今海國際集團控股有限公司

Jinhai International Group Holdings Limited

(Incorporated in the Cayman Islands with members' limited liability)
Stock Code: 2225

INTERIM REPORT 2023

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Guobao *(Chairman)*
Mr. Wang Zhenfei *(Chief Executive Officer)*
Mr. Li Yunping (re-designated from non-executive Director on 31 July 2023)

Non-executive Directors

Mr. Wang Huasheng
Mr. Yu Mingyang (appointed on 31 July 2023)

Independent Non-executive Directors

Mr. Yan Jianjun
Mr. Fan Yimin
Ms. Yang Meihua

Audit Committee

Mr. Yan Jianjun *(Chairman)*
Mr. Wang Huasheng
Mr. Yu Mingyang (appointed on 31 July 2023)
Mr. Fan Yimin
Ms. Yang Meihua

Nomination Committee

Mr. Chen Guobao *(Chairman)*
Mr. Li Yunping
Mr. Yan Jianjun
Mr. Fan Yimin
Ms. Yang Meihua

Remuneration Committee

Mr. Yan Jianjun *(Chairman)*
Mr. Wang Zhenfei
Mr. Yu Mingyang (appointed on 31 July 2023)
Mr. Fan Yimin
Ms. Yang Meihua

COMPANY SECRETARY

Mr. Wong Man Yiu

AUTHORISED REPRESENTATIVES

Mr. Wang Zhenfei
Mr. Wong Man Yiu

INDEPENDENT AUDITOR

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower, The Landmark
11 Pedder Street, Central
Hong Kong

LEGAL ADVISER

As to Hong Kong law
Wan & Tang
Solicitors of Hong Kong
Room 2408, World-Wide House
19 Des Voeux Road Central
Central, Hong Kong

REGISTERED OFFICE

Vistra (Cayman) Limited
P. O. Box 31119
Grand Pavilion, Hibiscus Way
802 West Bay Road, Grand Cayman
KY1-1205 Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

31 Sungei Kadut Avenue,
Singapore 729660

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2503, Cosco Tower
183 Queen's Road Central
Sheung Wan, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point, Hong Kong

PRINCIPAL BANKERS

Shanghai Pudong Development Bank Co. Ltd. – Hong Kong Branch
30/F, SPD Bank Tower
1 Hennessy Road
Hong Kong

DBS Bank Ltd
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

OCBC Bank Ltd
65 Chulia Street
OCBC Centre
Singapore 049513

United Overseas Bank Limited
1 Tampines Central 1
#01-01 UOB Tampines Centre
Singapore 529539

LISTING INFORMATION

Place: Main Board of The Stock Exchange of Hong Kong Limited
Stock code: 2225
Board lot: 5,000 shares

COMPANY WEBSITE

https://www.jin-hai.com.hk/

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023	2022
		S$	S$
		(Unaudited)	(Unaudited)
Revenue	4	**11,982,837**	14,707,178
Cost of sales and services		**(6,934,396)**	(9,678,641)
Gross profit		**5,048,441**	5,028,537
Other income	5	**706,551**	457,682
Selling expenses		**(7,065)**	(5,978)
Administrative expenses		**(4,801,468)**	(4,041,682)
Other gain and losses, net	6	**(308,014)**	219,162
Finance costs		**(48,280)**	(25,087)
Profit before taxation	7	**590,165**	1,632,634
Income tax expense	8	**(5,772)**	(299,662)
Profit after taxation, representing total comprehensive income for the Period		**584,393**	1,332,972
Other comprehensive income, after tax			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from foreign operations		**(201,118)**	(325,834)
Total comprehensive income for the Period		**383,275**	1,007,138
Profit attributable to:			
Owners of the Company		**938,685**	1,402,136
Non-controlling interests		**(354,292)**	(69,164)
Profit for the Period		**584,393**	1,332,972
Total comprehensive income attributable to:			
Owners of the Company		**803,310**	1,076,302
Non-controlling interests		**(420,035)**	(69,164)
Total comprehensive income for the Period		**383,275**	1,007,138
Earnings per share Basic and diluted	10	**0.08 cent**	0.11 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	As at **30 June 2023 S$ (Unaudited)**	As at 31 December 2022 S$ (Audited)
Non-current assets			
Property, plant and equipment		**4,038,734**	4,257,949
Right-of-use assets		**996,335**	1,469,228
Investment properties		**2,460,530**	1,082,315
Deferred tax assets		**158,760**	158,760
Other receivables		**–**	2,036
		7,654,359	6,970,288
Current assets			
Inventories		**2,512,924**	958,551
Trade receivables	11	**8,623,294**	2,211,612
Other receivables, deposits and prepayments		**7,071,765**	6,186,428
Financial assets at fair value through profit or loss		**7,261,427**	7,591,960
Fixed bank deposit		**934,350**	968,400
Cash and cash equivalents		**12,936,556**	15,384,588
		39,340,316	33,301,539
Current liabilities			
Trade and other payables	12	**14,864,542**	8,441,657
Contract liabilities		**963,278**	2,093,378
Other borrowing		**934,350**	968,400
Lease liabilities		**3,102,316**	1,800,312
Income tax payable		**386,167**	694,829
		20,250,653	13,998.576
Net current assets		**19,089,663**	19,302,963

	Note	As at 30 June 2023 S$ (Unaudited)	As at 31 December 2022 S$ (Audited)
Non-current liabilities			
Bank borrowing		**934,350**	968,400
Lease liabilities		**367,020**	712,645
		1,301,370	1,681,045
Net assets		**25,442,652**	24,592,206
Capital and reserves			
Share capital	13	**2,142,414**	2,142,414
Share premium		**14,958,400**	14,958,400
Merger reserves		**1,350,000**	1,350,000
Currency translation reserves		**(339,606)**	(204,230)
Accumulated profits		**7,060,114**	6,121,429
Non-controlling interests		**271,330**	224,193
		25,442,652	24,592,206

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital S$	Share premium S$	Merger reserve S$	Currency translation Reserve S$	Retained earnings S$	Total attributable to owner of the Company S$	Non-controlling interests S$	Total equity S$
At 1 January 2022	2,142,414	14,958,400	1,350,000	171,154	6,802,621	25,424,589	(251,073)	25,173,516
Profit/(loss) for the Period	–	–	–	–	1,402,136	1,402,136	(69,164)	1,332,972
Other comprehensive Income/(expense) for the Period	–	–	–	(325,286)	(221)	(325,507)	(327)	(325,834)
Total comprehensive income/(expense) for the Period	–	–	–	(325,286)	1,401,915	1,076,629	(69,491)	1,007,138
At 30 June 2022 (unaudited)	2,142,414	14,958,400	1,350,000	(154,132)	8,204,536	26,501,218	(320,564)	26,180,654
At 1 January 2023	**2,142,414**	**14,958,400**	**1,350,000**	**(204,230)**	**6,121,429**	**24,368,013**	**224,193**	**24,592,206**
Profit/(loss) for the Period	**–**	**–**	**–**	**–**	**938,685**	**938,685**	**(354,292)**	**584,393**
Other comprehensive Income/(expense) for the Period	**–**	**–**	**–**	**(135,376)**	**–**	**(135,376)**	**(65,742)**	**(201,118)**
Total comprehensive Income/(expense) for the Period	**–**	**–**	**–**	**(135,376)**	**938,685**	**803,309**	**(420,034)**	**383,275**
Capital injection from non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**467,171**	**467,171**
At 30 June 2023 (unaudited)	**2,142,414**	**14,958,400**	**1,350,000**	**(339,606)**	**7,060,114**	**25,171,322**	**271,330**	**25,442,652**

Note:

Merger reserve represent the difference between the value of shares issued by the Company in exchange for the value of shares acquired in respect of the acquisition of subsidiaries accounted for under the pooling-of-interest method.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	S$	S$
	(unaudited)	(unaudited)
Cash Flows from Operating Activities		
Profit before taxation	**590,165**	1,632,634
Adjustments for:		
Depreciation of property, plant and equipment	**214,222**	270,044
Depreciation of right-of-use assets	**428,893**	341,933
Depreciation of investment properties	**1,484,421**	1,509,637
Finance costs	**48,280**	25,087
Government grant	**(122,711)**	–
Dividend income	**(53,588)**	(163,552)
Interest income	**(8,607)**	–
Net change in fair value of financial assets measured at fair value through profit or loss ("**FVTPL**")	**392,069**	191,481
Gain on disposal of property, plant and equipment, net	**–**	(176,643)
Loss/(gain) on disposal of financial assets measured at FVTPL	**(20,873)**	234,610
Reversal of impairment on property, plant and equipment	**–**	(1,691)
Unrealised foreign exchange gain	**–**	321,703
Operating profit before working capital changes	**2,952,271**	4,185,243
Change in inventories	**(1,631,250)**	(24,291)
Change in trade receivables	**(6,575,331)**	(4,275,737)
Change in other receivables, deposits and prepayments	**(959,925)**	(3,461,599)
Change in trade and other payables	**6,664,692**	5,892,538
Change in contract liabilities	**(1,110,615)**	(602,376)
Cash generated from operations	**(660,158)**	1,713,778
Income tax (paid)/refund	**(308,662)**	(170,598)
Government grant received	**122,711**	–
Net cash generated from operating activities	**(846,109)**	1,543,180

	Six months ended 30 June	
	2023	2022
	S$	S$
	(unaudited)	(unaudited)
Cash Flows from Investing Activities		
Addition to investment properties	**–**	(1,509,462)
Purchase of financial assets at FVTPL	**(1,773,131)**	(111,389)
Purchase of property, plant and equipment	**(142,423)**	(18,882)
Proceeds from disposal of property, plant and equipment	**–**	542,152
Proceeds from disposal of financial assets measured at FVTPL	**1,732,468**	34,806
Dividends received from financial assets measured at FVTPL	**53,588**	163,552
Interest received	**8,607**	–
Net cash generated from/(used in) investing activities	**(120,891)**	(899,223)
Cash Flows from Financing Activities		
Interest paid	**(48,280)**	(25,087)
Capital injection from non-controlling shareholders	**467,171**	–
Repayment of lease liabilities	**(1,862,070)**	(347,266)
Net cash used in financing activities	**(1,443,179)**	(372,353)
Net increase in cash and cash equivalents	**(2,410,179)**	271,604
Cash and cash equivalents at beginning of the period	**15,384,588**	14,637,357
Effect of foreign exchange rate changes on cash and cash equivalents	**(37,853)**	(647,538)
Cash and cash equivalents at end of the Period	**12,936,556**	14,261,423

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 31 Sungei Kadut Avenue, Singapore 729660. The issued Shares have been listed on the Main Board of the Stock Exchange with effect from 17 October 2017.

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

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF UNAUDITED 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 unaudited 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 2023, the Group adopted all the new and revised International Financial Reporting Standards (the "**IFRSs**") and Interpretations of IFRS ("**INT IFRS**") 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 unaudited consolidated financial statements, the Group has not applied any new IFRSs that have been issued but are not yet effective.

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 derived in Singapore and provision of minimally invasive surgery solution and medical products and related service in the Mainland China.

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, 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 services fee for the period 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 respective periods is as follows:

	Six months ended 30 June	
	2023	2022
	S$	S$
	(Unaudited)	(Unaudited)
Revenue recognised over time:		
Provision of manpower outsourcing and ancillary services	**7,540,287**	6,782,648
Provision of dormitory services	**3,649,302**	2,857,954
Provision of construction ancillary services	**170,868**	201,134
Provision of IT services	**226,380**	214,350
Provision of minimally invasive surgery solutions products	**396,000**	4,651,092
	11,982,837	14,707,178

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.

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Major customers

There was no individual customer that contributed over 10% of total revenue of the Group during the respective periods.

Geographical information

The Group principally operates in Singapore, which is also its place of domicile. Most of the revenues are derived from Singapore based on the location of services delivered and the Group's property, plant and equipment are located in Singapore and China. Revenue from provision of minimally invasive surgery solution and medical products and related service was derived from China.

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

	Six months ended 30 June	
	2023	2022
	S$	S$
Revenue recognised from:		
Singapore	**11,586,837**	10,056,086
China	**396,000**	4,651,092
	11,982,837	14,707,178

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

	Six months ended 30 June	
	2023	2022
	S$	S$
Non-current assets located at:		
Singapore	**2,528,234**	1,282,191
China	**4,631,428**	5,059,384
Hong Kong	**335,937**	467,917
	7,495,599	6,809,492

5. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	S$	S$
	(Unaudited)	(Unaudited)
Government grants *(Note)*	**122,711**	146,456
Dividend income from equity investments	**53,588**	163,552
Interest income	**8,607**	–
Forfeiture of customer deposits	**6,040**	–
Work injury/workmen compensation claims	**78,812**	46,286
Sub-leasing income	**91,070**	85,303
Others	**345,723**	16,085
	706,551	457,682

Note:

Government grants received for the period ended 30 June 2023 mainly included Jobs Growth Incentives of approximately S$67,958 and Progressive Wages Credit Scheme of approximately S$40,816.

Government grants received during the period ended 30 June 2022 were mainly assistances in relation to COVID-19 pandemic provided by the Singapore Government.

6. OTHER GAIN AND LOSSES, NET

	Six months ended 30 June	
	2023	2022
	S$	S$
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	**–**	176,643
(Loss)/gain on disposal of financial assets at fair value through profit or loss	**20,873**	(234,610)
Changes in fair value of financial assets at fair value through profit or loss	**(392,069)**	(191,481)
Reversal of impairment loss on property, plant and equipment	**–**	1,690
Foreign exchange gain, net	**63,259**	466,920
Others	**(77)**	–
	(308,014)	219,162

7. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2023	2022
	S$	S$
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**214,222**	270,044
Depreciation of right-of-use assets	**428,893**	341,933
Depreciation of investment property	**1,484,421**	1,509,637
Workers and staff costs		
– Salaries, wages and other benefits	**4,131,604**	3,703,560
– Contribution to retirement benefit plans	**300,672**	330,945
– Foreign worker levy *(Note)*	**1,828,348**	811,488
Total workers and staff costs	**6,260,624**	4,845,993
Gross rental income from investment property	**3,649,302**	2,857,954
Less: direct operating expenses incurred for investment property that generated rental income during the period	**(1,936,148)**	(1,887,239)
	1,713,154	970,715

Note:

During the periods ended 30 June 2023 and 2022, the Singapore government provided employers with monthly levy rebates and full waiver for levies.

8. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (30 June 2022: 17%) on the estimated assessable profits arising from Singapore.

	Six months ended 30 June	
	2023	2022
	S$	S$
	(Unaudited)	(Unaudited)
Tax expense comprises:		
Current tax – Singapore corporate income tax ("**CIT**")	**–**	299,662
Enterprise income tax of People's Republic of China	**5,772**	–

9. DIVIDEND

No dividend was paid or declared by the Company for the six months ended 30 June 2023 and 2022.

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company for the purpose of basic earnings per share *(S$)*	**938,685**	1,402,136
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,230,000,000**	1,230,000,000
Basic and diluted earnings per share *(S$ cents)*	**0.08**	0.11

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

Diluted earnings 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 periods ended 30 June 2023 and 2022.

11. TRADE RECEIVABLES

	30 June 2023 S$ (Unaudited)	31 December 2022 S$ (Audited)
Trade receivables	**9,590,456**	3,179,691
Less: loss allowance	**(967,162)**	(968,079)
	8,623,294	2,211,612

The credit terms to customers are ranging from 3 to 30 days from the invoice date for trade receivables. 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.

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

	30 June 2023 S$ (Unaudited)	31 December 2022 S$ (Audited)
Not past due	**6,741,289**	1,344,925
1 to 30 days	**1,513,182**	743,006
31 to 60 days	**136,246**	123,681
61 to 90 days	**102,288**	–
91 to 180 days	**130,289**	–
181 to 365 days	**–**	–
>365 days	**–**	–
	8,623,294	2,211,612

12. TRADE AND OTHER PAYABLES

	30 June 2023 S$ (Unaudited)	31 December 2022 S$ (Audited)
Trade payables	**8,730,909**	476,557
Accrued operating expenses	**1,458,322**	2,392,762
Other payables	**541,541**	1,883,013
Goods and services tax payables	**2,028,834**	2,123,599
Customer deposits received	**2,104,936**	1,565,726
	14,864,542	8,441,657

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

	30 June 2023 S$ (Unaudited)	31 December 2022 S$ (Audited)
Within 30 days	**8,379,575**	321,837
31 days to 90 days	**97,858**	63,190
Over 90 days	**253,476**	91,530
	8,730,909	476,557

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

13. SHARE CAPITAL

	Number of shares	**Par value** HK$	**Share capital** HK$
Authorised:			
At 1 January 2022(audited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	2,000,000,000	0.01	20,000,000

	Number of shares	**Share capital** S$
Issued and fully paid ordinary shares:		
At 1 January 2022 (audited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	1,230,000,000	2,142,414

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 and provision of minimally invasive surgery solution products in China. The Group commenced the business of providing manpower outsourcing services in Singapore in 2006.

For the six months ended 30 June 2023 (the "**Period**" or "**1H2023**") under review, the Group recorded revenue of approximately S$12.0 million, a slightly decrease of approximately 18.5% over the previous period while gross profit increased from approximately S$5.0 million for the corresponding period in 2022 (1H2022) to approximately S$5.1 million in 1H2023 as the easing of the restrictions, 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. The revenue decrease during the Period is mainly due to decrease of minimally invasive surgery solution products division which operates in China.

Based on advance estimates from the Ministry of Trade and Industry Singapore released on 11 August 2023, the Singapore economy grew by 0.5% on a year-on-year basis in the second quarter of 2023. The construction sector expanded by 6.8% on a year-on-year basis in the second quarter of 2023. The weak performance of the construction sector was due to output declines across all clusters except for the transport engineering cluster.

Against this backdrop, the Group expects operating conditions in the construction sector to remain challenging in 2023.

In addition to diversification of business 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 of 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 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.

In view of the financial resources required for the business development, the Board considers to explore different ways of funds raising in the capital market in Hong Kong and/or other places as necessary and appropriate.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased from approximately S$14.7 million for 1H2022 to approximately S$12.0 million for 1H2023. The following table sets forth a breakdown of the revenue for 1H2023 and 1H2022 as indicated:

	1H2023 S$ (Unaudited)	1H2022 S$ (Unaudited)	Increase/ (Decrease) by S$
Manpower outsourcing and ancillary services	**7,540,287**	6,782,648	757,639
Dormitory services	**3,649,302**	2,857,954	791,348
Construction ancillary services	**170,868**	201,134	(30,266)
IT services	**226,380**	214,350	12,030
Provision of minimally invasive surgery solutions products	**396,000**	4,651,092	(4,255,092)
	11,982,837	14,707,178	(2,724,341)

Revenue from manpower outsourcing and ancillary services increased from approximately S$6.8 million in 1H2022 to approximately S$7.5 million in 1H2023. As the pace of work resumption has been picked up since 2022 amid ongoing manpower shortage would take time to recover.

Revenue from dormitory services increased from approximately S$2.8 million in 1H2022 to approximately S$3.6 million in 1H2023 mainly due to increase of occupancy rate. 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 1H2023 decreased slightly as compared to that in 1H2022. This was mainly due to a decrease in sales from warehousing services due to less industrial space rented out.

The increase in revenue from IT services was mainly due to an increase in the number of maintenance and support days required by our sole IT customer during 1H2023.

Revenue from minimally invasive surgery solution products in 1H2023 decreased by approximately S$4.2 million, which was contributed by the Group's subsidiaries in China. The Board expects the revenue in relation to the medical sector will be improved significantly in the second half of 2023.

Gross profit and gross profit margin

The Group's gross profit slightly increased from approximately S$5.0 million in 1H2022 to approximately S$5.1 million in 1H2023, while gross profit margin increased from approximately 34.2% in 1H2022 to approximately 42.1% in 1H2023. This was mainly due to recovery of dormitory services.

Other income

Other income increased from approximately S$0.46 million in 1H2022 to approximately S$0.70 million in 1H2023 mainly due to procurement service fee recognized in Hong Kong during the Period.

Administrative expenses

Administrative expenses increased from approximately S$4.0 million in 1H2022 to approximately S$4.8 million in 1H2023 mainly due to slow resume of work for the construction industry post COVID-19.

Other gains and losses, net

There was other losses of S$0.3 million in 1H2023 as compared to other gains of S$0.2 million in 1H2022. The losses was due to changes in fair value of financial assets at fair value through profit or loss, partially offset by decrease in net foreign exchange gain on revaluation of bank balances denominated in Hong Kong dollar ("**HK$**"), which appreciated against Singapore dollar ("**S$**") in 1H2023.

Income tax expense

Income tax expense decreased from S$0.3 million in 1H2022 to S$5,772 in 1H2023, mainly due to lower taxable profits recorded during the Period.

Profit for the period

As a result of the foregoing, the Group recorded a profit attributable to the owners of the Company of approximately S$0.9 million in 1H2023 (1H2022: profit of S$1.4 million) largely attributed to slow recovery post COVID-19. The Group has implemented a stricter cost management measures and considered to start new business in China in order to manage the business risk.

DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the Period to the shareholders of the Company (the "**Shareholders**") (1H2022: S$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 Period. 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 the Share Offer

The net proceeds from the Listing (the "**Net Proceeds**") 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 June 2023:

Intended use of Net Proceeds	**Original allocation** HK$' million	**Revised allocation as at 16 October 2020** HK$' million	**Revised allocation as at 2 March 2021** HK$' million	**Utilised amount of Net Proceeds as at 30 June 2023** HK$' million	**Unutilised amount of Net Proceeds as at 30 June 2023** HK$' million	**Unutilised amount of Net Proceeds as at the date of this Interim Report** HK$' million	**Expected timeline for fully utilising the Unutilised Net Proceeds**
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 *(Note 4)*
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 2024 *(Note 5)*
For financing the investment in Securities	–	10.0 *(Note 1)*	10.0	10.0	–	–	N/A
For repayment the loan	–	5.8 *(Note 2)*	–	N/A	N/A	N/A	N/A
For injection of registered capital in Jinhai Medical	–	–	20.5 *(Note 3)*	17.5	3.0	3.0	By the end of October 2024 *(Note 6)*
Total	82.6	80.8	80.8	29.3	51.5	51.5	

Note 1:

Given the previous lockdown of Singapore due to the novel Coronavirus, 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 due to 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 novel Coronavirus, 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 2024. The Company considers if it is necessary for further postponement of such investment.

Note 6:

As stated in the Announcements, 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 Jinhai Medical. As at 30 June 2023, the Company invested RMB17.5 million into Jinhai Medical as part of its share capital.

Cash and cash equivalents

As at 30 June 2023, the Group had cash and cash equivalents of approximately S$12.9 million, of which approximately 78.7% was denominated in S$, approximately 7.4% was denominated in RMB and approximately 13.4% was denominated in HK$ which were placed in major licensed banks in Singapore, China and Hong Kong, respectively. Cash and cash equivalents denominated in United States dollars ("**US$**") was approximately 0.5%.

Borrowings and gearing ratio

As at 30 June 2023, the Group had an aggregate of current and non-current lease liabilities of approximately S$3.5 million as compared to approximately S$2.5 million as at 31 December 2022. The increase was due to renewal of lease during the Period.

The Group's gearing ratio as at 30 June 2023 was approximately 21.0% (as at 31 December 2022: approximately 18.1%). Gearing ratio is calculated by dividing total borrowings (comprising lease liabilities) by total equity as at the end of the respective year and multiplied by 100%.

As at 30 June 2023 and 31 December 2022, the Group had unutilised banking facilities of approximately S$527,639 available for cash drawdown.

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 Share Offer in HK$ which contributed to an unrealised foreign exchange gain of approximately S$0.1 million as HK$ strengthened against S$ in 1H2023.

Charges on the Group's assets and contingent liabilities

As at 30 June 2023, certain lease liabilities were secured by the charge over leased assets with an aggregate net book value of approximately S$0.03 million (as at 31 December 2022: S$0.07 million).

The Group did not have any material contingent liabilities as at 30 June 2023.

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 in the amounts of approximately S$142,423 and S$19,000 for 1H2023 and 1H2022 respectively.

The Group did not have any capital commitments as at 30 June 2023.

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

There were no material acquisitions and disposal of subsidiaries, associates and joint ventures for 1H2023.

The Group held investments in quoted equity shares at fair value of approximately S$7.3 million and S$7.6 million, respectively as at 30 June 2023 and 31 December 2022.

The economic outlook and financial market in Singapore remain uncertain after the global outbreak of the COVID-19 in the 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 Period.

Off-balance sheet transactions

As at 30 June 2023, the Group did not enter into any material off-balance sheet transaction.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2023, the Group had approximately 630 employees (as at 31 December 2022: 520), 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$6.3 million and S$4.8 million for 1H2023 and 1H2022 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$, RMB and HK$ 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 search 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 provision for impairment losses are made for irrecoverable amounts. The Group recognises a loss allowance for expected credit losses ("**ECL**") on trade and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Liquidity risk

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

Fair value risk

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

Equity price risk

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 June 2023, the interests and short positions of the directors (the "**Directors**") and chief executive of Jinhai International Group Holdings Limited (the "**Company**") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance (the "**SFO**")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules, were as follows:

Long position in the shares of HK$0.01 each of the Company ("Shares")

Name of Director	Capacity/ Nature Of Interest	Number of Shares interested or held	Approximate Percentage Of Interest in The Company
Mr. Chen Guobao ("**Mr. Chen**") *(Note)*	Interest of controlled corporation	632,500,000	51.42%

Note:

Mr. Chen, being the sole director of Full Fortune International Co., Ltd. ("**Full Fortune**"), is the sole shareholder of Full Fortune which holds 632,500,000 Shares. Therefore, Mr. Chen is deemed to be interested in Full Fortune's interest in the Company's shares pursuant to the SFO.

Save as disclosed above, as at 30 June 2023, so far as was known to the Directors and chief executives of the Company, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS 'AND OTHER PERSONS, INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2023, so far as was known to the Directors, the following persons and entity, other than the Directors and the chief executive of the Company, had interests or short positions in the shares or underlying shares as recorded in the register of the Company required to be kept under Section 336 of the SFO:

Long position in the shares of HK$0.01 each of the Company

Name Of Shareholder(s)	Capacity/ Nature of interest	Number of Shares interested or held	Approximate Percentage of the Company's Issued Shares
Full Fortune	Beneficial owner	632,500,000	51.42%
Mr. Chen *(Note)*	Interest in controlled corporation	632,500,000	51.42%
Ms. Jiang Xiahong *(Note)*	Interest of spouse	632,500,000	51.42%

Note:

The entire issued share capital of Full Fortune is beneficially owned by Mr. Chen. Ms. Jiang Xiahong is the spouse of Mr. Chen and is therefore deemed to be interested in all the Shares held by Mr. Chen through his controlled corporation by virtue of the SFO.

Save as disclosed above, as at 30 June 2023, so far as was known by or otherwise notified to the Directors, no other persons or entity (other than the Directors or the chief executive of the Company) had interests and short positions in the shares and underlying shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has not adopted any share option scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and Its Associated Corporation" above:

(a) at no time during the Period was the Company, any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors or their respective associates (as defined in the Listing Rules) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate; and

(b) none of the Directors, or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the Period.

CHANGES IN DIRECTORS' INFORMATION

Changes in information on Directors since the date of the Annual Report 2022 of the Company and up to the date of this interim report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

Mr. Yu Mingyang has been appointed as non-executive Director, member of the audit committee and remuneration committee of the Company with effect from 31 July 2023 while Mr. Li Yunping has been redesignated from a non-executive Director to an executive Director with effect from 31 July 2023. For details, please refer to the announcement of the Company dated 31 July 2023.

Save as disclose above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SIGNIFICANT EVENTS AFTER THE PERIOD

Save as disclosed in this interim report, the Directors confirm that no significant event that affected the Group has occurred after 30 June 2023 and up to the date of this interim report.

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code 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 and its code of conduct regarding directors' securities transactions during the Period. 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 Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Period, 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 except for the following:

Code provision C.1.6 of the CG Code requires that independent non-executive Directors and other non-executive Directors shall attend general meetings and develop a balanced understanding of the views of shareholders. All members of the Board attended the 2023 Annual General Meeting held on 28 June 2023, except Mr. Li Yunping due to personal reason.

Save for the above, the Company has complied with all applicable code provisions as set out in the CG Code during the Period.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited interim results for the Period including the interim report and discussed with the management of the Company and is of the view that such financial information and report 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 with no disagreement by the audit committee of the Company.

On behalf of the Board
Jinhai International Group Holdings Limited
Chen Guobao
Chairman of the Board and Executive Director

Hong Kong, 30 August 2023