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Jinhai Medical Technology Limited
今海醫療科技股份有限公司

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the "**Board**" or "**Directors**") of Jinhai Medical Technology Limited (formerly known as Jinhai International Group Holdings Limited) (the "**Company**") and its subsidiaries (collectively referred to as "**the Group**" or "**our Group**" or "**we**") announces the audited consolidated results of the Group for the year ended 31 December 2023 (the "**Year**" or "**FY2023**"). 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 2023

	Notes	**2023** **S$'000**	2022 S$'000
Revenue	*3*	**45,644**	22,280
Cost of sales and services		**(33,615)**	(12,164)
Gross profit		**12,029**	10,116
Other income, gains and losses, net	*4*	**1,598**	869
Selling expenses		**(13)**	(12)
Administrative expenses		**(15,941)**	(10,242)
(Provision)/reversal of provision for expected credit losses on trade and other receivables		**(669)**	138
Finance costs	*5*	**(221)**	(85)
(Loss)/profit before tax		**(3,217)**	784
Income tax expense	*6*	**(895)**	(668)
(Loss)/profit for the year	*7*	**(4,112)**	116

	Note	**2023**	2022
	Note	***S$'000***	*S$'000*
Other comprehensive (expense)/income after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(120)**	(527)
Realisation of reserves from disposal of a subsidiary		**133**	–
Other comprehensive income/(expense) for the year, net of tax		**13**	(527)
Total comprehensive expense for the year		**(4,099)**	(411)
(Loss)/profit for the year attributable to:			
– Owners of the Company		**(3,141)**	468
– Non-controlling interests		**(971)**	(352)
		(4,112)	116
Total comprehensive (expense)/income for the year attributable to:			
– Owners of the Company		**(3,060)**	93
– Non-controlling interests		**(1,039)**	(504)
		(4,099)	(411)
		Singapore cent	*Singapore cent*
(Loss)/earnings per share			
– Basic and diluted	*9*	**(0.25)**	0.04

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 S$'000	2022 S$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,085**	4,258
Right-of-use assets		**4,344**	1,469
Investment properties		**12,512**	1,082
Equity investment at fair value through other comprehensive income		**558**	–
Deferred tax assets		**39**	158
Other receivables		**–**	2
		19,538	6,969
Current assets			
Inventories		**2,097**	959
Trade receivables	*10*	**5,531**	2,212
Other receivables, deposits and prepayments		**8,294**	6,186
Investments at fair value through profit or loss		**6,564**	7,592
Fixed bank deposits		**–**	968
Bank and cash balances		**20,196**	15,385
		42,682	33,302
TOTAL ASSETS		**62,220**	40,271
EQUITY AND LIABILITIES			
Equity			
Share capital	*12*	**2,252**	2,142
Reserves		**35,222**	22,226
Equity attributable to owners of the Company		**37,474**	24,368
Non-controlling interests		**16**	224
Total equity		**37,490**	24,592

	Note	2023 S$'000	2022 S$'000
Liabilities			
Non-current liabilities			
Bank borrowing		**–**	968
Lease liabilities		**3,478**	713
		3,478	1,681
Current liabilities			
Trade and other payables	*11*	**13,230**	8,442
Contract liabilities		**534**	2,093
Bank and other borrowings		**4,717**	968
Lease liabilities		**1,886**	1,800
Current tax liabilities		**885**	695
		21,252	13,998
Total liabilities		**24,730**	15,679
Net current assets		**21,430**	19,304
NET ASSETS		**37,490**	24,592
TOTAL EQUITY AND LIABILITIES		**62,220**	40,271

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is P.O. Box 31119, Grand Pavillion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The address of its principal place of business in Hong Kong is Room 2503, COSCO Tower, Grand Millennium Plaza, 183 Queen's Road Central, Sheung Wan, Hong Kong. The address of the headquarters and principal place of business in the Republic of Singapore ("**Singapore**") is 31 Sungei Kadut Avenue, Singapore 729660. The Company's shares are listed on the Main Board of the Stock Exchange.

The Company is an investment holding company and the principal activities of its operating subsidiaries are provision of manpower outsourcing and ancillary services, dormitory services, information technology ("**IT**") services, construction ancillary services for the building and construction industry, and minimally invasive surgery solution and medical products and related services.

In the opinion of the directors of the Company, as at 31 December 2023, Full Fortune International Co., Limited, a company incorporated in the Republic of Seychelles, is the immediate and ultimate parent and Mr. CHEN Guobao is the ultimate controlling party of the Company.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. IFRSs comprise International Financial Reporting Standards ("**IFRS**"); International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

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, IT services and construction ancillary services, solely derived in Singapore, and provision of minimally invasive surgery solution and medical products and relative service in the Mainland China during the year.

Information is reported to executive directors, being the chief operating decision maker of the Group ("**CODM**"), for the purposes of resource allocation and performance assessment. The CODM reviews revenue by nature of services, 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 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.

Disaggregation of revenue from contracts with customers:

	2023	2022
	S$'000	*S$'000*
Geographical markets		
– Singapore	**25,213**	21,624
– The People's Republic of China (the "**PRC**")	**20,431**	656
	45,644	22,280
Recognised over time		
– Services		
– Provision of manpower outsourcing and ancillary services	**15,750**	15,018
– Provision of dormitory services	**8,615**	5,787
– Provision of IT services	**476**	417
– Provision of construction ancillary services	**372**	402
	25,213	21,624
Recognised at a point in time		
– Products		
– Provision of minimally invasive surgery solution and medical products and related service fee	**20,431**	656
	45,644	22,280

Information about reportable segment profit or loss, assets and liabilities:

	Services *S$'000*	Products *S$'000*	Others *(Note (i))* *S$'000*	Total *S$'000*
Year ended 31 December 2023				
Revenue – external	**25,213**	**20,431**	**–**	**45,644**
Finance costs	**(126)**	**(56)**	**(39)**	**(221)**
Loss on disposal of property, plant and equipment, net	**–**	**(235)**	**–**	**(235)**
Changes in fair value of investments at fair value through profit or loss, net	**(1,042)**	**–**	**2**	**(1,040)**
Gain on disposal of investments at fair value through profit or loss	**21**	**–**	**–**	**21**
Provision for expected credit losses ("**ECL**") on trade and other receivables	**(127)**	**(542)**	**–**	**(669)**
Depreciation	**(3,112)**	**(651)**	**(339)**	**(4,102)**
Handling fee income	**–**	**–**	**2,169**	**2,169**
Profit/(loss) before tax	**1,912**	**(2,178)**	**(2,951)**	**(3,217)**
Income tax expense	**(867)**	**(28)**	**–**	**(895)**
Profit/(loss) for the year	**1,045**	**(2,206)**	**(2,951)**	**(4,112)**
Addition to segment non-current assets *(Note (ii))*				
– Property, plant and equipment	**–**	**1,056**	**196**	**1,252**
– Right-of-use assets	**–**	**2,402**	**1,059**	**3,461**
– Investment properties	**2,830**	**–**	**–**	**2,830**
At 31 December 2023				
Segment assets	**31,929**	**23,725**	**6,566**	**62,220**
Segment liabilities	**(14,852)**	**(7,772)**	**(2,106)**	**(24,730)**

	Services S$'000	Products S$'000	Others (Note (i)) S$'000	Total S$'000
Year ended 31 December 2022				
Revenue – external	21,624	656	–	22,280
Finance costs	(27)	(48)	(10)	(85)
Gain on disposal of property, plant and equipment, net	147	–	–	147
Changes in fair value of investments at fair value through profit or loss, net	(669)	–	(11)	(680)
Loss on disposal of investments at fair value through profit or loss	(210)	–	–	(210)
Reversal of/(provision) for ECL on trade and other receivables	166	(28)	–	138
Depreciation	(3,768)	(317)	(301)	(4,386)
Handling fee income	–	–	262	262
Profit/(loss) before tax	3,916	(704)	(2,428)	784
Income tax expense	(643)	(25)	–	(668)
Profit/(loss) for the year	3,273	(729)	(2,428)	116
Addition to segment non-current assets *(Note (ii))*				
– Property, plant and equipment	18	1,865	–	1,883
– Right-of-use assets	127	731	547	1,405
– Investment properties	3,076	–	–	3,076
At 31 December 2022				
Segment assets	24,257	12,400	3,614	40,271
Segment liabilities	(8,156)	(6,615)	(908)	(15,679)

Notes:

(i) Others relating to corporate office functions.

(ii) Excluding financial instruments and deferred tax assets.

There was no individual customer that contributed over 10% of total revenue of the Group during the years ended 31 December 2023 and 2022.

	2023 ***S$'000***	2022 *S$'000*
Non-current assets (including property, plant and equipment, right-of-use assets and investment properties) located at		
– Singapore	**13,387**	1,282
– Mainland China	**4,192**	5,059
– Hong Kong	**1,362**	468

4. OTHER INCOME, GAINS AND LOSSES, NET

	2023 *S$'000*	2022 *S$'000*
Handling fee income	**2,169**	262
Government grant	**182**	268
Dividend income from listed investments	**303**	436
Interest revenue	**56**	11
Forfeiture of customer deposits	**9**	51
Work injury/workmen compensation claims	**100**	180
Sub-leasing income	**188**	180
Equipment rental income	**–**	46
Rental concession	**–**	98
(Loss)/gain on disposal of property, plant and equipment, net	**(235)**	147
Changes in fair value of investments at fair value through profit or loss, net	**(1,040)**	(680)
Gain/(loss) on disposal of investments at fair value through profit or loss	**21**	(210)
Gain on disposal of a subsidiary	**220**	–
(Loss)/gain on foreign exchange, net	**(632)**	113
Others	**257**	(33)
	1,598	869

5. FINANCE COSTS

	2023 *S$'000*	2022 *S$'000*
Interest on:		
– Lease liabilities	**202**	61
– Bank borrowings	**19**	24
	221	85

6. INCOME TAX EXPENSE

	2023 *S$'000*	2022 *S$'000*
Current tax		
– Singapore corporate income tax		
– Provision for the year	**741**	674
– Under/(over) provision in prior years	**7**	(37)
	748	637
– Enterprise income tax of the PRC		
– Provision for the year	**28**	25
Total current tax	**776**	662
Deferred tax		
– Current	**1**	6
– Under provision in prior years	**118**	–
Total deferred tax	**119**	6
Total income tax expense	**895**	668

7. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging the following:

	2023 *S$'000*	2022 *S$'000*
Depreciation of property, plant and equipment	**297**	568
Depreciation of right-of-use assets	**833**	815
Depreciation of investment properties	**2,972**	3,003
Direct operating expenses of investment properties that		
– generated rental income	**2,894**	3,077
– did not generate rental income	**982**	736
Auditor's remuneration		
– auditor of the Company	**180**	168
– other auditors	**109**	163
	289	331
Cost of inventories sold	**19,390**	–
Staff costs including directors' emoluments		
– Salaries, wages and other benefits	**13,854**	9,506
– Contributions to defined contribution plans	**628**	552
– Foreign worker levy	**3,842**	2,221
	18,324	12,279

8. DIVIDEND

No dividend was paid or declared by the Company for the years ended 31 December 2023 and 2022.

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following:

	2023	2022
	S$'000	*S$'000*
(Loss)/earnings		
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share	**(3,141)**	468

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	**1,242,842**	1,230,000

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2023 and 2022.

10. TRADE RECEIVABLES

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

	2023	2022
	S$'000	*S$'000*
Trade receivables	**7,213**	3,180
Less: provision for loss allowance	**(1,682)**	(968)
	5,531	2,212

The ageing analysis of trade receivables, based on due date, and net of provision for loss allowance is as follows:

	2023	2022
	S$'000	*S$'000*
Not due	**3,458**	1,345
1 day to 30 days	**785**	743
31 days to 60 days	**1,272**	124
Over 60 days	**16**	–
	5,531	2,212

11. TRADE AND OTHER PAYABLES

	2023	2022
	S$'000	*S$'000*
Trade payables	**5,462**	477
Accrued operating expense	**2,371**	2,267
GST and VAT payables	**2,073**	2,123
Customer deposits received	**2,717**	1,566
Accrued directors' emoluments	**130**	126
Other payables	**477**	1,883
	13,230	8,442

The ageing analysis of trade payables, based on the invoice date, is as follows:

	2023	2022
	S$'000	*S$'000*
Within 30 days	**5,068**	322
31 days to 90 days	**145**	63
Over 90 days	**249**	92
	5,462	477

12. SHARE CAPITAL

Ordinary shares of HK$0.01 (2022: HK$0.01) each

	Number of ordinary shares	**Amount**
	'000	***HK$'000***
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**2,000,000**	**20,000**
	'000	***S$'000***
Issued and fully paid:		
At 1 January 2022, 31 December 2022 and 1 January 2023	**1,230,000**	**2,142**
Issue of shares *(Note)*	**62,500**	**110**
At 31 December 2023	**1,292,500**	**2,252**

Note: On 18 October 2023, the Company issued 62,500,000 ordinary new shares at a subscription price of HK$1.6 per share for a total cash consideration of HK$100,000,000 (equivalent to S$17,470,000).

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 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 S$45.6 million, an increase of 105% over the previous year, due to the easing of COVID-19 restrictions implemented by the Singapore government in 2022 and growth of minimally invasive surgery solution business in China.

Based on FY2024 budget statement from the Ministry of Finance of Singapore released on 16 February 2024, Singapore economy grew by a modest 1.1% in 2023, avoiding a recession. It is expected that slowing down of economic growth in Singapore of 1.0% to 3.0% in 2024. The Group expects the construction industry in Singapore to remain challenging in 2024.

As part of the Board's reassessment of our business focus and strategic direction, the Board recognizes our focus towards the business of provision of minimally surgery solution and medical products and related services in China, and the potential for growth that this area bring to our Group in the long term.

On 18 October 2023, the Group successfully completed the issue of 62,500,000 new shares under the general mandate. The subscription price was HK$1.60 per share. The gross proceeds raised was HK$100 million. The Group intends to use the net proceeds of HK$69 million to expand its business in medical industry in China and the net proceeds of HK$15 million to expand its business in manpower outsourcing and ancillary services. The remaining balance of net proceeds will be used as general working capital of the Group. Further details are set out in the announcements of the Company dated 25 September 2023 and 18 October 2023.

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 broadening 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.

The shareholders of the Company voted for the change of the company name to "Jinhai Medical Technology Limited"（今海醫療科技股份有限公司）in the extraordinary general meeting held on 20 December 2023. The Board believe that the new English name and dual foreign name better reflect the direction in which medical business is developing and future outlook. Accordingly, the change of the company name would better align the Company with current and future business direction, better position with present and future customers, and foster the long-term branding of our Group, which would in turn, enable the Company to better create long-term value for the shareholders.

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 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.

FINANCIAL REVIEW

Revenue

The Group's revenue has been increased from S$22.3 million in FY2022 to S$45.6 million in FY2023. The following table sets forth a breakdown of the revenue for FY2023 and FY2022 as indicated:

	FY2023	FY2022	Increased/ (Decreased) by
	S$'000	*S$'000*	*S$'000*
Manpower outsourcing and ancillary services	**15,750**	15,018	732
Dormitory services	**8,615**	5,787	2,828
Construction ancillary services	**372**	402	(30)
IT services	**476**	417	59
Minimally invasive surgery solution products and medical products and related service fee	**20,431**	656	19,775
	45,644	22,280	23,364

Revenue from manpower outsourcing and ancillary services increased from S$15.0 million in FY2022 to S$15.8 million in FY2023, representing an increase of 4.9%. This was mainly attributable to the increase in construction activities during FY2023, where the construction activities were suspended and slow resumption of activities following the ease of restrictions, hence minimal revenue recognised since then.

Revenue from dormitory services increased from S$5.8 million in FY2022 to S$8.6 million in FY2023 mainly due to the previous lockdown of the city, changes to regulations affecting workers dormitory capacity to combat Covid-19 infection and the market condition.

Revenue from construction ancillary services in FY2023 decreased by S$0.03 million as compared to that in FY2022. 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 from S$0.4 million in FY2022 to S$0.5 million in FY2023 was mainly due to an increase in the number of maintenance and support days required by our sole IT customer.

Revenue from minimally invasive surgery solution products and medical products and related service fee increased from S$0.7 million in FY2022 to S$20.4 million in FY2023. The increase was mainly due to growth in minimally surgery solution business in China.

Gross profit and gross profit margin

The Group's gross profit increased from S$10.1 million in FY2022 to S$12.0 million in FY2023. This was mainly due to the growth in minimally surgery solution business as discussed above. The gross profit margin decreased from 45.4% in FY2022 to 26.4% in FY2023, due primarily to low profit margin of the minimally surgery solution business.

Other income, gains and losses, net

Net other income and gains increased from S$0.9 million in FY2022 to S$1.6 million in FY2023 mainly due to:

(i) increase in handling fee income of S$1.9 million;

(ii) gain on disposal of a subsidiary of S$0.2 million;

(iii) change from net gain to loss on disposal of property, plant and equipment of S$0.4 million;

(iv) decrease in changes in fair value of investments at fair value through profit or loss of S$0.4 million; and

(v) change from net gain to loss on foreign exchange of S$0.7 million.

Administrative expenses

Administrative expenses increased by S$5.7 million mainly due to promotional and marketing expenses incurred for support of the new minimally surgery solution business. In addition, relevant industry veterans and supporting employees were hired and additional places suitable for research and development was rented to support the new business.

Finance costs

Finance costs increased by S$0.1 million in FY2023 mainly due to additional right-of-use assets acquired.

Income tax expense

The Group recorded an income tax expense of S$0.9 million in FY2023 as compared to S$0.7 million in FY2022.

(Loss)/profit for the year

The Group recorded a loss of S$4.1 million in FY2023 (FY2022: profit of S$0.1 million) largely attributed to expenses incurred for expanding the minimally surgery solution business in China.

DIVIDEND

The Board did not recommend distribution of any dividend to the shareholders of the Company (the "**Shareholders**") for FY2023 (FY2022: 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. In October 2023, the Group raised funds from issue of new shares under the general mandate.

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 HK$82.6 million (equivalent to 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 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$' million*	Utilised amount of Net Proceeds as at 31 December 2023 *HK$' million*	Unutilised amount of Net Proceeds as at 31 December 2023 *HK$' million*	Unutilised amount of Net Proceeds as at the date of Annual Results Announcement *HK$' 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	40.9	5.7	0	N/A
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 4)*
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)*	20.5	0	0	N/A
Total	82.6	80.8	80.8	73.2	7.6	1.9	

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 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 dated 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 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 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.

Use of proceeds from Placings

The net proceeds from the issue of new shares under the general mandate were HK$99 million (after deducting the relevant professional expenses). The table below sets out the proposed applications of the net proceeds from the date of completion to December 2023:

Intended use of Net Proceeds	Original allocation	Utilised amount of Net Proceeds as at 31 December 2023	Unutilised amount of Net Proceeds as at 31 December 2023	Unutilised amount of Net Proceeds as at the date of Annual Results Announcement	Expected timeline for fully utilising the Unutilised Net Proceeds
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	
For the expansion of business in the medical industry	69.0	4.2	64.8	64.8	By the end of December 2024
For the expansion of business in manpower outsourcing and ancillary services	15.0	0	15.0	15.0	By the end of December 2024
For the general working capital of the Group	15.0	7.7	7.3	7.3	By the end of December 2024
Total	99.0	11.9	87.1	87.1	

Borrowings and gearing ratio

As at 31 December 2023, the Group had an aggregate of current and non-current borrowings and lease liabilities of S$10.1 million as compared to borrowings and lease liabilities of S$4.4 million as at 31 December 2022. The increase was mainly due to borrowings of S$4.7 million from acquisition of a subsidiary in FY2023.

The Group's gearing ratio as at 31 December 2023 was 26.9% (as at 31 December 2022: 18.1%). 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%.

As at 31 December 2023, the Group had unutilised banking facilities of S$2.5 million available for cash drawdown (as at 31 December 2022: S$0.5 million).

Cash and cash equivalents

As at 31 December 2023, the Group had bank and cash balances of S$20.2 million, of which 26.1% was denominated in S$, 52.3% denominated in RMB, 2.5% was denominated in US$ and 19.1% was denominated in HK$ which were placed in major licensed banks in Singapore, China, and Hong Kong.

Foreign exchange exposure

The Group transacts mainly in S$, which is the functional currency of all the entities in the Group. However, the Group retains a large portion of the proceeds from the Listing in HK$ which contributed to an unrealised foreign exchange loss of S$0.6 million as HK$ strengthen against S$ in FY2023.

Charges on the Group's assets and contingent liabilities

As at 31 December 2023, certain lease liabilities and bank borrowing were secured by the charge over leased assets with an aggregate net book value of S$0.01 million and S$4.7 million respectively (as at 31 December 2022: S$0.07 million and S$2.04 million respectively).

The Group did not have any material contingent liabilities as at 31 December 2023 and 2022.

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 S$4.7 million and S$3.3 million for FY2023 and FY2022, respectively.

The Group acquired a dormitory in Singapore in January 2024, with the consideration of S$10.2 million. The Group did not have any capital commitments as at 31 December 2023.

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. The acquisitions and disposals of subsidiaries were accounted for FY2023.

The Group held investments in quoted equity shares at fair value of S$6.6 million and S$7.6 million, respectively as at 31 December 2023 and 2022.

The economic outlook and financial market in Singapore remain uncertain due to the rising 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 2023, the Group did not enter into any material off-balance sheet transaction.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2023, the Group had 694 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 S$18.3 million and S$12.3 million for FY2023 and FY2022 respectively.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest rate risk

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

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

Foreign currency risk

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

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

Credit risk

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

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

Liquidity risk

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

Fair value risk

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

Equity price risk

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

SIGNIFICANT EVENTS AFTER THE YEAR

Except as disclosed, the Directors confirm that no significant event occurred after 31 December 2023 and up to the date of this announcement.

The Company announced that on 9 January 2024, the Board (except Mr. Wang Zhenfei, an executive Director, who had abstained from voting in respect of the grant of Options to him) resolved to grant an aggregate of 129,250,000 Options to the grantees in accordance with terms of the Share Options Scheme, of which 71,087,500 Options were conditionally granted to Mr. Liu Lei (director and general manager of Shanghai Jinhai Medical Technology Co., Ltd.*（上海今海醫療科技有限公司）, a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company and chief technical officer of the Group, 6,462,500 Options were granted to Mr. Wang Zhenfei and 51,700,000 Options were granted to nine other full-time employees of the Group, subject to acceptance. As at the date of this announcement, save for one employee who has declined to accept such 646,250 Options, all other grantees have accepted and have been granted the Options. For further details, please refer to the announcements of the Company dated 9 January 2024 and 19 February 2024 and circular of the Company dated 29 January 2024.

The Group acquired a dormitory in Singapore in January 2024, with the consideration of S$10.2 million.

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 C3 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 C1 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 disclosures have been made.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

SUFFICIENCY OF PUBLIC FLOAT

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

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.jin-hai.com.hk. The annual report of the Company for the Year containing all information required by the Listing Rules will be made available 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 Medical Technology Limited
Chen Guobao
Chairman

Hong Kong, 27 March 2024

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

* *For identification purpose only*