>
		<i>Singapore</i>	<i>Singapore</i>
<b>Earnings/(loss) per share</b>		<i>Cents</i>	<i>Cents</i> (Restated)
Basic and diluted earnings/(loss) per share	<i>10</i>	<u><b>0.04</b></u>	<u>(0.02)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	31 December 2022 S\$	31 December 2021 S\$ (Restated)	1 January 2021 S\$ (Restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		4,257,949	1,044,941	1,429,207
Right-of-use assets		1,469,228	785,060	2,858,451
Investment properties		1,082,315	1,008,863	2,438,956
Deferred tax assets		158,760	189,386	206,100
Other receivables		2,036	33,181	33,181
		<u>6,970,288</u>	<u>3,061,431</u>	<u>6,965,895</u>
<b>Current assets</b>				
Trade receivables	11	2,211,612	1,464,816	2,281,692
Other receivables, deposits and prepayments		6,186,428	3,330,736	2,862,696
Financial assets at fair value through profit or loss		7,591,960	8,735,795	7,137,155
Income tax recoverable		–	46,168	–
Inventories		958,551	873,637	–
Fixed bank deposit		968,400	–	–
Cash and cash equivalents		15,384,588	16,256,914	20,249,536
		<u>33,301,539</u>	<u>30,708,066</u>	<u>32,531,079</u>
<b>Total assets</b>		<u><u>40,271,827</u></u>	<u><u>33,769,497</u></u>	<u><u>39,496,974</u></u>
<b>EQUITY</b>				
<b>Capital and reserves</b>				
Share capital	13	2,142,414	2,142,414	2,142,414
Share premium		14,958,400	14,958,400	14,958,400
Merger reserve		1,350,000	1,350,000	1,350,000
Currency translation reserve		(204,230)	171,154	24,968
Retained earnings		6,121,429	5,653,343	5,899,548
		<u>24,368,013</u>	<u>24,275,311</u>	<u>24,375,330</u>
Equity attributable to owners of the Company		<u>24,368,013</u>	<u>24,275,311</u>	<u>24,375,330</u>
Non-controlling interests		224,193	(251,073)	–
		<u>24,592,206</u>	<u>24,024,238</u>	<u>24,375,330</u>
<b>Total equity</b>		<u><u>24,592,206</u></u>	<u><u>24,024,238</u></u>	<u><u>24,375,330</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED**

*As at 31 December 2022*

		<b>31 December 2022</b>	31 December 2021	1 January 2021
	<i>Notes</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>
			(Restated)	(Restated)
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Bank borrowing		<b>968,400</b>	–	–
Lease liabilities		<b>712,645</b>	254,012	708,701
Deferred tax liabilities		–	25,050	47,170
		<u><b>1,681,045</b></u>	<u>279,062</u>	<u>755,871</u>
<b>Current liabilities</b>				
Trade and other payables	<i>12</i>	<b>8,441,657</b>	6,220,218	8,750,482
Contract liabilities		<b>2,093,378</b>	1,199,112	466,696
Other borrowing		<b>968,400</b>	–	–
Lease liabilities		<b>1,800,312</b>	1,614,413	4,795,025
Current tax liabilities		<b>694,829</b>	432,454	353,570
		<u><b>13,998,576</b></u>	<u>9,466,197</u>	<u>14,365,773</u>
<b>Total liabilities</b>		<u><b>15,679,621</b></u>	<u>9,745,259</u>	<u>15,121,644</u>
<b>Net current assets</b>		<u><b>19,302,963</b></u>	<u>21,241,869</u>	<u>18,165,306</u>
<b>Total equity and liabilities</b>		<u><b>40,271,827</b></u>	<u>33,769,497</u>	<u>39,496,974</u>

## 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 Vistra (Cayman) Limited, 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 31 Sungei Kadut Avenue, Singapore 729660. The issued shares capital of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong 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, provision of information technology services, provision of construction ancillary services for the building and construction industry, and provision of minimally invasive surgery solution and medical products and related services.

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

Certain comparative figures have been reclassified to conform with the current year’s presentation.

### 2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“**IFRSs**”)

In the current year, the Group has applied a number of amendments to IFRSs that are mandatorily effective for an accounting period that beginning on or after 1 January 2022. The adoption of these amendments to 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 early applied the new and revised IFRSs and amendments to IFRSs that have been issued but are not yet effective. The directors of the Company anticipates that the application of these new and amendments to IFRSs will not have a material impact on the Group’s consolidated financial statements in the period of their initial application.

#### 2.1 Restatement of prior year balances

The comparative amounts in respect of the preceding year included as comparative information in the consolidated financial statements of the Group for the financial year ended 31 December 2022 have been restated to correct retrospectively certain material prior period errors which were identified during the current year, details of which explained below.

The Group has applied for the Assisted Compliance Assurance Programme (“**ACAP**”) of the Inland Revenue Authority of Singapore (“**IRAS**”) for the enhancement of its Goods and Services Tax (“**GST**”) Control Framework. During the application process, the IRAS has pointed out that there were several GST accounting errors that required attention, mainly in relation to (i) omission of GST output tax payable on the disposal of motor vehicles and (ii) omission of GST output tax on recovery of expenses from staff (including recoveries via staff payroll deductions for meals, conservancy charges, medical expenses and laundry charges). The Group has appointed an independent professional consultant to perform review and recalculation of GST and GST audit after the discovery of these GST accounting errors.

Based on the findings arising from the GST audit under the ACAP, the directors of the Company have determined that prior year adjustments should be made in the consolidated financial statements by (i) restating the comparative amounts in the consolidated financial statements for the prior period for the effects of the errors which occurred during the year ended 31 December 2021; and (ii) restating the opening balances of the assets, liabilities and equity as at 1 January 2021 for the effects of the errors which occurred before 1 January 2021. The financial statement line items affected and the amounts of the correction of the prior period errors discovered in respect of the consolidated financial statements for previous financial years, as well as the details of the errors and their effects on those prior periods, are set out below.

***Extracted from consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021***

	2021 (as previously reported) S\$	Prior year adjustments S\$	Notes	2021 (as restated) S\$
Revenue	21,416,453	479,383	<i>(i)</i>	21,895,836
Cost of sales and services	(13,656,186)	(512,940)	<i>(ii)</i>	(14,169,126)
Gross profit	7,760,267	(33,557)		7,726,710
Other gain and losses, net	(395,083)	(626)	<i>(iii)</i>	(395,709)
Loss before income tax	(28,187)	(34,183)	<i>(vi)</i>	(62,370)
Loss for the year	(463,647)	(34,183)		(497,830)
Total comprehensive expense for the year	(316,909)	(34,183)		(351,092)
<b>Loss attributable to:</b>				
Owners of the Company	(212,022)	(34,183)		(246,205)
Non-controlling interests	(251,625)	–		(251,625)
Loss for the year	(463,647)	(34,183)		(497,830)
<b>Total comprehensive expense attributable to:</b>				
Owners of the Company	(65,836)	(34,183)		(100,019)
Non-controlling interests	(251,073)	–		(251,073)
Total comprehensive expense for the year	(316,909)	(34,183)		(351,092)
<b>Loss per share</b>				
Basic and diluted loss per share	(0.02)	–*		(0.02)

\* Less than Singapore cents 0.01

**Extracted from consolidated statement of financial position as at 31 December 2021**

	<b>2021</b> <b>(as previously reported)</b> S\$	<b>Prior year adjustments</b> S\$	<i>Notes</i>	<b>Reclassification</b> S\$	<b>2021</b> <b>(as restated)</b> S\$
Other receivables, deposits and prepayments	4,866,142	84,151	<i>(iv)</i>	(1,619,557)	3,330,736
Total current assets	30,623,915	84,151			30,708,066
Total assets	33,685,346	84,151			33,769,497
Trade and other payables	4,986,789	1,233,429	<i>(iv)</i>		6,220,218
Total current liabilities	8,232,768	1,233,429			9,466,197
Total liabilities	8,511,830	1,233,429			9,745,259
Total equity and liabilities	33,685,346	84,151			33,769,497
Retained earnings	6,802,621	(1,149,278)	<i>(iv)</i>		5,653,343
Equity attributable to owners of the Company	25,424,589	(1,149,278)			24,275,311
Total equity	25,173,516	(1,149,278)			24,024,238

**Extracted from consolidated statement of financial position as at 1 January 2021**

	<b>1 January 2021</b> <b>(as previously reported)</b> S\$	<b>Prior year adjustment</b> S\$	<i>Notes</i>	<b>Reclassification</b> S\$	<b>1 January 2021</b> <b>(as restated)</b> S\$
Other receivables, deposits and prepayments	4,425,544	84,151	<i>(iv)</i>	(1,646,999)	2,862,696
Total current assets	32,446,928	84,151			32,531,079
Total assets	39,412,823	84,151			39,496,974
Trade and other payables	7,551,236	1,199,246	<i>(iv)</i>		8,750,482
Total current liabilities	13,166,527	1,199,246			14,365,773
Total liabilities	13,922,398	1,199,246			15,121,644
Total equity and liabilities	39,412,823	84,151			39,496,974
Retained earnings	7,014,643	(1,115,095)	<i>(iv)</i>		5,899,548
Equity attributable to owners of the Company	25,490,425	(1,115,095)			24,375,330
Total equity	25,490,425	(1,115,095)			24,375,330

**Extracted from consolidated statement of changes in equity for the year ended 31 December 2021**

	<b>Retained earnings S\$</b>	<b>Equity attributable to owners of the Company S\$</b>	<b>Total equity S\$</b>
At 1 January 2021 (originally stated)	7,014,643	25,490,425	25,490,425
Prior year adjustments ( <i>note (v)</i> )	<u>(1,115,095)</u>	<u>(1,115,095)</u>	<u>(1,115,095)</u>
At 1 January 2021 (restated)	5,899,548	24,375,330	24,375,330
For the year ended 31 December 2021:			
Loss for the year (originally stated)	(212,022)	(212,022)	(463,647)
Prior year adjustments ( <i>note (vi)</i> )	<u>(34,183)</u>	<u>(34,183)</u>	<u>(34,183)</u>
Loss for the year (restated)	(246,205)	(246,205)	(497,830)
Total comprehensive expense for the year (originally stated)	(212,022)	(65,836)	(316,909)
Prior year adjustments ( <i>note (vi)</i> )	<u>(34,183)</u>	<u>(34,183)</u>	<u>(34,183)</u>
Total comprehensive expense for the year (restated)	(246,205)	(100,019)	(351,092)
At 31 December 2021 (originally stated)	6,802,621	25,424,589	25,173,516
Prior year adjustments ( <i>note (v)</i> )	<u>(1,149,278)</u>	<u>(1,149,278)</u>	<u>(1,149,278)</u>
At 31 December 2021 (restated)	<u><u>5,653,343</u></u>	<u><u>24,275,311</u></u>	<u><u>24,024,238</u></u>

**Extracted from consolidated statement of cash flows for the year ended 31 December 2021**

	<b>2021 (as previously reported) S\$</b>	<b>Prior year adjustments S\$</b>	<i>Notes</i>	<b>2021 (as restated) S\$</b>
<b>Cash flows from operating activities</b>				
Loss before income tax	(28,187)	(34,183)	<i>(vi)</i>	(62,370)
Adjustments for:				
Gain on disposal of property, plant and equipment, net	(298,161)	626	<i>(iii)</i>	(297,535)
<b>Operating profit before working capital changes</b>	4,959,050	(33,557)		4,925,493
Change in trade and other payables	(1,788,448)	33,557		(1,754,891)



Based on the findings of the GST audit referred to above, the previously reported carrying amounts of GST and VAT receivables (included in “Other receivables, deposits and prepayments” in current assets) and GST and VAT payables (included in “Trade and other payables” in current liabilities) were found to be understated by amounts of S\$84,151 and S\$1,233,429 respectively as at 31 December 2021 and S\$84,151 and S\$1,199,246 respectively as at 1 January 2021. These errors mainly arose from (i) omission of GST output tax on income from provision of meal and other services to staffs and (ii) omission of GST output tax payable on the disposal of motor vehicles for the periods from 1 April 2014 to 31 December 2021. The errors discovered during the GST audit also resulted in understatements of revenue and cost of sales and services of the Group for the year ended 31 December 2021 by amounts of S\$479,383 and S\$512,940 respectively due to the deduction of the provision of meal and other services to staffs from their salaries (included in “cost of sales and services”) and overstatement of net gain on disposal of property, plant and equipment by amount of S\$626 included in “Other gain and losses, net” resulted from omission of GST output tax.

*Notes:*

- (i) The prior year adjustment represents recognition of provision of manpower outsourcing and ancillary services in relation to the income from provision of meal and other services to staff of S\$512,940 net of GST output tax of S\$33,557 for the year ended 31 December 2021.
- (ii) The prior year adjustment represents recognition of staff salaries of S\$512,940 for the year ended 31 December 2021.
- (iii) The prior year adjustment represents adjustments to net gain on disposal of property, plant and equipment by deducting related GST output tax of S\$626 for the year ended 31 December 2021.
- (iv) The prior year adjustments represent adjustments to the amounts of GST and VAT receivables, GST and VAT payables and retained earnings 1 January 2021 and 31 December 2021 relating to the omission of GST receivables and payables at the respective reporting dates.
- (v) The prior year adjustments represent adjustments to the amounts of retained earnings at 1 January 2021 and 31 December 2021 by decreasing S\$1,115,095 and S\$1,149,278 respectively in relation to the net effect of the omission of GST receivables and payables at the respective reporting dates.
- (vi) The prior year adjustments represents the net effect to the line items in connection with the prior year adjustments mentioned in notes (i), (ii) and (iii) above.

### **3. REVENUE AND SEGMENT INFORMATION**

Revenue represents the consideration specified in contracts with customers for the provision of manpower outsourcing and ancillary services, dormitory services, information technology (“IT”) services and construction ancillary services, solely derived in Singapore and provision of minimally invasive surgery solution and medical products and related services, in the Mainland China during the Year.

Information is reported to the 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, comprising 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 products relating to provision of minimally invasive surgery solution and medical and related service fee and the respective profit or loss for the year as a whole. Accordingly, only entity-wide disclosures on services and products, 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:

	2022 S\$	2021 S\$ (Restated)
<i>Revenue recognised over time:</i>		
Services:		
Provision of manpower outsourcing and ancillary services	15,017,819	14,306,931
Provision of dormitory services	5,787,235	4,789,450
Provision of IT services	417,150	567,035
Provision of construction ancillary services	401,838	674,137
	<u>21,624,042</u>	<u>20,337,553</u>
<i>Revenue recognised at a point in time:</i>		
Products:		
Provision of minimally invasive surgery solution and medical products and related service fee	655,530	1,558,283
	<u>22,279,572</u>	<u>21,895,836</u>

As permitted under IFRS 15, 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.

	Services		Products		Others*		Total	
	2022 S\$	2021 S\$ (Restated)	2022 S\$	2021 S\$	2022 S\$	2021 S\$	2022 S\$	2021 S\$ (Restated)
Revenue – External	<u>21,624,042</u>	<u>20,337,553</u>	<u>655,530</u>	<u>1,558,283</u>	<u>-</u>	<u>-</u>	<u>22,279,572</u>	<u>21,895,836</u>
Interest expense:								
– Margin financing	-	-	-	-	-	19,776	-	19,776
– Lease liabilities	27,131	79,662	24,686	7,479	9,891	25,395	61,708	112,536
– Bank borrowings	-	-	23,580	-	-	-	23,580	-
Gain on disposal of property, plant and equipment	146,947	297,535	-	-	-	-	146,947	297,535
Loss on disposal of right-of-use assets	-	(20,937)	-	-	-	-	-	(20,937)
(Loss)/gain on disposal of financial assets								
at fair value through profit or loss	(209,405)	226,135	-	-	-	17,478	(209,405)	243,613
Gain on lease modification	-	34,278	-	-	-	-	-	34,278
Changes in fair value of financial assets								
at fair value through profit or loss	(668,824)	(1,049,084)	-	-	(11,457)	-	(680,281)	(1,049,084)
Reversal/(provision) of expected credit losses								
on trade and other receivables	165,877	(446,206)	(27,466)	-	-	-	138,411	(446,206)
(Impairment loss on)/reversal of impairment loss on								
property, plant and equipment	-	(14,195)	-	-	-	-	-	(14,195)
Write-off of property, plant and equipment	-	(69,510)	-	-	-	-	-	(69,510)
Depreciation of property, plant and equipment	460,900	816,218	106,865	980	-	-	567,765	817,198
Depreciation of right-of-use assets	304,237	1,242,937	210,106	57,079	301,485	305,251	815,828	1,605,267
Depreciation of investment properties	3,003,053	2,943,125	-	-	-	-	3,003,053	2,943,125
Profit/(loss) before tax	3,915,785	2,817,150	(704,060)	(754,015)	(2,427,683)	(2,125,505)	784,042	(62,370)
Tax expense	(643,116)	(434,284)	(25,200)	(1,176)	-	-	(668,316)	(435,460)
Profit/(loss) for the year	<u>3,272,669</u>	<u>2,382,866</u>	<u>(729,260)</u>	<u>(755,191)</u>	<u>(2,427,683)</u>	<u>(2,125,505)</u>	<u>115,726</u>	<u>(497,830)</u>
<b>Other information</b>								
Segment assets	<u>24,257,488</u>	<u>20,541,551</u>	<u>12,400,541</u>	<u>7,718,611</u>	<u>3,613,798</u>	<u>5,509,335</u>	<u>40,271,827</u>	<u>33,769,497</u>
Addition to non-current assets ( <i>Note</i> )								
Property, plant and equipment	18,134	24,901	1,864,780	582,178	-	-	1,882,914	607,079
Right of use assets	126,738	-	730,706	232,483	547,226	-	1,404,670	232,483
Investment properties	3,076,505	1,513,032	-	-	-	-	3,076,505	1,513,032
Segment liabilities	<u>8,156,593</u>	<u>7,947,461</u>	<u>6,614,856</u>	<u>1,397,232</u>	<u>908,172</u>	<u>400,566</u>	<u>15,679,621</u>	<u>9,745,259</u>

\* Other relate to corporate office functions

*Note:* The amounts of additions to non-current assets exclude financial instruments and deferred tax assets.

## Major customers

There was no individual customer that contributed over 10% of total revenue of the Group during the years ended 31 December 2022 and 31 December 2021.

An analysis of the Group's revenue for the year by geographical areas is as follows:

	2022 S\$	2021 S\$ (Restated)
Revenue recognised from:		
Singapore	21,624,042	20,337,553
Mainland China	655,530	1,558,283
	<u>22,279,572</u>	<u>21,895,836</u>

An analysis of the Group's non-current assets (including property, plant and equipment, right-of-use assets and investment properties) for the year by geographical areas is as follows:

	2022 S\$	2021 S\$
Non-current assets located at:		
Singapore	1,282,191	1,854,112
Mainland China	5,059,384	755,562
Hong Kong	467,917	229,190
	<u>6,809,492</u>	<u>2,838,864</u>

## 4. OTHER INCOME

	2022 S\$	2021 S\$
Government grant	267,930	1,358,331
Dividend income from listed investments	435,689	173,791
Interest income	10,941	2,423
Forfeiture of customer deposits	51,043	95,740
Work injury/workmen compensation claims	180,018	80,050
Sub-leasing income	180,238	168,477
Equipment rental income	45,654	–
Rental concession	98,230	–
Others	229,313	20,809
	<u>1,499,056</u>	<u>1,899,621</u>

**5. OTHER GAIN AND LOSSES, NET**

	2022 S\$	2021 S\$ (Restated)
Gain on disposal of property, plant and equipment	146,974	297,535
Loss on disposal of right-of-use assets	–	(20,937)
(Loss)/gain on disposal of financial assets at fair value through profit or loss	(209,405)	243,613
Gain on lease modification	–	34,278
Changes in fair value of financial assets at fair value through profit or loss, net	(680,281)	(1,049,084)
Foreign exchange gain, net	112,569	183,550
Reversal of impairment loss on property, plant and equipment	–	(14,195)
Tax and surcharges	–	(959)
Write-off of property, plant and equipment	–	(69,510)
	<u>(630,143)</u>	<u>(395,709)</u>

**6. FINANCE COSTS**

	2022 S\$	2021 S\$
<i>Interest on:</i>		
– Margin financing	–	19,776
– Lease liabilities	61,708	112,536
– Bank borrowing	23,580	–
	<u>85,288</u>	<u>132,312</u>

## 7. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax has been arrived at after charging/(crediting):

	2022 S\$	2021 S\$ (Restated)
Depreciation of property, plant and equipment	567,765	817,198
Depreciation of right-of-use assets	815,828	1,605,267
Depreciation of investment properties	3,003,053	2,943,125
Auditors' remuneration:		
– auditor of the Company	167,533	185,000
– other auditors	163,000	85,350
Directors' remuneration	908,583	1,162,779
	<u>9,506,315</u>	<u>10,002,083</u>
Salaries, wages and other benefits	9,506,315	10,002,083
Contributions to defined contribution plans	552,125	482,506
Foreign worker levy	2,220,905	1,976,747
	<u>12,279,345</u>	<u>12,461,336</u>
Employee benefits expense	12,279,345	12,461,336
Workers and other staff costs are charged as follows:		
– Cost of services	6,837,221	6,495,195
– Administrative expenses	5,442,124	5,966,141
	<u>12,279,345</u>	<u>12,461,336</u>
Total workers and other staff costs	12,279,345	12,461,336
Gross rental income from investment properties	(5,787,235)	(4,789,450)
Direct operating expenses incurred during the year for investment properties that		
– generated rental income	3,076,725	3,029,713
– did not generate rental income	735,907	795,951
	<u>3,812,632</u>	<u>3,825,664</u>
	<u>(1,974,603)</u>	<u>(963,786)</u>

## 8. INCOME TAX EXPENSE

	2022 S\$	2021 S\$
<b>Current taxation</b>		
– Current year Singapore corporate income tax (“CIT”)	674,000	423,591
– (Over provision)/under provision in respect of prior years	<u>(36,460)</u>	<u>17,275</u>
	637,540	440,866
– Enterprise income tax of the People’s Republic of China (the “PRC”)	<u>25,200</u>	<u>–</u>
	<u>662,740</u>	<u>440,866</u>
<b>Deferred taxation</b>		
– Current year	5,576	(19,076)
– Adjustments in respect of prior years	<u>–</u>	<u>13,670</u>
	<u>5,576</u>	<u>(5,406)</u>
	<u>668,316</u>	<u>435,460</u>

## 9. DIVIDEND

No dividend was paid or declared by the Company for the years ended 31 December 2022 and 2021.

## 10. EARNINGS/(LOSS) PER SHARE

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

	2022	2021 (Restated)
Profit/(loss) for the year attributable to owners of the Company (S\$)	<u>468,086</u>	<u>(246,205)</u>
Weighted average number of ordinary shares in issue for the purpose of calculating basic and diluted earnings/(loss) per share	<u>1,230,000,000</u>	<u>1,230,000,000</u>
Basic and diluted earnings/(loss) per share (Singapore cents)	<u>0.04</u>	<u>(0.02)</u>

Diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share because the Group had no dilutive potential ordinary shares in issue during the years ended 31 December 2022 and 2021.

## 11. TRADE RECEIVABLES

	2022 S\$	2021 S\$
Trade receivables	3,179,691	2,531,865
Less: Provision for impairment losses	<u>(968,079)</u>	<u>(1,067,049)</u>
	<u><b>2,211,612</b></u>	<u><b>1,464,816</b></u>

The credit terms to customers range from 3 to 30 days (2021: 3 to 30 days) from the invoice date for trade receivables.

The following is an analysis of trade receivables net of impairment loss allowance presented based on due date at the end of each reporting period:

	2022 S\$	2021 S\$
Not due	1,344,925	862,358
1 day to 30 days	743,006	501,491
31 days to 60 days	123,681	100,934
Over 61 days	<u>–</u>	<u>33</u>
	<u><b>2,211,612</b></u>	<u><b>1,464,816</b></u>

## 12. TRADE AND OTHER PAYABLES

	2022 S\$	2021 S\$ (Restated)
Trade payables	476,557	263,732
Accrued operating expense	2,392,762	2,471,598
Other payables	1,883,013	241,479
GST and VAT payables	2,123,599	2,059,438
Customer deposits received	<u>1,565,726</u>	<u>1,183,971</u>
	<u><b>8,441,657</b></u>	<u><b>6,220,218</b></u>

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

	2022 S\$	2021 S\$
Within 30 days	321,837	153,367
31 days to 90 days	63,190	22,192
Over 90 days	91,530	88,173
	<u>476,557</u>	<u>263,732</u>

The credit period on purchases from suppliers ranges from 7 to 60 days (2021: 7 to 60 days) or payable upon delivery.

### 13. SHARE CAPITAL

	Number of shares	Par value HK\$	Share capital HK\$
<b>2022 and 2021</b>			
<i>Authorised:</i>			
At beginning and at end of year	<u>2,000,000,000</u>	<u>0.01</u>	<u>20,000,000</u>
	Number of shares		Share capital S\$
<b>2022 and 2021</b>			
<i>Issued and fully paid ordinary shares:</i>			
At beginning and at end of year		<u>1,230,000,000</u>	<u>2,142,414</u>



## 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. The Group also generated revenue from sales of medical equipment in China.

For the Year under review, the Group recorded revenue of approximately S\$22.3 million, an increase of approximately 1.8% over the previous year, due to the easing of COVID-19 restrictions implemented by the Singapore government in 2022. Following the end of pandemic of COVID-19, the pace of construction work resumption depends upon not only the economy recovery but also manpower disruption from the additional safe management measures at the worksites and other regulations.

Based on FY2023 budget statement from the Ministry of Finance released on 14 February 2023, it is expected that slower economic growth in Singapore of 0.5% to 2.5%. Construction industries that were hardest hit by COVID-19 continued recovery. The Group expects the construction industry in Singapore to remain challenging in 2023.

With rising inflation and interest rates, this has become one of most economically challenging years, the Group is taking proactive steps to conserve cash by implementing stricter cost management measures.

In addition to diversification of businesses of the Group, the Board considers to expand its existing business into the Asia Pacific Region, including China. The Board also considers to provide value-added services, such as skills training and quality improvement to the labour forces on top of the manpower outsourcing services.

With the expanding ageing population, the improved living standards of the people and the economic growth of China, the demand for medical devices has steadily increased. The Group considers to seize the development opportunities and enhance the competitiveness in the increasingly fierce market competition, the Group will continue to strengthen its development in the year of 2023 by boarding the product lines and advancing the research and development capabilities. We will also keep expanding our distribution network, continuously developing new products and promoting resource integration, so as to further consolidate and strengthen our position in the medical industry.

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased from approximately S\$21.9 million for FY2021 to approximately S\$22.3 million for FY2022. The following table sets forth a breakdown of the revenue for FY2022 and FY2021 as indicated:

	FY2022 S\$	FY2021 S\$ (Restated)	(Decreased)/ Increased by S\$
Manpower outsourcing and ancillary services	<b>15,017,819</b>	14,306,931	710,888
Dormitory services	<b>5,787,235</b>	4,789,450	997,785
Construction ancillary services	<b>401,838</b>	674,137	(272,299)
IT services	<b>417,150</b>	567,035	(149,885)
Provision of minimally invasive surgery solution and medical products and related service fee	<b>655,530</b>	1,558,283	(902,753)
	<b><u>22,279,572</u></b>	<b><u>21,895,836</u></b>	<b><u>383,736</u></b>

Revenue from manpower outsourcing and ancillary services increased from approximately S\$14.3 million in FY2021 to approximately S\$15.0 million in FY2022, representing an increase of approximately 5.0%. This was mainly attributable to the increase in construction activities during FY2022, where the construction activities were suspended and slow resumption of activities following the ease of restrictions, hence revenue recognised since then.

Revenue from dormitory services increased from approximately S\$4.8 million in FY2021 to approximately S\$5.8 million in FY2022 mainly due to the previous lockdown of the city, changes to regulations affecting workers dormitory capacity to combat COVID 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 FY2022 decreased by approximately S\$0.3 million as compared to that in FY2021. This was mainly due to a decrease in sales from warehousing services due to less industrial space rented out.

The decrease in revenue from IT services from approximately S\$0.57 million in FY2021 to approximately S\$0.4 million in FY2022 was mainly due to an decrease in the number of maintenance and support days required by our sole IT customer.

Revenue in relation to service fee arising from sales of medical equipment approximately S\$0.66 million in FY2022 was contributed by the Group's subsidiaries in China. The revenue was the result of business diversification into China market during the COVID-19 period in order to balance revenue dependent in mainly Singapore market.

### **Gross profit and gross profit margin**

The Group's gross profit increased from approximately S\$7.7 million in FY2021 to approximately S\$10.1 million in FY2022. This was mainly due to the increase in construction activities as discussed above. The gross profit margin increased from approximately 35.3% in FY2021 to approximately 45.4% in FY2022, due primarily to reduction of direct costs of manpower outsourcing and ancillary services.

### **Other income**

Other income decreased from approximately S\$1.9 million in FY2021 to approximately S\$1.5 million in FY2022 mainly due to the termination of government grants received in relation to COVID-19.

### **Administrative expenses**

Administrative expenses increased by approximately S\$1.5 million mainly due to increased activities of subsidiaries in China during FY2022.

### **Other gain and losses, net**

Other losses approximately S\$0.6 million in FY2022 compare to other loss approximately S\$0.40 million in FY2021 mainly due to (i) loss on disposal of financial assets at fair value through profit or loss approximately S\$0.2 million; (ii) gain on disposal of property, plant and equipment approximately S\$0.2 million; (iii) loss in changes in fair value of financial assets at fair value through profit or loss of approximately S\$0.7 million; (iv) gain on foreign exchange approximately S\$0.1 million.

### **Finance costs**

Finance costs decreased due to reduction in lease liabilities.

### **Income tax expense**

The Group recorded an income tax expense of approximately S\$0.7 million in FY2022 as compared to approximately S\$0.4 million in FY2021.

## **Profit for the year**

The Group recorded a profit of approximately S\$0.1 million in FY2022 (FY2021: loss of S\$0.50 million) largely attributed to the disruption in various business activities during the COVID-19 period. The Group has implemented a stricter cost management measures and started a new business line in China in order to diversify the business risk.

## **Earnings/(loss) per share**

The basic earnings per share was 0.04 Singapore cent (2021: loss per share of 0.02 Singapore cent) and the calculation is based on the profit (2021: loss) attributable to owners of the Company of approximately S\$0.47 million (2021: loss of S\$0.25 million) and the weighted average number of 1,230,000,000 ordinary Shares in issue during the Year.

Diluted loss/earnings per share was the same as the basic earnings per share because the Group had no dilutive potential Shares during FY2022 and FY2021.

## **DIVIDEND**

The Board did not recommend distribution of any dividend to the shareholders of the Company (the “Shareholders”) for FY2022 (FY2021: 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). The table below sets out the proposed applications of the net proceeds from the Listing Date to December 2022:

Intended use of Net Proceeds	Original allocation <i>HK\$' million</i>	Revised	Revised	Utilised amount	Unutilised	Unutilised	Expected timeline for fully utilising the Unutilised Net Proceeds
		allocation as at 16 October 2020 <i>HK\$' million</i>	allocation as at 2 March 2021 <i>HK\$' million</i>	of Net Proceeds as at 31 December 2022 <i>HK\$' million</i>	amount of Net Proceeds as at 31 December 2022 <i>HK\$' million</i>	amount of Net Proceeds as at the date of Annual Report <i>HK\$' million</i>	
For partly financing the acquisition of an additional foreign worker dormitory at an estimated consideration of HK\$162.0 million	77.1	61.3	46.6	-	46.6	46.6	By the end of June 2024 ( <i>Note 4</i> )
For financing the acquisition of 10 additional lorries	5.5	3.7	3.7	1.8	1.9	1.9	By the end of June 2023 ( <i>Note 5</i> )
For financing the investment in securities	-	10.0 ( <i>Note 1</i> )	10.0	10.0	-	-	N/A
For repayment the loan	-	5.8 ( <i>Note 2</i> )	-	N/A	N/A	N/A	N/A
For injection of registered capital in Jinhai Medical	-	-	20.5 ( <i>Note 3</i> )	15.5	5.0	5.0	By the end of October 2023 ( <i>Note 6</i> )
<b>Total</b>	<b>82.6</b>	<b>80.8</b>	<b>80.8</b>	<b>27.3</b>	<b>53.5</b>	<b>53.5</b>	

### Note 1:

Given the previous lockdown of Singapore due to COVID-19, the identification of the additional foreign worker dormitory has been delayed. In order to generate a better short term return and enhance the yield of the idle cash of the Company, the Company re-allocated approximately HK\$10.0 million to acquire on the open market certain listed securities. For details, please refer to the announcement of the Company dated 16 October 2020 (the “**October 2020 Announcement**”).

### Note 2:

Pursuant to the October 2020 Announcement, Mr. Chen Guobao, a controlling shareholder and chairman of the Company advanced the Loan to the Company for acquisition (the “**Acquisition**”) of Shanghai Yunzhichu Information Technology Company Limited\* (上海雲之初資訊科技有限公司). Pursuant to the announcement of the Company date 12 November 2020, the Acquisition was terminated because certain preconditions of the Acquisition could not be fulfilled, hence, the use of the Net Proceeds for repaying the Loan was delayed.

*Note 3:*

Despite actively exploring suitable dormitory for acquisition, the previous lockdown and market condition of Singapore due to COVID-19, the identification of the additional foreign worker dormitory has been delayed. In order to generate a better return and enhance the long term growth of the Company, the Company re-allocated the unutilised Net Proceeds from (i) the acquisition of additional foreign worker dormitory and (ii) repaying the Loan in the amount of approximately HK\$14.7 million and HK\$5.8 million, respectively, towards the formation of the joint venture company. For details, please refer to the announcement of the Company dated 2 March 2021 and 16 April 2021 (the “**Announcements**”).

*Note 4:*

As stated in the Announcements, the Company has been ongoingly and actively searching for suitable foreign worker dormitories. However, the Singapore property market has been volatile and maintained at a relatively high level as compared to 2018. Hence, the Company has maintained a cautious approach and attempted to look for properties that are worth its value and would withstand possible downturn in the property market. In the event that it successfully acquires the additional foreign worker dormitory, the Company will comply with requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and make further announcement(s) as and when appropriate.

*Note 5:*

As the business performance of the Group’s segment under provision of manpower outsourcing and ancillary services has been declining since 2019, the immediate need for additional lorries has decreased. Hence, the Group postponed the expected time of utilisation of the remaining net proceeds for such use by the end of June 2023. The Company considers if it is necessary to further postpone such investment.

*Note 6:*

As stated in the Announcement, the business of Jinhai Medical is at preparatory stage. The Company expects that the capital expenditure as stated in the Announcements shall be incurred gradually within 30 months from April 2021 depending on the status of obtaining the required business certificates and the business conditions of Junhai Medical.

## **Borrowings and gearing ratio**

As at 31 December 2022, the Group had an aggregate of current and non-current borrowings and lease liabilities of approximately S\$4.5 million as compared to borrowings and lease liabilities of approximately S\$1.9 million as at 31 December 2021. The increase was due to drawdown of borrowings of approximately S\$2.0 million in FY2022.

The Group’s gearing ratio as at 31 December 2022 was approximately 18.1% (as at 31 December 2021: approximately 7.8%). Gearing ratio is calculated by dividing total borrowings (comprising borrowings and lease liabilities) by total equity as at the end of the respective year and multiplied by 100%.

## **Cash and cash equivalents**

As at 31 December 2022, the Group had cash and cash equivalents of approximately S\$15.4 million, of which approximately 66.3% was denominated in S\$, approximately 12.4% denominated in RMB, approximately 8.6% was denominated in US\$ and approximately 12.6% was denominated in HK\$ which were placed in major licensed banks in Singapore, China and Hong Kong, respectively.

## **Foreign exchange exposure**

The Group transacts mainly in S\$, which is the functional currency of all the entities in the Group. However, the Group had other transactions in RMB and HK\$ which contributed to realised exchange gain of approximately S\$0.11 million in FY2022.

## **Charges on the Group's assets and contingent liabilities**

As at 31 December 2022, certain lease liabilities and bank borrowing were secured by the charge over assets with an aggregate net book value of approximately S\$0.07 million and approximately S\$2.04 million, respectively (as at 31 December 2021: S\$0.39 million and nil).

The Group did not have any material contingent liabilities as at 31 December 2022 and 2021.

## **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\$3.3 million and S\$0.8 million for FY2022 and FY2021, respectively.

The Group did not have any capital commitments as at 31 December 2022 and 2021.

## **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 FY2022 and FY2021.

The Group held investments in listed equity shares at fair value of approximately S\$7.6 million and S\$8.7 million, respectively as at 31 December 2022 and 2021.

The economic outlook and financial market in Singapore remain uncertain due to the rising of inflation and interest rates. 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.

## **Off-balance sheet transactions**

As at 31 December 2022, the Group did not enter into any material off-balance sheet transaction.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31 December 2022, the Group had approximately 520 employees (as at 31 December 2021: 551), 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\$13.2 million and S\$13.6 million for FY2022 and FY2021 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 an 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**

The Directors confirm that no significant event that affected the Group has occurred after 31 December 2022 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 auditor, HLB Hodgson Impey Cheng Limited ("HLB"), 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 HLB in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by HLB 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](http://www.hkexnews.hk) and the Company's website at [www.jin-hai.com.hk](http://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 2023

*As at the date of this announcement, the Board comprises seven Directors, of which two are executive Directors, namely Mr. Chen Guobao and Mr. Wang Zhenfei; two are non-executive Directors, namely Mr. Li Yunping, and Mr. Wang Huasheng; and three are independent non-executive Directors, namely Mr. Yan Jianjun, Mr. Fan Yimin and Ms. Yang Meihua.*