今海醫療科技股份有限公司

Jinhai Medical Technology Limited

(formerly known as Jinhai International Group Holdings Limited)
(Incorporated in the Cayman Islands with members' limited liability)
Stock Code: 2225

2023 ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Guobao *(Chairman)*
Mr. Wang Zhenfei *(Chief Executive Officer)*
Mr. Li Yunping (redesignated 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 (resigned on 1 January 2024)
Ms. Sze Chin Pei Pacita (appointed on 1 January 2024 and resigned on 14 March 2024)
Ms. Cheng Yuen (appointed on 2 April 2024)

AUTHORISED REPRESENTATIVES

Mr. Wang Zhenfei
Mr. Wong Man Yiu (resigned on 1 January 2024)
Ms. Sze Chin Pei Pacita (appointed on 1 January 2024 and resigned on 14 March 2024)
Mr. Chen Guobao (appointed on 14 March 2024 and resigned on 2 April 2024)
Ms. Cheng Yuen (appointed on 2 April 2024)

INDEPENDENT AUDITOR

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
23/F, Tower 2, Enterprise Square Five
38 Wang Chiu Road, Kowloon Bay
Kowloon
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

Corporate Information

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
#02-03 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/

Chairman's Statement

On behalf of the Board of Directors (the "**Board**"), I am pleased to present the annual report of Jinhai Medical Technology Limited (the "**Company**") (formerly known as Jinhai International Group Holdings Limited) and its subsidiary corporations (collectively, the "**Group**") for the financial year ended 31 December 2023 (the "**Year**" or "**FY2023**").

YEAR IN REVIEW

As part of the Board's reassessment of our business focus and strategic direction, the Board recognize 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 approximately HK$69 million to expand its business in medical industry in China and the net proceeds of approximately 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.

The shareholders of the Company voted for the change of its 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 our medical business is developing and future outlook. Accordingly, the change of the company name would better align our Company with our current and future business direction, better position us with our present and future customers, and foster the long-term branding of our Group, which would in turn, enable us to better create long-term value for our shareholders.

LOOKING AHEAD

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 2024 by boarding the product lines and advancing the research and development capabilities. We will also keep expanding our distribution network, continuously developing new products and promoting resource integration, so as to further consolidate and strengthen our position in the medical industry.

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.

The Board will keep shareholders informed of material developments as and when they arise.

Chairman's Statement

A NOTE OF APPRECIATION

On behalf of the Board, I would like to express my heartfelt appreciation to our shareholders, customers, business associates, management and staff for the continuing and unwavering support through the years.

Chen Guobao
Chairman of the Board and Executive Director
Hong Kong, 27 March 2024

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

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

For the Year under review, the Group recorded revenue of 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）at the extraordinary general meeting held on 20 December 2023. The Board believes 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.

Management Discussion and Analysis

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 S$'000	FY2022 S$'000	Increased/ (Decreased) by 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 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.

Management Discussion and Analysis

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 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.

Management Discussion and Analysis

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	Revised allocation as at 16 October 2020	Revised allocation as at 2 March 2021	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	HK$' million	HK$' million	
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.

On 20 October 2023, Nichefield Pte. Ltd. ("**Nichefield**"), a company established in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company (as purchaser) entered into the share transfer agreement with three vendors, pursuant to which the vendors conditionally agreed to sell 40%, 35% and 25% of their respective interests in Neuhaus Engineering Pte. Ltd. (the "**Target Company**") (in aggregate representing the entire issued shares of the Target Company), and Nicheifield conditionally agreed to acquire 100% interests of the Target Company. Prior to the completion, the entire issued shares of the Target Company were legally and beneficially owned by the vendors in aggregate. Upon completion as of 30 November 2023, the Target Company became an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company began to consolidate into the financial statements of the Group. For further details, please refer to the announcement of the Company dated 9 April 2024.

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 expected credit losses ("**ECL**") on trade and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Liquidity risk

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

Fair value risk

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

Equity price risk

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

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chen Guobao (陳國寶先生)

Mr. Chen Guobao ("**Mr. Chen**"), aged 49, was appointed as the chairman of the Board, an executive Director, and the chairman of the nomination committee of the Company with effect from 19 July 2019.

Mr. Chen has approximately 20 years of experience in the real estate and construction industry, particularly in operation and strategic management. Mr. Chen completed his undergraduate studies in economic management at the Army Officer Academy of People's Liberal Army of China* (中國人民解放軍南京炮兵學院) in June 2012.

M. Chen is the chairman of the board of directors of Shanghai Jinhai Corporate Development Group Company Limited* (上海今海企業發展(集團)有限公司), a company founded by him in 2002 and principally engages in real estate development, such as construction of commercial plaza and residential buildings, and property management, including dormitories and commercial plaza. He has also acted as the chairman of the board of directors of Shanghai Guobao Property Company Limited* (上海國寶置業有限公司) since March 2006 and Shanghai Laiyada Property Development Company Limited* (上海來亞達置業有限公司) since March 2011 whose principal businesses also include real estate development and property management. His responsibilities include, amongst others, overseeing the progress of development and construction projects and liaising with construction contractors on various aspects, including manpower and resources allocation.

Mr. Chen is currently the executive deputy chairman (執行副會長) of Ningbo Chamber of Commerce in Shanghai (上海市寧波商會). From September 2015 to October 2017, he was the non-executive director of Vision Fame International Holding Limited (stock code: 1315), the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Wang Zhenfei (王振飛先生)

Mr. Wang Zhenfei ("**Mr. Wang**"), aged 43, has been appointed as the chief executive officer of the Company, an executive Director, and a member of the remuneration committee of the Company with effect from 19 July 2019.

Mr. Wang completed his undergraduate studies in business management (online distance learning course) at the Southwest University of Science and Technology (西南科技大學) in January 2007.

Mr. Wang has approximately 8 years of experience in the banking industry and 4 years of experience in real estate development. He worked at the Shanghai Branch of Huaxia Bank (華夏銀行上海分行) from November 2007 to October 2015. Mr. Wang is the chief executive officer of Shanghai Jinhai Corporate Development Group Company Limited* (上海今海企業發展(集團)有限公司) since October 2015, a company founded by Mr. Chen in 2002 and principally engaged in the real estate development and property management.

Mr. Li Yunping (李雲平先生)

Mr. Li Yunping ("**Mr. Li**"), aged 70, has been appointed as a non-executive Director and a member of the nomination committee of the Company with effect from 19 July 2019. He was re-designated as the executive Director with effect from 31 July 2023.

Mr. Li had approximately 35 years of experience in the banking industry. Mr. Li held various positions in Ningbo Beilun Rural Commercial Bank Company Limited* (寧波北侖農村商業銀行股份有限公司) from May 1979 to January 2014. From May 1981 to September 1986, Mr. Li was a supervisor at Beilun Lianshe Jiangnan Credit Union* (北侖聯社江南信用社) and from September 1986 to February 2000, Mr. Li was a supervisor at Beilun Lianshe Xiaogang Credit Union* (北侖聯社小港信用社). His last position at Ningbo Beilun Rural Commercial Bank Company Limited* (寧波北侖農村商業銀行股份有限公司) was a senior economist from October 1995 until Mr. Li's retirement in January 2014.

NON-EXECUTIVE DIRECTORS

Mr. Wang Huasheng (王華生先生)

Mr. Wang Huasheng ("**Mr. Wang**"), aged 58, has been appointed as a non-executive Director and a member of the audit committee of the Company with effect from 19 July 2019.

Mr. Wang has approximately 15 years of experience in the real estate industry. He founded and has been acting as the chairman of the board of Shaanxi Yide Industrial Company Limited* (陝西益德實業有限公司) since 2004. His main responsibilities include formulating medium to long term strategies for the development of the company as well as managing the daily operations of the board, including convening board meetings of the company. Mr. Wang is also involved in overseeing the financial operations and human resources related matters of the company. Mr. Wang has also founded and has been the chairman of the board of Shaanxi Northwest Light Industry Wholesale Market Management Company Limited* (陝西西北輕工批發市場經營管理有限公司) since 2006. His main responsibilities include setting medium to long term strategies for the development of the company as well as managing the daily operations of the board, including key decision making of the company. Mr. Wang also involves in marketing activities of the company. In addition, he founded Shanghai Gexin Investment Development Company Limited* (上海歌信投資發展有限公司) in 2007 and Shanghai Gexin Real Estate Company Limited* (上海歌信置業有限公司) in 2009 and has been working as the chairman of the board of companies since 2007 and 2009 respectively. Mr. Wang 's main responsibilities at Shanghai Gexin Real Estate Company Limited* (上海歌信置業有限公司) include setting medium to long term strategies for the development of the company as well as managing the daily operations of the board, including making key decisions of the company. Mr. Wang also oversees the financial operations as well as human resources and appraisal related matters of the company.

Mr. Yu Mingyang (余明陽先生)

Mr. Yu Mingyang ("**Mr. Yu**"), aged 60, has been appointed as a non-executive Director, a member of the audit committee and the remuneration committee of the Company with effect from 31 July 2023.

Mr. Yu obtained his bachelor's degree in philosophy from Hangzhou University (杭州大學) in the PRC in July 1983. Mr. Yu obtained a master's degree and a doctor's degree in management from Fudan University (復旦大學) in the PRC in July 1993 and July 1996 respectively.

Mr. Yu has served as a professor at Shanghai Jiao Tong University (上海交通大學) since September 2005. He has been (i) an independent director of Shanghai Xujiahui Commercial Co., Ltd. (上海徐家匯商城股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002561), since March 2018; (ii) an independent director of Golden Home Living Co., Ltd. (金牌廚櫃家居科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603180), since September 2019; and (iii) an independent non-executive director of MedSci Healthcare Holdings Limited (梅斯健康控股有限公司), a company listed on the Stock Exchange of Hong Kong (stock code: 02415), since April 2023.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yan Jianjun (嚴健軍先生)

Mr. Yan Jianjun ("**Mr. Yan**"), aged 58, has been appointed as an independent non-executive Director, the chairman of the audit committee and the remuneration committee of the Company and a member of the nomination committee of the Company with effect from 19 July 2019.

Mr. Yan graduated from Shanghai University of Engineering Science (上海工程技術大學) with a bachelor's degree in electrical engineering specialized in automation control in November 1988. Mr. Yan completed CEIBS' Executive MBA Programme (在職高層管理人員工商管理碩士課程) and was awarded a master's degree in Business and Administration from China Europe International Business School (中歐國際工商學院) in April 2003.

Mr. Yan has over 24 years of experience in the information technology industry. From January 1995 to January 1999, Mr. Yan was the chairman of the board of Shanghai Zhida Technology Industrial Company Limited* (上海致達科技實業有限公司). Since January 1999, Mr. Yan has been the chairman of Shanghai Zhida Technology Group Company Limited* (上海致達科技集團有限公司).

Mr. Yan was the national representative of the 12th, 13th and 14th Shanghai Municipal People's Congress (上海市第十二屆，十三屆及十四屆人民代表大會). Mr. Yan was awarded the National Model Worker of 2005 (2005年度全國勞動模範) by the State Council of the People's Republic of China (中華人民共和國國務院) in April 2005 and was named as one of the Ten Outstanding Young Persons of Shanghai (上海十大傑出青年) at the 9th Ten Outstanding Young Persons of Shanghai (第九屆上海十大傑出青年) awards ceremony in May 2002. Mr. Yan was awarded the China's Outstanding Entrepreneur in Private Technology Companies of 2007 (2007年度中國優秀民營科技企業家) in 2007 and Technology Innovation Entrepreneur Award (科技創新企業家獎) in December 2010 by the All-China Federation of Industry and Commerce (中華全國工商業聯合會). Mr. Yan was appointed as an arbitrator at the Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Centre) (上海國際經濟貿易仲裁委員會(上海國際仲裁中心)) for a term of 3 years from May 2018.

Mr. Yan was appointed as an independent Director of Shanghai Lonyer Fuels Company Limited (上海龍宇燃油股份有限公司) (stock code: 603003.SH) with effect from 29 June 2020. In addition, Mr. Yan was the Rotating President of The Zhejiang Chamber of Commerce, Shanghai for the year of 2020 (上海市浙江商會2020年度的輪值會長).

Mr. Fan Yimin (范一民先生)

Mr. Fan Yimin ("**Mr. Fan**"), aged 41, has been appointed as an independent non-executive Director and a member of the audit committee, the remuneration committee and the nomination committee of the Company with effect from 19 July 2019.

Mr. Fan obtained a bachelor's degree in finance at Donghua University (東華大學) in July 2005. Mr. Fan has over 13 years of experience in the banking and finance industry. From July 2005 to May 2012, Mr. Fan worked at the Shanghai branch of Bank of China Limited (中國銀行股份有限公司上海市分行). He worked at Shanghai Stem Cell Technology Company Limited* (上海市幹細胞技術有限公司) from November 2012 to July 2015. From April 2016 to December 2017, he worked at the Shanghai Zhengming Modern Logistics Company Limited* (上海鄭明現代物流有限公司). Since January 2018, he worked as an assistant to the general manager in the corporate division of KEB Hana Bank (China) Company Limited, Shanghai Branch (韓亞銀行(中國)有限公司上海分行).

Ms. Yang Meihua (楊美華女士)

Ms. Yang ("**Ms. Yang**") aged 65, has been appointed as an independent non-executive Director and a member of the audit committee, the remuneration committee and the nomination committee of the Company with effect from 31 January 2022.

Ms. Yang has extensive experience in the field of accounting and finance. Ms. Yang is a member of the Chinese Institute of Certified Public Accountants. Ms. Yang received her undergraduate diploma (through correspondence) from Fudan University, the PRC. She worked at Arthur Andersen Hua Qiang Certified Public Accountants Shanghai Office from 1 October 1995 to 30 June 2002 and PricewaterhouseCoopers Zhong Tian Certified Public Accountants from 1 July 2002 to 25 March 2003. Ms. Yang has been working at Shanghai Nortex Certified Public Accountant Co. Ltd. (上海諾德會計師事務所有限公司) since 2004.

* For identification purpose only

Corporate Governance Report

The Company is committed to fulfilling its responsibilities to the Shareholders and protecting and enhancing Shareholders' value through good corporate governance.

The directors of the Company (the "**Directors**") recognise the importance of incorporating elements of good corporate governance in the management structure, internal control and risk management procedures of the Group so as to achieve effective accountability.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with all applicable code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the Year and the period thereafter up to the date of this annual report (collectively, the "**Period**").

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "**Model Code**") as contained in Appendix C3 to the Listing Rules as its own code of conduct governing the securities transactions by the Directors. 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 transaction during the Year.

BOARD OF DIRECTORS

Responsibilities

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support are in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group's business and investment plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the Company's amended and restated articles of association (the "**Articles of Association**"). The Board has established Board committees and has delegated to these Board committees various responsibilities as set in their respective terms of reference. The Board may from time to time delegate certain functions to management of the Group (the "**Management**") if and when considered appropriate. The Management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and other duties assigned to them from time to time.

The Directors have full access to information of the Group and are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

Composition

The Company is committed to holding the view that the Board should include a balanced composition of executive Directors, non-executive Directors ("**NEDs**") and the independent non-executive Directors ("**INEDs**") so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

As at the date of this annual report, the Board comprises eight Directors,

Executive Directors

Mr. Chen Guobao *(Chairman)*
Mr. Wang Zhenfei *(Chief Executive Officer)*
Mr. Li Yunping (redesignated 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

The biographical details of each of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

There was no financial, business, family or other material relationship among the Directors during the Year and up to the date of this annual report.

The INEDs have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Group.

Throughout the Year, the Company had three INEDs, meeting the requirements of the Listing Rules that the number of INEDs must represent at least one-third of the Board members, and that one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received a confirmation of independence in writing from each of the INEDs pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation, and not aware of any unfavorably reported incidents, the Company considers that all the INEDs are independent and have met the independent guidelines as set out in Rule 3.13 of the Listing Rules during the year ended 31 December 2023 and up to the date of this annual report.

The term of appointment of each INED and the NED are set for one year and are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association.

Proper insurance coverage in respect of legal actions against the Directors' liabilities has been arranged by the Company and accordingly, the Company has complied with code provision A.1.8 of the CG Code.

Directors' Induction and Continuing Professional Development

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his appointment to ensure that he and she has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under statute and common law, the Listing Rules, other legal and regulatory requirements and the Company's business and governance policies.

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the continuing professional development programmes received by each of the Directors during the Year is summarized as follows:

Name of Directors	Type of trainings
Mr. Chen Guobao	B
Mr. Wang Zhenfei	B
Mr. Li Yunping#	B
Mr. Wang Huasheng	B
Mr. Yu Mingyang+	B
Mr. Yan Jianjun	B
Mr. Fan Yimin	B
Ms. Yang Meihua	A and B

\# redesignated as Executive Director on 31 July 2023

\+ appointed as Non-executive Director on 31 July 2023

A: attending seminars/conference/forums

B: reading newspapers, journals, and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

Meetings of the Board and the Shareholders and Directors' Attendance Records

The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and accompanying Board papers will be sent to all Directors at least three days before the intended date of the Board meeting, or such other period as agreed. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record respectively within a reasonable time after each meeting and the final version is open for the Directors' inspection.

During the Year, the Board held 4 regular meetings and, amongst other matters, considered and approved (i) the audited consolidated financial statements of the Group for the year ended 31 December 2022; (ii) the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023; (iii) approval of issue of new shares under the general mandate; and (iv) completion of issue of new shares under the general mandate.

The attendance record of each Director at the meetings of the Company during the Year is set out below:

Name of Directors	**Attendance/ Number of Board Meetings**
Mr. Chen Guobao	4/4
Mr. Wang Zhenfei	3/4
Mr. Li Yunping#	0/4
Mr. Wang Huasheng	4/4
Mr. Yu Mingyang+	1/3
Mr. Yan Jianjun	4/4
Mr. Fan Yimin	3/4
Ms. Yang Meihua	3/4

\# redesignated as Executive Director on 31 July 2023

\+ appointed as Non-executive Director on 31 July 2023

The Board also held a meeting on 27 March 2024 and, amongst other matters, considered and approved the audited consolidated financial statements of the Company for the Year (the "**Consolidated Financial Statements**").

During the Year, the Company held the annual general meeting of the Shareholders on 28 June 2023.

The attendance record of each Director at the annual general meeting of the Company during the Year is set out below:

Name of Directors	Attendance/ Number of Annual General Meetings
Mr. Chen Guobao	1/1
Mr. Wang Zhenfei	1/1
Mr. Li Yunping#	0/1
Mr. Wang Huasheng	1/1
Mr. Yu Mingyang+	0/0
Mr. Yan Jianjun	1/1
Mr. Fan Yimin	1/1
Ms. Yang Meihua	1/1

\# redesignated as Executive Director on 31 July 2023

\+ appointed as Non-executive Director on 31 July 2023

During the Year, the Company held 2 extraordinary general meetings of the Shareholders on 20 and 29 December 2023 for approval of change of the Company's name and adoption of the share option scheme respectively.

The attendance record of each Director at the extraordinary general meeting of the Company during the Year is set out below:

Name of Directors	Attendance/ Number of Extraordinary General Meetings
Mr. Chen Guobao	2/2
Mr. Wang Zhenfei	2/2
Mr. Li Yunping#	1/2
Mr. Wang Huasheng	0/2
Mr. Yu Mingyang+	0/2
Mr. Yan Jianjun	0/2
Mr. Fan Yimin	2/2
Ms. Yang Meihua	2/2

\# redesignated as Executive Director on 31 July 2023

\+ appointed as Non-executive Director on 31 July 2023

Board Diversity Policy

In order to achieving a sustainable and balanced development, the Company considers the enhancement of diversity at the Board level as an essential element in facilitating the achievement of its strategic objectives and sustainable development. In deciding the Board composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity to the board. The selection of candidates will be based on a range of diverse perspectives, including but not limited to, gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be based upon the merits and contribution the selected candidates will bring to the Board.

The Board has set measurable objectives (in terms of gender, skills and professional experience, etc. as aforementioned) to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. In particular, in accordance with the requirements under the CG Code, the Company has set an initial target of appointing at least one director of a different gender to the Board and has achieved such target since 31 January 2022 when Ms. Yang Meihua was appointed as an independent non-executive Director. Currently, the gender diversity of the Board is at approximately 13% (1 female out of 8 Directors). The Nomination Committee and the Board will review the Board's target gender diversity ratio from time to time and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. Further, the Board currently consists of members with different professional backgrounds (including real estate and construction industry, banking industry, information technology industry, finance, accounting, corporate governance and business management) and from different age groups (from 40's to 70's). Accordingly, the Nomination Committee considers that the current composition of the Board is characterised by diversity (including gender diversity) after taking into account its own business model and specific needs, whether considered in terms of professional experience or skills.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time. The Nomination Committee will discuss at least annually any changes to the Board Diversity Policy and Board composition that may be required (including the need to identify potential successors to the Board to achieve gender diversity), and make such recommendations to the Board for consideration and approval. The Board has reviewed the Board Diversity Policy in 2023 and is of the view that the Board Diversity Policy has been properly implemented and is effective.

The Group's policies in recruitment and promotion of employees are based on objective factors such as their skills, knowledge, experience and performance. We disregard their respective gender, race or religion in order to provide a fair and equal working environment and opportunities. A summary of the gender ratio in the workforce (including senior management) of the Group for the year is disclosed in the Environmental, Social and Governance Report of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision C.2.1 of the CG Code, the roles and responsibilities of chairman and chief executive officer should be separated and should not be performed by the same individual.

The chairman of the Board and the chief executive officer are currently two separate positions held by Mr. Chen Guobao and Mr. Wang Zhenfei respectively. The chairman of the Board is responsible for providing strategic advice and guidance on the business development of the Group, while the chief executive officer is responsible for the day-to-day operations of the Group.

BOARD COMMITTEES

The Board established three Board committees, namely the audit committee (the "**Audit Committee**"), the nomination committee (the "**Nomination Committee**") and the remuneration committee (the "**Remuneration Committee**") of the Company to oversee particular aspect of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

Audit Committee

The Audit Committee was established on 26 September 2017 with written terms of reference in compliance with CG Code. The written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. Mr. Yan Jianjun was appointed as the chairman of the Audit Committee and Mr. Wang Huasheng, Mr. Yu Mingyang, Mr. Fan Yimin and Ms. Yang Meihua are members of the Audit Committee.

The principal roles and functions of the Audit Committee include but are not limited to:

– making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving its remuneration and terms of engagement, and handling any questions regarding its resignation or dismissal;

– reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and discussing with external auditor on the nature and scope of the audit and reporting obligations before the audit commences;

– developing and implementing a policy on engaging external auditor to supply non-audit services and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;

– monitoring the integrity of the Company's financial statements and accounts, and if prepared for publication, interim report and annual report and reviewing significant financial reporting judgments contained in them;

– reviewing the Company's financial controls, risk management and internal control system;

– discussing the risk management and internal control systems with management to ensure that management has performed its duty to have such effective systems;

– considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

– where an internal audit functions exists, ensuring co-ordination between the internal and external auditors and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;

– reviewing the Group's financial and accounting policies and practices;

– reviewing the external auditor's management letter, any material queries raised by the external auditor to the management about the accounting records, financial accounts or systems of control and the management's response;

– ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;

– reviewing the arrangements that the employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and

– considering other topics as defined by the Board.

During the Year, 3 Audit Committee meetings were held, amongst other matters, reviewed and approved the draft audited consolidated financial statements of the Group for the year ended 31 December 2022, the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023, acceptance of resignation of HLB Hodgson as auditor of the Group and appointment of ZHONGHUI ANDA CPA Limited as auditor of the Group for the Year.

On 27 March 2024, the Audit Committee held a meeting which the chairman and its members attended and, amongst other matters, reviewed and approved the draft audited consolidated financial statements for the Year for presentation to the Board for consideration and approval.

The attendance record of each Director at the audit committee meetings of the Company during the Year is set out below:

Name of Directors	**Attendance/ Number of Audit Committee Meetings**
Mr. Yan Jianjun	3/3
Mr. Wang Huasheng	3/3
Mr. Yu Mingyang+	0/1
Mr. Fan Yimin	3/3
Ms. Yang Meihua	3/3

\+ appointed as Non-executive Director on 31 July 2023

Nomination Committee

The Nomination Committee was established on 26 September 2017 with written terms of reference in compliance with CG Code. The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company. Mr. Chen Guobao was appointed as the chairman of the Nomination Committee and Mr. Li Yunping, Mr. Yan Jianjun, Mr. Fan Yimin and Ms. Yang Meihua are members of the Nomination Committee.

The principal roles and functions of the Nomination Committee include but are not limited to:

– reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

– reviewing the Board diversity policy and the progress on achieving the objectives set for implementing the said policy;

– identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;

– assessing the independence of independent non-executive directors;

– making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for the Directors, in particular, the Chairman and the chief executive.

During the Year, 1 Nomination Committee meeting was held and, amongst other matters, reviewed (i) the structure, size and composition of the Board, assessed the independence of the independent non-executive directors and recommended to the Board for consideration the re-appointment of the retiring Directors at the forthcoming annual general meeting of the Company ("**AGM**") to be held in 2024; and the resignation and appointment of an Nomination Committee Member.

The attendance record of each Director at the nomination committee meetings of the Company during the Year is set out below:

Name of Directors	Attendance/ Number of Nomination Committee Meetings
Mr. Chen Guobao	1/1
Mr. Li Yunping#	1/1
Mr. Yan Jianjun	1/1
Mr. Fan Yimin	1/1
Ms. Yang Meihua	1/1

redesignated as Executive Director on 31 July 2023

Remuneration Committee

The Remuneration Committee was established on 26 September 2017 with written terms of reference in compliance with CG Code. The written terms of reference of the Remuneration Committee are published on the respective websites of the Stock Exchange and the Company. The chairman of the Remuneration Committee is Mr. Yan Jianjun and the members comprise Mr. Wang Zhenfei, Mr. Yu Mingyang, Mr. Fan Yimin and Ms. Yang Meihua.

The principal roles and functions of the Remuneration Committee include but are not limited to:

– making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the remuneration policy;

– reviewing and approving the Management's remuneration proposals with reference to the Board's corporate goals and objectives;

– making recommendations to the Board on the remuneration packages of individual executive Directors and senior management (the "**Senior Management**") including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

– making recommendations to the Board on the remuneration of the non-executive Directors;

- considering the salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

- reviewing and approving the compensation payable to the executive Directors and the Senior Management for any loss or termination of office or appointment to ensure that it is consistent with the contractual terms and is otherwise fair and not excessive;

- reviewing and approving the compensation arrangements relating to the dismissal or removal of the Directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate; and

- ensuring that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration.

During the Year, 1 Remuneration Committee meeting was held and, amongst other matters, reviewed and recommended to the Board for consideration (i) certain remuneration-related of the Directors and the Senior Management; and (ii) the resignation and appointment of Remuneration Committee Member.

The attendance record of each Director at the remuneration committee meetings of the Company during the Year is set out below:

Name of Directors	**Attendance/ Number of Remuneration Committee Meetings**
Mr. Yan Jianjun	1/1
Mr. Wang Zhenfei	1/1
Mr. Yu Mingyang[+]	1/1
Mr. Fan Yimin	1/1
Ms. Yang Meihua	1/1

[#] appointed as Non-executive Director on 31 July 2023

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions, which include:

– developing and reviewing the Company's policies and practices on corporate governance;

– reviewing and monitoring the training and continuous professional development of the Directors and the Senior Management;

– reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

– developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and

– reviewing the Company's compliance the CG Code and disclosure in this report.

During the Year, the Board reviewed the compliance with CG Code and the disclosure in the annual report of the Company and monitored the training and continuous professional development of the Directors and the Senior Management.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company has adopted the nomination policy ("**Nomination Policy**") setting out the principles which guide the Nomination Committee to identify and evaluate a candidate for nomination to the Board for appointment or Shareholders for election as a Director.

The Nomination Committee shall consider a number of factors in making nomination, including but not limited to the following:

– Skills, experience and professional expertise: The candidate should possess the skills, knowledge, experience and professional expertise which are relevant to the operations of the Group;

– Diversity: Candidates should be considered on merit and against objective criteria, with due regard to the diversity perspectives set out in the board diversity policy of the Company;

– Commitment: The candidate should be able to devote sufficient time to attend the board meetings and participate in induction, training and other board associated activities. In particular, if the proposed candidate will be nominated as an independent non-executive director and will be holding their seventh (or more) listed company directorship, the Nomination Committee should consider the reason given by the candidate for being able to devote sufficient time to the Board and committee meetings;

– Standing: The candidate must satisfy the Board and the Stock Exchange that they have the character, experience and integrity, and is able demonstrate a standard of competence commensurate with the relevant position as a Director; and

– Independence: The candidate to be nominated as an independent non-executive director must satisfy the independence criteria set out in Rule 3.13 of the Listing Rules. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he or she has the appropriate professional qualifications or accounting or related financial management expertise for filing the office of an independent non-executive director.

If the Nomination Committee determines that an additional or replacement Director is required, the Nomination Committee may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate. The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a shareholder of the Company as a nominee for election to the Board and the appointment or re-appointment of Directors and succession planning for Directors is subject to the approval of the Board. On making recommendation, the Nomination Committee may submit the candidate's personal profile and a proposal to the Board for consideration. In order for the proposal to be valid, it must clearly indicate the nominating intention and the candidate's consent to be nominated and the personal profile must be incorporated and/or accompanied by the full particulars of the candidate that are required under Rule 13.51(2) of the Listing Rules. If the candidate is proposed to be appointed as an independent non-executive director, his or her independence shall be assessed in accordance with the factors set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time.

Each proposed new appointment, election or re-election of a Director shall be assessed and/or considered against the criteria and qualifications set out in the Nomination Policy by the Nomination Committee which shall recommend its views to the Board and/or the Shareholders for consideration and determination.

The Nomination Committee will monitor the implementation of the Nomination Policy. The Nomination Committee will from time to time review the Nomination Policy, as appropriate, to ensure the effectiveness of the policy.

Each of the executive Directors entered into a service agreement for his appointment with the Company on 19 July 2019 for an initial term of three years commencing from 19 July 2019. Each of the executive Directors is subject to retirement by rotation and re-election at the AGM in accordance with Articles of Association.

Each of the independent non-executive Directors entered into a service agreement for his appointment with the Company for a term of three years commencing from 19 July 2019, save for Ms. Yang Meihua who was appointed as INED for a term of one year commencing from 31 January 2022 and is subject to retirement by rotation and re-election at the AGM in accordance with Articles of Association.

Each of the non-executive Director entered into service agreement for his appointment with the Company for a term of one year from 19 July 2019 and is subject to retirement by rotation and re-election at the AGM in accordance with Articles of Association.

According to Article 108(a) of the Articles of Association, at each AGM, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. According to Article 108(b) of the Articles of Association, the Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself/herself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the AGM shall retire by rotation at such AGM. Any further Directors so to retire shall be those who have been the longest in office since their last re-election or appointment and so that as between the persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

According to Article 112 of the Articles of Association, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall be subject to retirement by rotation.

According to Article 112 of the Article of the Association, the Board shall have power from time to tome and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director, but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in a general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. Any Director appointed under the Articles of Association shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an AGM.

REMUNERATION OF DIRECTOR AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the Year are set out in Note 12 to the Consolidated Financial Statements.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the Senior Management whose particulars are contained in the section headed "Biographical Details of Directors and Senior Management" in this annual report for the Year by hand is set out below:

Remuneration band (in HK$)	**Number of individuals**
500,000 to 1,500,000	1
1,500,001 to 2,000,000	1
2,000,001 to 2,500,000	–
2,500,001 to 3,000,000	–
3,000,001 to 3,500,000	–
3,500,001 to 4,000,000	–

AUDITOR AND HIS REMUNERATION

The auditor's reporting responsibilities for the audit of the Group's consolidated financial statements for the Year are set out in the section "Independent Auditor's Report" of this annual report. ZHONGHUI ANDA CPA Limited ("**Zhonghui**") provided the audit and non-audit services. The remuneration paid/payable to Zhonghui in respect of the audit and non-audit services for the Year are S$180,000 and Nil respectively.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the Consolidated Financial Statements that give a true and fair view of the financial position and the state of affairs of the Group for the Year in accordance with IFRS issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management and internal control are essential parts of corporate governance. The Board acknowledges that it is its responsibility to ensure that appropriate and effective risk management and internal control systems are established and maintained, and to oversee the systems on an ongoing basis and to review the effectiveness of the risk management and internal control systems at least annually, while management ensures sufficient and effective operational controls over the key business processes are properly implemented with regular reviews and updates.

The Board is responsible for evaluating and determining the nature and extent of risks it is willing to take in achieving its strategic objectives and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems.

To ensure that all major risks are properly identified, evaluated and monitored for achieving a sound and effective risk management system, risk owners across the Group are required to report the risk review exercises regularly. They need to report the effectiveness of the risk management system and details of the key risks including the risk description, change of risk level, current risk level and the corresponding key risk control regularly.

The Company has established its risk management and internal control guidelines and has delegated certain finance personnel to carry out the internal audit personnel reports directly to the chief financial officer and/or financial controller and ensure the risk management and internal control systems are in place and function properly.

However, the risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Company disclosed in its announcements dated 9 April 2024, regarding purchase agreement and share transfer agreement entered in May 2023 and October 2023 in relation to the acquisitions of the property and entire interests of a target company, respectively. From the perspective of subsidiary management and control, the Company will issue a compliance manual relating to Chapter 14 and 14A of the Listing Rules to all subsidiaries and has gradually improved the management systems of all subsidiaries. The Company will endeavor to take all feasible measures and means to reduce losses, if any, from the incident and to ensure the stable operation of the listed company, gaining experience from the incidents to appropriately deal with the respective issues while safeguarding the interests of its shareholders.

Save as the above, no material deviation in the compliance guidance on risk management and internal controls by the subsidiaries was reported, and all subsidiaries have complied with the relevant laws and industry regulations in respect of financial reporting and legal compliance. No material litigation risk (including ESG risks) was reported, nor was there any fraud or corruption issue. For the year ended 31 December 2023, the Company has collected information and carried out investigations in respect of risk management and internal control issues for its subsidiaries. Key risk (including ESG risks) elements affecting the Group and contingency measures adopted were reported to the Audit Committee. In addition, the Board and the Audit Committee considered that the resources allocated, staff qualifications and experience in respect of the accounting, internal audit, financial reporting functions of the Company, the ESG performance and reporting of the Group as well as training programs and budget were adequate and sufficient. The Company will continue to improve its risk management and internal control systems to ensure that they remain effective.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong and the Listing Rules and overriding principle that inside information should be announced as soon as reasonably practicable when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

– the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

– the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;

– the Group has strictly prohibited unauthorised use of confidential of inside information; and

– the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors and the chief financial officer of the Company (the "**Chief Financial Officer**") are authorized to communicate with parties outside the Group.

COMPANY SECRETARY

For the year ended 31 December 2023, Mr. Wong Man Yiu ("**Mr. Wong**") has been the Company Secretary. Mr. Wong has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Ms Sze Chin Pei Pacita was appointed as the Company Secretary between 1 January 2024 and up to 14 March 2024.

Ms. Cheng Yuen ("**Ms. Cheng**") was appointed as the Company Secretary with effect from 2 April 2024. Ms. Cheng possesses the necessary qualification and experience, and is capable of performing the functions of the company secretary.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting (the "EGM")

Any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company having the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall have the right, by written requisition to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned (the "Requisitionist(s)") at the principal place of business of the Company in Hong Kong (presently Room 2503, Cosco Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong) for attention of the Board or the Company Secretary.

The Requisition must state clearly the name(s) and the contact details of the Requisitionist(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda.

The Company will check the Requisition and the identity and shareholding of the Requisitionist(s) will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Board will proceed to convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Requisitionist(s) at the EGM within two months after the deposit of the Requisition. If within 21 days of the deposit of the Requisition the Board fails to proceed to convene such EGM, the Requisitionist(s) himself/herself/themselves may do so in the same manner.

For including a resolution to propose a person for election as a Director at general meetings, the Shareholders are requested to follow the Articles of Association. A notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Company's principal place of business in Hong Kong or at the Hong Kong branch share registrar and transfer office of the Company. The period for lodgement of the notices required under the Articles of Association will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for the Shareholders to propose a person for election as a Director are posted on the Company's website.

Procedures for Shareholder to Send Enquires to the Board

Shareholders may direct their enquiries about their shareholdings or their notification of change of correspondence address or their dividend/distribution instructions to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.

Shareholder and the investment community may at any time make a request for the Company's information to the extent such information is publicly available. Shareholders may send their enquiries and concerns to the Board by post to the principal place of business of the Company in Hong Kong at Room 2503, Cosco Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong or by email to info@jin-hai.com.hk for the attention of the Company Secretary.

COMMUNICATION WITH SHAREHOLDERS

The Shareholders communication policy aims to set out the provisions with the objective of ensuring that the Shareholders, both individual and institutional, and, in appropriate circumstances, the investment community (including the Company's potential investors as well as analysts reporting and analyzing the Company's performance) at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risks profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

Information shall be communicated to Shareholders and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company websites. Effective and timely dissemination of information to Shareholders and the investment community shall be ensured at all times.

CONSTITUTIONAL DOCUMENTS

The Constitutional documents of the Company has been amended and approved in annual general meeting held on 28 June 2023.

The amended and restated memorandum and articles of association of the Company are available on the respective websites of the Stock Exchange and the Company.

Report of the Directors

The Directors are pleased to present this Directors' report (the "**Directors' Report**") to the Shareholders together with the audited Consolidated Financial Statements.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of manpower outsourcing and ancillary services to building and construction contractors in Singapore. We also provide dormitory services, IT services and construction ancillary services (which comprise warehousing services, cleaning services and building maintenance works) in Singapore. The Group also generated revenue from sales of medical equipment in China. An analysis of the Group's segment information for FY2023 by business is set out in Note 7 to the Consolidated Financial Statements.

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the Listing amounted to approximately HK$82.6 million (the "**Net Proceeds from the listing**").

Details of the use of proceeds from the Listing are set out in the Management Discussion and Analysis on pages 10 to 11 of this annual report.

USE OF NET PROCEEDS FROM THE PLACINGS

The net proceeds from the placings amounted to approximately HK$99.0 million (the "**Net Proceeds from the placings**").

Details of the use of proceeds from the Listing are set out in the Management Discussion and Analysis on page 11 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for FY2023 are set out in the consolidated statement of profit or loss and other comprehensive income of the Group on page 85 of this annual report.

The Board has resolved not to recommend the payment of any dividend for FY2023 (FY2022: nil).

BUSINESS REVIEW

A review of the Group's business during FY2023 and prospects of the Group's business are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report, which constitute part of this Directors' Report.

SHARE CAPITAL

Details of the movements in the Company's share capital during FY2023 are set out in Note 30 to the Consolidated Financial Statements in this annual report.

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.

FINANCIAL STATEMENTS

The results of the Group for FY2023 are set out in the consolidated statement of profit or loss and other comprehensive income on page 85 of this annual report. The financial position of the Group as at 31 December 2023 is set out in the consolidated statement of financial position of the Group on pages 86 to 87 of this annual report. The financial position of the Company as at 31 December 2023 is set out in Note 31 to the Consolidated Financial Statements on page 140 of this annual report. The cash flows of the Group for the year ended 31 December 2023 are set out in the consolidated statement of cash flows on pages 89 to 90 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during FY2023 are set out in Note 15 to the Consolidated Financial Statements in this annual report.

INVESTMENT PROPERTY

Details of movements in the investment properties of the Group during FY2023 are set out in Note 17 to the Consolidated Financial Statements in this annual report.

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at 31 December 2023 represents the aggregate of share premium less accumulated losses. Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to the Shareholders subject to the provisions of the Articles of Association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. As at 31 December 2023, the reserves available for distribution to the Shareholders is approximately S$10,074,000 which represents the aggregate of share premium of S$32,319,000 net of accumulated losses of S$22,245,000.

DONATIONS

During the Year, the Group has made donations for charitable or other purposes amounted to a total of S$108,000 (FY2022: S$90,000).

EQUITY LINKED AGREEMENTS

No equity linked agreements were entered into by the Company during FY2023 or subsisted at end of FY2023.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to promoting sustainable development, which is extremely important to create long term value for the Group's Shareholders, clients, employees, other stakeholders, as well as general public. The Company cares about the impact of its daily operation on environment and society. While conducting its business operation, it makes effort to meet the interests of all stakeholders, economy, environment, society and corporate governance and does its best to achieve a fine balance.

As the biggest contributor to the Group's carbon footprint is the indirect greenhouse gas emission from electricity consumption and fresh water is a precious resource in Singapore, the Group has established environmental management system that comprises measures and work procedures that are required to be followed by our employees, including but not limited to, internal policies on water and energy conservation.

In FY2023, there was no conviction of non-compliance with environmental laws and regulations. We will continue to ensure implementation of our policy on environmental management as mentioned above to avoid violation of applicable laws or regulations in respect of the environment.

Details of environmental, social and governance practices adopted by the Group is set out in the environmental, social and governance report on pages 50 to 80 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements. The Group has been allocating system and staff resources to ensure ongoing compliance with the rules and regulations.

The Group's operations are mainly carried out by the Company's subsidiaries in Singapore while the Company itself was incorporated in the Cayman Islands and its issued shares are listed on the Main Board of the Stock Exchange. Our establishment and operations accordingly shall comply with the relevant laws and regulations in Hong Kong, the Cayman Islands and Singapore.

During the Year, the Group has complied, to the best of our knowledge, with, in respect of employment of foreign workers, Employment Act (Chapter 91), Employment of Foreign Manpower Act (Chapter 91A), Immigration Act (Chapter 133); in respect of employees' benefits, Children Development Co-Savings Act (Chapter 38A) and Central Provident Fund Act (Cap. 36); in respect of workmen's compensation, Work Injury Compensation Act (Chapter 354); in respect of dormitory services, Building Control Act (Chapter 29), Control of Vectors and Pesticides Act (Chapter 59), Environmental Public Health Act (Chapter 95), the Fire Safety Act (Chapter 109A), the Planning Act (Chapter 232) and Foreign Employee Dormitories Act 2015 (No. 3 of 2015); and in respect of environmental protection, Environmental Public Health Act (Chapter 95) and other relevant laws and regulation on environmental protection.

During the Year, the Board was unaware of any non-compliance with relevant laws and regulations that have a significant impact on the business and operations of the Group.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

As at 31 December 2023, the Group had approximately 694 staff. The employees are remunerated according to their job scope and responsibilities, individual performance appraisals and the Group's performance. Other benefits available to eligible employees include provident fund, medical insurance scheme and long service awards.

The Group maintains a good relationship with its customers. We have a team of site coordinators in place to receive, analyse and study complaints and make recommendations on remedies with the aim of improving service quality.

The Group is in good relationship with its suppliers and conducts a fair and strict appraisal of its suppliers.

DIRECTORS

The Directors during the Year and up to the date of this annual report are:

Executive Directors

Mr. Chen Guobao *(Chairman)*
Mr. Wang Zhenfei *(Chief Executive Officer)*
Mr. Li Yunping (redesignated 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

Article 112 of the Articles of Association provides that any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any such Director appointed shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting of the Company.

Article 108(a) of the Articles of Association provides that at each AGM, one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. According to article 108(b) of the Articles of Association, the Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself/herself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the AGM shall retire by rotation at such AGM. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

In accordance with the above provisions of the Articles of Association, the following Directors, namely Mr. Wang Zhenfei, Mr. Li Yunping, Mr. Yu Mingyang and Mr. Fan Yimin will retire at the annual general meeting to be held in 2024 ("**2024 AGM**") and, being eligible, will offer himself for re-election at the 2024 AGM.

The Nomination Committee had assessed and reviewed each of the INEDs written confirmation of independence based on the independence criteria as set out in Rule 3.13 of the Listing Rules and confirmed that all of them, namely Mr. Yan Jianjun, Mr. Fan Yimin, and Ms. Yang Meihua remain independent.

The biographical details of the Directors and senior management of the Group are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the INEDs, a confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all INEDs are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into an agreement for appointment/a service agreement with the Company for a term of three years.

Each of the non-executive Directors and the independent non-executive Directors has entered into an agreement for appointment/a service agreement with the Company for a term of one year.

Save as disclosed aforesaid, none of the Directors has entered into a service agreement or agreement for appointment with the Company or any of its subsidiaries other than the agreement expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

All Directors are subject to retirement by rotation at least once every three years in accordance with the Articles of Association.

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 31 December 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), which were required (a) to be 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) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Name of Director/ chief executive	Capacity/ Nature of interest	Number of Shares/ interested	Approximate percentage of the Company's issued Shares
Mr. Chen Guobao	Interest of a controlled corporation (Note)	632,500,000	48.94%

Note:

The entire issued share capital of Full Fortune International Co., Ltd ("**Full Fortune**") is beneficially owned by Mr. Chen Guobao, the Chairman and an executive Director. Therefore, Mr. Chen Guobao is deemed to be interested in 632,500,000 Shares held by Full Fortune by virtue of the SFO. Mr. Chen Guobao is the sole director of Full Fortune.

Long position in the ordinary share of an associated corporation

Name of Director/ chief executive	Name of associated corporation	Capacity/Nature of interest	Number of share held	Percentage of interest
Mr. Chen Guobao (Note (2))	Full Fortune (Note (1))	Beneficial owner	1	100%

Notes:

(1) Full Fortune is the direct shareholder of the Company and is an associated corporation of the Company within the meaning of Part XV of the SFO.

(2) Mr. Chen Guobao is the sole director of Full Fortune.

Save as disclosed above, as at 31 December 2023, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be 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 in which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

As at 31 December 2023, so far as is 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

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	48.94%
Ms. Jiang Xiahong	Interest of spouse (Note)	632,500,000	48.94%

Note:

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

Save as disclosed above, as at 31 December 2023, so far as is 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 adopted a share option scheme (the "**Share Option Scheme**") pursuant to an ordinary resolution passed by the shareholders at the extraordinary general meeting of the Company on 29 December 2023.

The purposes of the Share Option Scheme are (i) to provide Eligible Participants (as defined below) with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole; (ii) to motivate Eligible Participants to contribute to the success of the Group's operations; and (iii) to provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Eligible Participants.

Eligible participants of the Share Option Scheme include: (a) director(s) and employee(s) of the Company or any of its subsidiaries (including persons who are granted Options, share options or awards as an inducement to enter into employment contracts with the Company or any of its subsidiaries) (the "**Employee Participants**"); (b) person(s) who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to person(s) who work for the Company as independent contractors (including advisers, consultants, contractors, suppliers, agents, entities providing research, development or other technological support and service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity (the "**Service Providers**"); and (c) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company objectivity (the "**Related Entity Participants**") (collectively "**Eligible Participants**").

The remaining life of the Share Option Scheme is 10 years.

When the Share Option Scheme was approved by the shareholders of the Company on 29 December 2023, it was also approved that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other Share Option Scheme adopted by the Group must not in aggregate exceed 10% of the Shares in issue as at the date of the extraordinary general meeting, i.e. 1,292,500,000 Shares (the "**Scheme Mandate Limit**"). The Company may renew the Scheme Mandate Limit with shareholders' approval provided that each such renewal may not exceed 10% of the Shares in issue as at the date of the shareholders' approval.

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued Shares of the Company for the time being.

The vesting period for options shall not be less than 12 months.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each grantee, which period must expire no later than 10 years from the date of grant (subject to acceptance) of the option.

The right to exercise an option is not subject to or conditional upon the achievement of any performance target unless otherwise stated in the grant letter which is to be made by the Company to the participant of the Share Option Scheme upon granting of the option.

The subscription price for the Shares under the Share Option Scheme will be a price determined by the Board in its discretion on the date of grant, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

As at 31 December 2023, there was no option outstanding, granted, cancelled, exercised or lapsed.

Further details of the Share Option Scheme are set out in the circular of the Company dated 9 December 2023.

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 FY2023 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 FY2023.

FIVE HIGHEST PAID INDIVIDUALS AND THE REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT

Details of the Directors' remuneration and the five individuals with highest emoluments are set out in Note 12 to the Consolidated Financial Statements in this annual report.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

During the Year, none of the Directors or the controlling shareholders of the Company nor their respective associates (as defined in the Listing Rules) had any interest in a business that competes or may compete, either directly or indirectly with the business of the Group.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited Consolidated Financial Statements in this annual report and the Prospectus, is set out on pages 147 to 148 of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group are set out in the section headed "Management Discussion and Analysis" of this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

There was no transaction, arrangement or contract of significance to which the Company, or any of its subsidiaries, its holding companies or its fellow subsidiaries was a party and in which a Director nor a connected entity of a Director had a material interest, either directly or indirectly, subsisted at the end of FY2023 or at any time during FY2023.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

There was no contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of FY2023 or at any time during FY2023.

PERMITTED INDEMNITY

The Articles of Association provide that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Group has taken out and maintained directors' liability insurance throughout FY2023, which provides appropriate cover for legal actions brought against the Directors and directors of the subsidiaries of the Company. The level of the coverage is reviewed annually.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of revenue from rendering of services attributable to the Group's five largest customers combined was less than 64% (FY2022: 30%) of the total revenue of the Group for FY2023.

The top five suppliers of the Group accounted for approximately 48.0% (FY2022: 37.9%) of the Group's total purchases and the largest supplier of the Group accounted for 43.7% (FY2022: 25.0%) of the Group's total purchases for FY2023.

None of the Directors, their close associates, or any Shareholder, which to the knowledge of the Directors own more than 5% of the issued shares, has any interest in the Group's five largest customers and suppliers.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the businesses of the Group was entered into or existed during FY2023.

CONNECTED TRANSACTIONS

The Group has not entered into any related party transaction, connected transaction or continuing connected transaction for FY2023 which should be disclosed pursuant to the requirements of Chapter 14A of the Listing Rules. Details of related party transactions undertaken in the usual course of business are set out in the notes to the Consolidated Financial Statements. None of these related party transactions constitute a disclosable connected transaction as defined under the Listing Rules.

BORROWINGS

As at 31 December 2023, the Group was in net cash position with bank and other borrowings of S$4,717,000 (as at 31 December 2022: S$1,936,000).

Report of the Directors

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or under the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained a sufficient amount of public float for its issued shares as required under the Listing Rules throughout the Year.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Following a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the required standards as set out in the Model Code and its own code of conduct throughout the Year. The Model Code also applies to other specified senior management of the Group.

EMOLUMENT POLICY OF THE GROUP

The emolument policy of the senior employees of the Group was tabled and recommended by the Remuneration Committee to the Board on the basis of the employees' merit, qualifications and competence.

The emoluments of the Directors are formulated and recommended by the Remuneration Committee to the Board, having regards to the Company's operating results, individual performance of the Directors and comparable market statistics.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" of this annual report.

DIVIDEND POLICY

The Company has adopted a dividend policy ("**Dividend Policy**") in recommending dividends, to allow the Shareholders to participate in the Company's profits and for the Company to retain adequate reserves for future growth. The Company considers stable and sustainable returns to the Shareholders to be its goal.

Subject to the approval of the Shareholders and the requirements of the relevant law, the Company shall pay annual dividends to the Shareholders if the Group is profitable, the environment in which the Group operates is stable and there is no significant investment or commitment made by the Group. The remaining net profits will be used for the Group's development and operations. The Board may from time to time pay to the Shareholders such interim dividends if they appear to be justifiable to the Directors in view of the profits of the Group. The Dividend Policy allows the Company to declare special dividends from time to time in addition to interim and/or final dividends.

In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's actual and expected financial performance; the Group's expected working capital requirements and future expansion plans; the Group's debt to equity ratios and the debt level; any restrictions on payment of dividends that may be imposed by the Group's lenders; general economic conditions, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; dividends received from the Company's subsidiaries and associates; the Shareholders' and investors' expectations and industry's norm; and any other conditions or factors that the Board deems relevant.

The Dividend Policy and the declaration and/or payment of future dividends under the Dividend Policy are subject to the Board's continuing determination that the Dividend Policy and the declaration and/or payment of dividends would be in the best interests of the Group and Shareholders. The Board endeavours to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable Dividend Policy.

Details of the approval and payment procedures have been set out in Articles 154–170 of the Articles of Association. The form, frequency and amount of dividend payment by the Company are subject to any restrictions under the laws of the Cayman Islands and the Articles of Association of the Company.

The Board reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way oblige the Company to declare a dividend at any time or from time to time.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the shares, they are advised to consult their professional advisers.

Report of the Directors

INDEPENDENT AUDITOR

The Consolidated Financial Statements have been audited by ZHONGHUI ANDA CPA Limited ("**Zhonghui**"), who will retire at the conclusion of the forthcoming AGM, and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the Shareholders at the forthcoming AGM to re-appoint Zhonghui as the auditor of the Company.

The consolidated financial statements of the Group for the years ended 31 December 2022 and 2021 were audited by HLB Hodgson Impey Cheng Limited and Foo Kon Tan LLP respectively.

EVENTS AFTER THE YEAR

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. For details, please refer to the announcement of the Company dated 9 April 2024.

Save as disclosed, the Directors confirm that no major event that affects the Group after 31 December 2023 and up to the date of this annual report.

On behalf of the Board

Chen Guobao
Chairman and Executive Director

Hong Kong, 27 March 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Jinhai Medical Technology Limited (the "**Company**" together with its subsidiaries, hereinafter referred to as the "**Group**" or "**we**" or "**us**") is pleased to present our Environmental, Social and Governance ("**ESG**") Report (the "**Report**"). This Report summarises our ESG performances and challenges for the year ended 31 December 2023 and demonstrates our ongoing commitment to improve our ESG performances as we progress on our sustainability journey.

Reporting Period

The reporting period of this Report is from 1 January 2023 to 31 December 2023 (the "**Reporting Period**" or "**2023**" or "**Year**").

Reporting Scope

Based on financial materiality and the relevance of ESG strategy, this Report discloses environmental and social key performance indicators ("**KPIs**") of the following worker dormitories and warehouses:

- Sungei Kadut Avenue ("**SKA**") in Singapore; and
- Woodland Industrial Park E4 ("**WD**") in Singapore.

The scope and boundaries of this Report remain unchanged from the previous year. If there are any differences in the area and scope of the specific content, they have been explicitly noted in the relevant sections of the Report. Although the Report does not cover all operations of the Group, we are committed to improving internal data collection procedures and gradually expanding the scope of the disclosure.

Reporting Principle

This Report is compiled in accordance with the Environmental, Social and Governance Reporting Guide (the "**Guide**") set out in Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") by the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and complies with the "**Comply or Explain**" provisions under the Main Board Listing Rules. The report has been prepared in accordance with the following reporting principles:

- Materiality

  The Group identifies relevant ESG issues through stakeholder engagement and materiality assessment. For more details, please refer to the sections "Stakeholder Engagement" and "Materiality Assessment" in this Report.

- Quantitative

  The Group ensures that the disclosure of KPIs is measurable. The Group is committed to disclosing information on the standards, methodologies, assumptions used in quantitative data and the source of conversion factors used when feasible.

- Balance

  The Group avoids any selections, omissions or presentation formats that may inappropriately influence the decisions or judgments of report readers.

- Consistency

  The Group is dedicated to using consistent methodologies for meaningful comparisons. The Group will disclose changes in methodologies or KPIs or any other relevant factors that may affect meaningful comparisons when necessary.

The data and other information contained in this Report were sourced from the Group's internal documents and were collated from multiple business units across the Group. A comprehensive content index is appended to the last chapter hereof for quick reference. The Report is prepared and published in both Chinese and English on the Stock Exchange website (www.hkexnews.hk) and the Company's website (https://www.jin-hai.com.hk). In the event of contradiction or inconsistency between the Chinese version and the English version, the English version shall prevail.

Review and Approval

This Report was approved by the board (the "**Board**") of directors (the "**Directors**") of the Group on 27 March 2024.

Information and Feedback

The Group highly values your feedback and welcomes any suggestions or inquiries you may have about this Report. Please feel free to contact us through the following channels, and we look forward to hearing from you.

Jinhai Medical Technology Limited
Telephone: +852 3619-1107
E-mail: finance@jin-hai.com.hk

ABOUT THE GROUP

The Group is principally engaged in the provision of manpower outsourcing and ancillary services to building and construction contractors in Singapore. We also provide dormitory services, IT services and construction ancillary services (which comprise warehousing services, cleaning services and building maintenance works) in Singapore. The Group also generated revenue from sales of medical equipment in China.

The Group is committed to promoting sustainable development, which is extremely important to create long-term value for the Company's shareholders, clients, employees, other stakeholders, as well as the general public. We care about the impact of our daily operations on the environment and society. While conducting our business operations, we make effort to meet the interests of all stakeholders, economy, environment, society and corporate governance and do our best to achieve a delicate balance among these factors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT

The Group is pleased to present the FY2023 Environmental, Social and Governance Report.

The Group considers robust ESG governance as a vital component for fostering sustainable enterprise growth. As the most important leading role of the Group, the Board bears the ultimate responsibility to supervise the Group's ESG related matters and advancements. The Board has designated a board-level audit committee to manage and monitor ESG related issues and progress effectively.

The major challenges facing modern society include climate change, environmental degradation, economic inequality, gender inequality and mental health problems. Therefore, the Board has set a clear long-term sustainability vision, mission, objective and strategy. The Group is committed to supporting Singapore's national climate target of achieving net zero emissions by 2050. We regularly review and assess the environmental, social and corporate governance performance, benchmarking against other companies in the same industry. We also conduct regular review of the Company's ESG performances and strategies.

In addition, the Group recognises the importance of risk management and internal control systems. The Board is responsible for monitoring the process of ESG related risk identification and evaluation. We evaluate the effectiveness of ESG related risks identification, and the corresponding mitigation plan, collaborating with relevant departments to continuously enhance the ESG strategy to reduce negative impacts brought by the business operation. The Group places a strong emphasis on material issues that are of concern to major stakeholders. Therefore, the Board has established a communication channel between the Company and major stakeholders, and regularly reviews it to ensure the timely flow of information. We also collect and analyse stakeholders' opinions on the material ESG issues to ensure that the Company's development aligns with stakeholders' expectations. The Board is responsible for monitoring the impact of the Company's ESG performance on stakeholders and the methods employed to address these impacts.

Looking forward, the Board will continue to evaluate and oversee the Group's ESG performances, ensuring the delivery of reliable, consistent, and comparable key ESG information to our stakeholders. Through our collaborative efforts, we strive to foster a better environment.

ESG GOVERNANCE STRUCTURE

The Group has formulated clear standards and references to identify potential ESG related risks and issues, as well as clear procedures to evaluate the importance of different ESG related risks and issues and prioritise them based on their materiality. In this process, the Board actively engages in the materiality assessment and provides inputs on ESG issues as stakeholders of the Company. Subsequently, the Board reviews the result of the materiality assessment, and implements policies and measures to address the material ESG related issues.

For the better implementation of ESG strategies proposed by the Board, communication channels have been established between departments to ensure effective communication on ESG related matters. The relevant departments coordinate with each other to ensure the operations and practices are consistent with the related ESG vision and strategy. The board-level audit committee is responsible for monitoring the formulation of annual ESG report and cooperating with the third-party independent consultants to enhance board governance in ESG. They review and evaluate the content and quality of the ESG report to ensure it meets the expectations and requirements of the Board. The Board also regularly reviews the progress of ESG related issues and goals, setting clear direction on the future ESG development of the Company.

STAKEHOLDER ENGAGEMENT

The Group values the opinions of our stakeholders. Government, shareholders, employees and other stakeholders have a significant impact on the success of our business or activities. The relevant stakeholders of the Group are listed in the table below. We actively communicate with stakeholders through different channels and strive to develop a business strategy that meets the needs and expectations of stakeholders.

Stakeholders	Issues of Concern	Communication Channels
Government and Regulatory Agencies	• To comply with laws • Proper tax payment • Promote regional economic development and employment	• Annual reports, interim reports, ESG Reports, announcements and circulars • Websites of the Company and the Stock Exchange
Shareholders and Investors	• Risk Management • Return on investment • Information disclosure and transparency • Protection on shareholders' rights and fair treatment	• Annual general meetings and other shareholder meetings • Annual reports, interim reports, ESG Reports, announcements and circulars • Websites of the Company and the Stock Exchange • Survey • Discussion group
Employees	• Remuneration benefits • Employees' rights • Training and development • Health and safety	• Email • Phone calls • Meetings • Employees' activities • Survey
Customers	• Quality service • Information transparency • Business ethics	• Email • Customer service hotline • Company visits • Survey
Suppliers	• Fair procurement • Long-term cooperation	• Email • Phone calls • Meetings • Site visits • Survey
Community	• Community involvement • Social responsibilities	• Voluntary services • Charity donation

MATERIALITY ASSESSMENT

The Group identifies issues for disclosure in the Report through internal and external materiality assessment. The management has identified key stakeholders and conducted surveys with them, taking account of their dependence, their influence and the availability of resources on the Group. Through these surveys, stakeholders have expressed their opinions and recommendations on the sustainability issues related to the Group's operations. The materiality assessment process is as follows:

Stage 1 Identification

The selection of ESG issues was based on multiple channels, including Listing Rules requirements, industry trends and internal policies. A total of 28 issues were identified and categorised into four categories: Environment, Employment and Labour Practices, Operating Practices, and Community.

Stage 2 Prioritisation

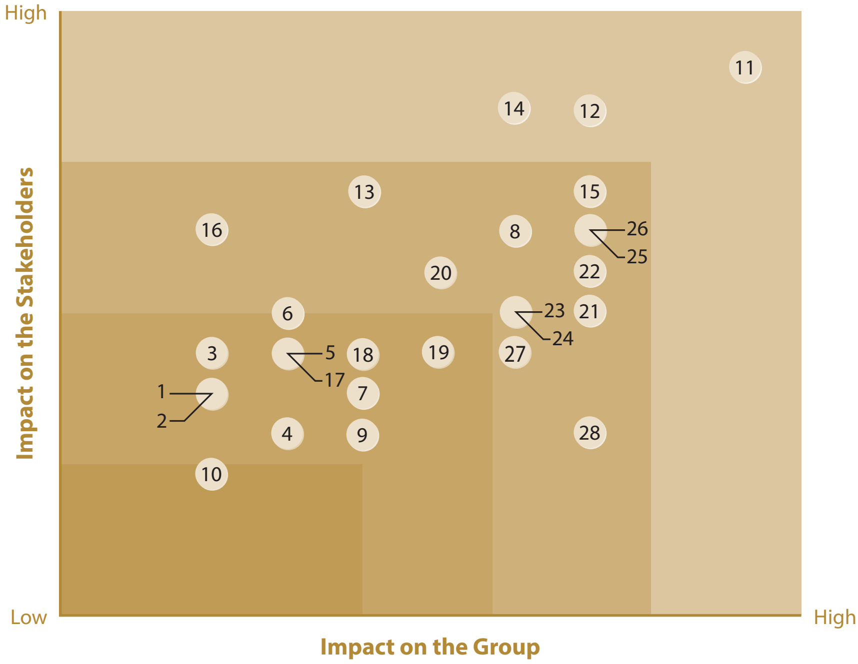
An online survey was conducted to assess the impact of various issues from the perspective of stakeholders or the Group. The survey applied a scoring scale ranges from 1 to 5 points. where 1 indicates very low impact and 5 indicates very high impact. The Materiality Matrix was constructed based on the scoring results and determined the threshold for materiality (i.e. the average score). Different issues were then prioritised depending on their impact and degree of influence.

Stage 3 Validation

Management reviewed the Materiality Matrix and the threshold for materiality. Assessing from stakeholders or business perspective, 17 out of the 28 issues received an overall score at or above the average amongst all the data. These issues are considered to be the high or medium importance ESG issues which the Group should respond to and report.

Results

Based on the materiality matrix, the Board believes that the most pertinent sustainability issues which are material to both the Group and its stakeholders include the following:



After the consolidation of the internal assessment and survey results, the Group identified the importance topics of this Year as follows:

Topics of high importance	8	Environmental regulation compliance
	11	Employment practices
	12	Employee diversity and equal opportunities
	14	Staff occupational health and safety
	15	Staff development and training
	20	Customer privacy and data confidentiality
	22	Intellectual property
	25	Business ethics
	26	Anti-corruption training for management and staff
Topics of medium importance	13	Anti-discrimination
	16	Prevention of child labour or forced labour
	19	Compliance with regulations on marketing, product and service labelling
	21	Customer satisfaction
	23	Service/product safety
	24	Service/product quality
	27	Contributions to the community
	28	Communication and connection with local community
Topics of lower importance	1	Air emissions
	2	Greenhouse gas emissions
	3	Effluents management
	4	Waste management
	5	Energy efficiency
	6	Water use efficiency
	7	Use of raw materials and packaging materials
	9	Land use, pollution and restoration
	10	Climate change
	17	Responsible supply chain management
	18	Environmental friendliness on procured products and services

ENVIRONMENTAL

Principles

Our business operation is subject to the environmental requirements pursuant to the laws in Singapore, including but not limited to Environmental Pollution Control Act, Water Pollution Control and Drainage Act, Environmental Public Health Act and Environmental Protection and Management Act of our self-operated dormitories and the cleanliness of our workplace.

The Group was not aware of any material non-compliance with environmental laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous that would have a significant impact on the Group.

The environmental objectives of the Group are as follows:

Aspects	**Objectives**
Greenhouse Gas ("**GHG**") & Air Emissions	To reduce the air pollutants and GHG emissions
Energy	To reduce the energy consumption and enhance energy use efficiency
Water	To reduce the water consumption and enhance water use efficiency
Waste	To reduce the waste generation and enhance recycling rate

Aspect A1: Emissions

Air Emission Control

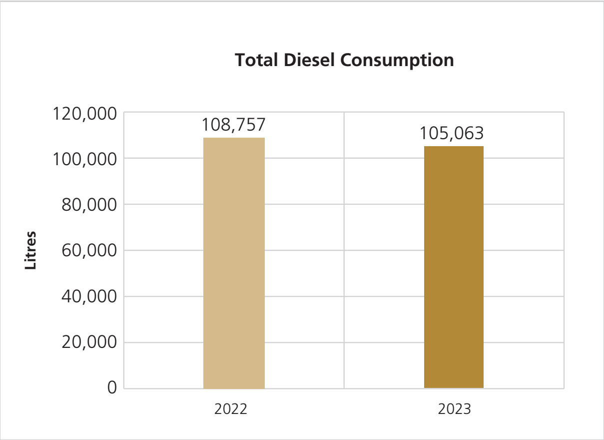
The exhaust emitted from company vehicles includes air pollutants such as nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matters (PM). To effectively manage and mitigate these emissions, we closely monitor the mileage and fuel consumption of vehicles and ensure efficient usage of vehicles. The Group keeps track on the actual usage periodically, and the air pollutant emissions are as follows:

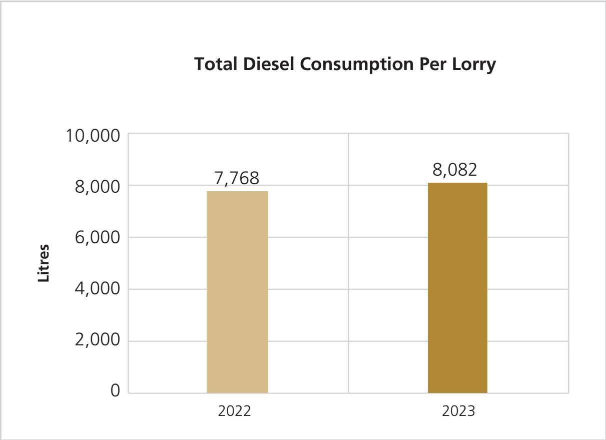
Air Pollutants[1]	**Unit**	**2023**	2022
Nitrogen Oxides (NOx)	kg	**62.54**	64.74
Sulphur Oxides (SOx)	kg	**1.69**	1.75
Particulate Matters (PM)	kg	**2.25**	2.33

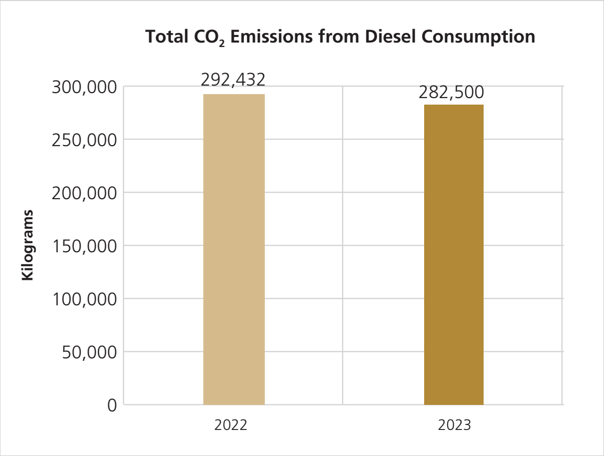
[1] Data were estimated based on the following assumptions: (1) all mobile vehicles are goods vehicle (diesel) not more than 3.5 tonnes; (2) the emission standard is Euro VI Emission Standards for Motor Vehicles; and (3) the average fuel consumption per 100 km is 21 litres. The emissions amount was calculated with reference to Euro VI Emission Standards for Motor Vehicles and Appendix 2: Reporting Guidance on Environmental KPIs issued by the Stock Exchange.

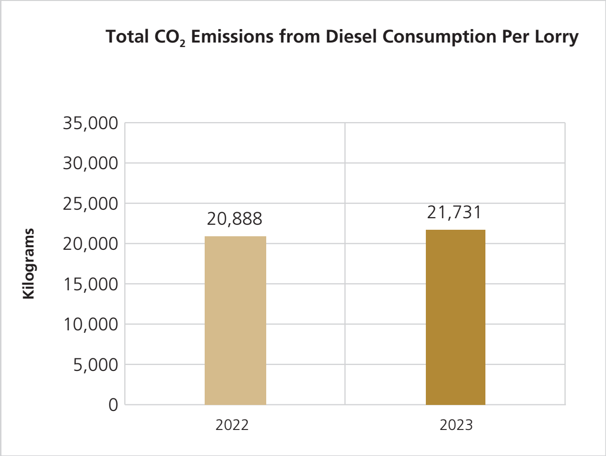
Greenhouse Gas Emissions Management

Regarding the Group's operations, GHG emissions were mainly generated from fuel consumption of mobile vehicles and purchased electricity in dormitories and warehouses. In terms of fuel consumption for mobile vehicles, our total diesel consumption and Carbon Dioxide ("**CO_2**") emissions have slightly decreased to 105,063 litres and 282,500 kilograms in 2023 respectively. While diesel consumption and CO_2 emissions per lorry slightly increased from 7,768 litres and 20,888 kilograms per lorry in 2022[2] respectively to 8,082 litres and 21,731 kilograms per lorry in 2023 respectively.









[2] The data is restated.

The Group's GHG[3] emissions by scopes are as follows:

	Unit	2023	2022
Scope 1[4]	tCO_2e	**283.44**	293.41
Scope 2[5]	tCO_2e	**354.31**	346.36
Total GHG Emissions	tCO_2e	**637.76**	639.77
Intensity	tCO_2e/employee[6]	**0.99**	1.24

Our GHG emissions were mainly related to electricity consumption (Scope 2), followed by diesel consumption of mobile vehicles (Scope 1). The GHG emission intensity in the Reporting Period slightly decreased compared to that of the previous year. The biggest contributor to the Group's GHG emission was from electricity consumption, which was mainly attributed to the use of lighting system, air-conditioning and office equipment.

Recognising the impact of carbon and other GHG emissions on the global climate and the environment, the Group encourages the employees to turn off the lights, air-conditioners and electrical equipment when not in use and use energy-saving light bulbs such as light-emitting diode ("**LED**") instead. Our lorries undergo regular maintenance and we instruct our drivers to switch off idling engines. In the future, the Group will continue to monitor its GHG emissions and improve the collection and monitoring of GHG emissions data, so as to reduce energy consumption and carbon emission.

Waste Management

As the principal business of the Group is providing manpower supply, there is minimal direct impact to the environment and there was no generation of hazardous waste during the Reporting Period. The non-hazardous waste at our dormitories are properly disposed. We also promote the adoption of the "**3R**" principle (reduce, reuse and recycle) among our employees, in order to enhance waste reduction. The amount of non-hazardous waste generated is as follows:

	Unit	2023[7]
Total Non-hazardous Waste[8]	tonnes	**35.00**
Intensity	tonnes/employee[9]	**0.05**

In the future, the Group will continue to enhance waste management and improve the data collection processes to effectively reduce waste generation at its source.

3 The calculation of GHG emissions is based on the Energy Statistic Manual published by the International Energy Agency, latest Assessment Report released by the Intergovernmental Panel on Climate Change ("**IPCC**"), latest Greenhouse Gas (GHG) Emissions Measurement and Reporting Guidelines Appendix to Part II: Monitoring Plan issued by the National Environmental Agency of Singapore and the Grid Emission Factor provided by Energy Market Authority of Singapore.

4 Scope 1 refers to the direct emissions from the business operations owned or controlled by the Group.

5 Scope 2 refers to the indirect energy emissions caused by the internal consumption of purchased electricity within the Group.

6 The total number of employees of the Group as at the end of December 2022 and 2023 were 514 and 641 respectively.

7 Starting from 2023, the Group began disclosing the amount of non-hazardous waste generated.

8 Data was estimated from the latest Waste Statistics and Overall Recycling Table provided by the National Environmental Agency of Singapore and Volume-to-Weight Conversion Factors issued by the U.S. Environmental Protection Agency.

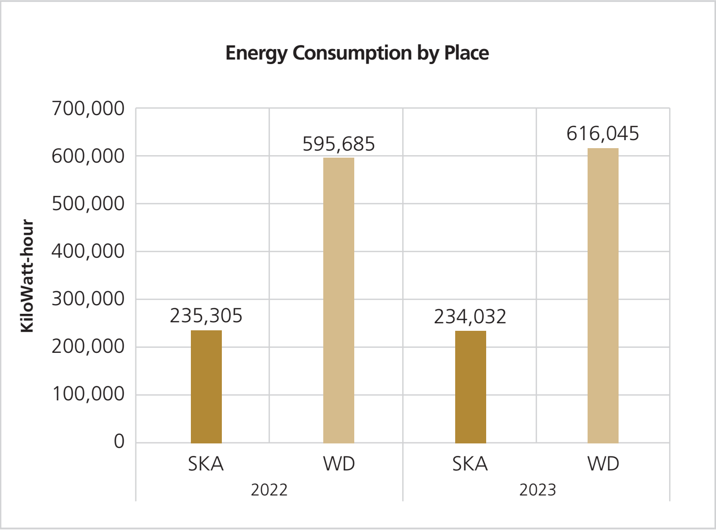
9 The total number of employees of the Group as at the end of December 2022 and 2023 were 514 and 641 respectively.

Aspect A2: Use of Resources

Energy Conservation

The Group's energy consumption includes diesel and purchased electricity. We have implemented various energy-saving measures such as the use of energy saving lightings and energy efficient air-conditioning system. We also encourage employees to turn off the lights, air-conditioners and electrical appliances when not in use.

Our overall electricity consumption remained nearly the same, going from 830,990 kilowatt-hour in 2022 to 850,077 kilowatthour in 2023.



During the Reporting Period, the Group's main source of energy consumption was diesel, followed by the purchased electricity. Subtle reduction in total energy consumption was observed during the Reporting Period compared to that of the previous year. The following table shows the total energy consumption[10] of the Group:

	Unit	**2023**	2022
Direct Energy Consumption			
– Diesel	MWh	**1,124.51**	1,164.05
Indirect Energy Consumption			
– Purchased Electricity	MWh	**850.08**	830.99
Total Energy Consumption	MWh	**1,974.59**	1,995.04
Intensity	MWh/employee[11]	**3.08**	3.88

[10] The calculation of energy consumption is based on the Energy Statistic Manual published by the International Energy Agency.
[11] The total number of employees of the Group as at the end of December 2022 and 2023 were 514 and 641 respectively.

Water Conservation

Our water consumption and wastewater discharge primarily stem from domestic needs in our dormitories. The Group does not primarily engage in businesses which produce a large amount of industrial wastewater.

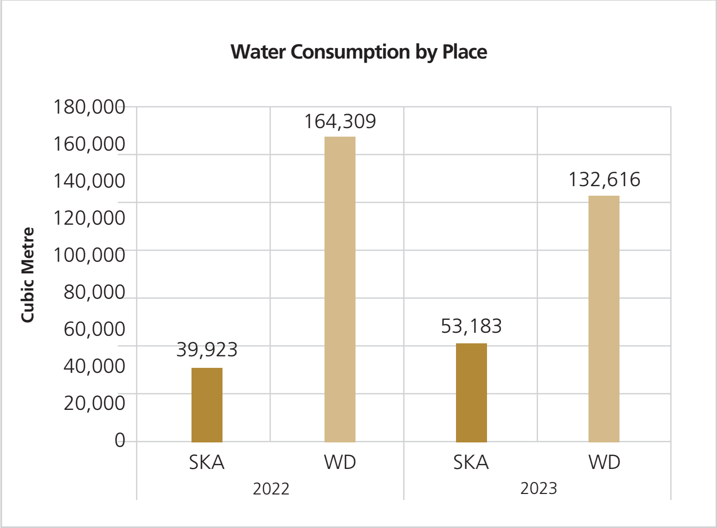
In Singapore, fresh water is a precious resource, and it is vital that we shall proactively work together to safeguard and preserve our water resources. As such, we have established an environmental management system that comprises measures and work procedures that are required to be followed by our employees, including but not limited to, internal policies on water and energy conservation.

To ensure our workers are committed to reducing water usage, we have placed reminders near our water taps to remind our foreign workers to turn off the faucet while not in use. We have also installed water efficient fittings such as press taps and dual flush water cisterns at our dormitories.

In addition, we inspect our water consumption regularly and repair dripping faucets or hoses in a timely manner. Our dormitories have also implemented various water efficient and water saving facilities to reduce water usage. Our dormitory operating subsidiary, Nichefield Pte. Ltd. received an award from the Water Supply (Network) Department of Singapore's National Water Agency for running the Woodlands Dormitory as a water efficient (basic) building in November 2016.

There is no issue in sourcing water for dormitory purpose as Singapore has built a robust, diversified and sustainable water supply from four water sources known as the Four National Taps – (i) water from local catchment; (ii) imported water; (iii) high-grade reclaimed water known as NEWater; and (iv) desalinated water. In integrating the water system and maximising the efficiency of each of the Four National Taps, Singapore has overcome its lack of natural water resources to meet the needs of a growing nation.

Our water consumption at our dormitories are as follows:



	Unit	2023	2022
Total Water Consumption	cubic metres	**185,799.40**	204,232.00
Intensity	cubic metres/employee[12]	**289.86**	397.34

From 2022 to 2023, our overall water consumption decreased from 204,232 cubic metres to 185,799 cubic metres. The increase in water consumption from Sungei Kadut Dormitory was attributed to the rise in occupancy during the Reporting Period, whereas the decrease in water consumption from Woodland Dormitory was mainly due to cost-saving measures implemented to lower its usage.

Packaging Material

As the Group's business activities mainly involve in providing manpower outsourcing and ancillary services to building and construction contractors, and we are not being involved in the manufacturing industry, there is no available information regarding the packaging material used.

Aspect A3: The Environmental and Natural Resources

Paper Conservation

The Group has adopted green office practices to reduce consumption and the impact on the environment. In order to reduce waste paper, we have developed the following measures:

– Reusing single-sided paper to minimise paper consumption, provided that the paper does not contain any confidential information;

– Deploying recycling bins to collect used paper products such as waste papers, posters, letters and envelopes;

– Saving paper by doing two-sided printing and writing on both sides of the papers;

– Encouraging employees to bring their own cup and avoiding paper cups usage;

– Reusing stationeries such as file folders and envelopes; and

– Reusing packaging boxes.

We have put in place various ways to help reduce the emissions from our daily operation and save resources consumption with a goal of minimising the impact on the environment.

[12] The total number of employees of the Group as at the end of December 2022 and 2023 were 514 and 641 respectively.

Aspect A4: Climate Change

Climate change is one of the biggest global challenges faced by the society nowadays. The Group has committed to acting for our climate and our communities. The increase in the frequency of extreme weather, such as strong winds, heavy rainfall, tides and floods, may impact the logistics and supply chains, hence affect our business operations and income. Heavy rainfall, rising tides, and floods can also cause serious damage to our assets such as dormitories and warehouses, resulting in financial losses. Although such incidents are beyond everyone's control, the Group believes that all stakeholders should work together to address climate change.

The Group has identified a series of climate-related risks and opportunities relevant to our assets and services which are significant to us. These transition and physical risks are discussed in the sections below.

	Risks	**Opportunities**
Short term (0 – 2 year)	• Physical risks from extreme weather events, such as heatwaves, water stress, sea level rise and flooding • Securing the skills and capability required to implement climate strategy	• New services to help communities decarbonise • Technologies to enhance the performance of operation and energy efficiency
Medium term (0 – 5 years)	• Transition risks – Implementation of low-carbon policies for the operation • Transition risks – Supply and demand for certain products and services may change as climate related risks and opportunities are increasingly taken into account	• Transitioning to low carbon economy market to meet government decarbonisation targets • Opportunities arising from transition enablers
Medium to long term (5+ years)	• Transition risks – Potential new regulation and policies for the industries • Transition risks – the Group reputation may be impacted due to changing customer or community perceptions of said the Group's contribution to or detraction from the transition to a lower-carbon economy	• Transitioning to low carbon economy market to meet government decarbonisation targets • Opportunities arising from transition enablers • To work as a pioneer in the industry and build up the relevant reputations

Physical climate risks have the potential to damage the integrity of the Group's assets or interrupt our service delivery and customers directly. The Group has already set up a range of measures in place to enhance the reliance of its operations, including contingency plan for extreme weather or emergency.

Transition climate risks can potentially increase the operational cost and legal risk due to change of policy, technology development, digitalisation, relevant risk affected to supply and demand, and reputation due to public perceptions. The Group has already identified the relevant risks and keeps monitoring the market and policy updates.

EMPLOYMENT AND LABOUR PRACTICES

Our business operation is subject to the employment and labour requirements pursuant to the laws in Singapore, including but not limited to Employment Act (Chapter 91), Retirement and Re-employment Act, Employment of Foreign Manpower Act (Chapter 91A), Employment Act and Employment (Children and Young Persons) Regulations, Workplace Safety and Health Act (Chapter 354A).

During the Year, the Group was not aware of any material non-compliance with the laws and regulations regarding employment, child and forced labour, occupational health and safety that have a significant impact on the Group.

Aspect B1: Employment

The Group's continuing success as a leading organisation is primarily dependent on its employees and effective leadership. We believe that our people are our greatest assets as the success of the Group and its services is primarily dependent on our people. We have implemented the following human resource philosophy:

– Fundamental respect for each individual;

– Recruitment of qualified individuals;

– Retention of valuable employees;

– Training, development and education to promote and develop individual success and increase overall value to the Group;

– A fair and firm management;

– Creating a conducive working environment; and

– Inspiration and encouragement for a high level of employee morale through recognition, effective communication and constant feedback.

Human Resources Policy

Firmly believing that human resources ("**HR**") is one of the most valuable assets towards corporate success, we have put in place recruitment policies and a staff appraisal system. Internal employment and incentive processes are standardised and regulated by the management of the Group, and strictly executed by the HR department to attract and retain valuable talents.

In line with our HR policy, our HR department is responsible for conducting our staff interview, probation, training, employee data maintenance, termination and resignation, performance evaluation and feedback mechanism, compensation, payroll, leave application and other HR matters.

Staff Handbook

All employees are given a staff handbook which they are required to adhere to. Our staff handbook details out the general terms and conditions of employment as well as certain employment procedures of the Group. It includes conditions of employment, holidays and leaves, employee benefits, performance appraisal and promotion, Code of Conduct and other matters such as disposal of confidential papers and energy conservation. All staff members must behave in accordance with the principles stated in the Staff Handbook and Code of Conduct. Employees who violate any of the Group's policies or procedure, as outlined in all manuals, will face disciplinary action.

Diversity and Equality

The Group embrace differences and recognise that diverse perspectives are important to our business success. As a responsible employer, the Group is committed to promoting equal opportunities and eliminating discrimination in all aspects of employment, training and career development. We promote equal opportunity with a strong emphasis on merit-based promotions.

The Group is dedicated to developing a positive and harmonious workplace for employees, ensuring that every employee is treated equally and fairly, free from discrimination in respect of age, disability, religious belief, gender, sexual orientation, race, marital status, political belief and nationality, or any other category defined by law in all aspects of employment including recruitment, promotion, and opportunities for training, pay and benefits. Employees who act with malicious intent towards any colleague within the Group, engage in fighting, use abusive language, or make threats towards any person will face disciplinary action.

Response to Harassment and Discrimination

The Group applies equal enforcement of policies at all personnel levels and across all business and operation units throughout the Group. Due to the gravity of our commitment, the Group confidentially reviews all accusations of harassment or discrimination in an effort to determine the truth and whether or not further investigation is necessary. All accusations will be treated seriously, and the Group does not assume guilt. The rights of both the accused and the individual claiming to have experienced harassment or discrimination will be protected. Violation of the Group's policy regarding harassment and discrimination will lead to disciplinary action.

Hiring of Foreign Workers

We are required to comply with the rules and regulation as stipulated by the Ministry of Manpower ("**MOM**") of Singapore. HR staff manage the work permit application. HR staff would login to the MOM website to monitor the employment quota for the Group on a weekly basis. The HR staff is responsible for ensuring that there is no quota exceedance while simultaneously maximizing employment opportunities in the most effective manner. Our current recruitment process for foreign workers provides equal opportunity in employment practices without discrimination in race and religion.

Performance Appraisal

Our transparent promotion practices take into account various factors such as business needs, increased scope of employment and responsibility, capability and contributions to the Group, as well as endorsements from the senior management.

The Group has a systematic and standardised appraisal system to evaluate employees' performances, assess their capabilities and determine whether they are in line with the Group's business development. It also provides a basis for promotion, salary increment and a communication platform for employees and management to set mutually acceptable and measurable performance standards, and career development opportunities.

Salaries are reviewed annually and discretionary bonuses are paid on periodic basis with reference to individual performance appraisals and the Group's performance.

Promotion

The Group provides opportunities for internal promotion rather than hiring externally, where appropriate. Promotions are considered based on employees' performance in their current roles, their potential for the promoted position, and the availability of job vacancies.

Remuneration

Individual compensation is adjusted based on Group-wide guidelines, which take into account changes in economic and local market conditions, as well as individual experience level and performance. The Group's objective is to ensure that the base remuneration is competitive in the marketplace and provides incentives for those who make the greatest contributions to our business.

Worker wages are paid on a half-monthly basis. The wages department prepares the payroll summary for workers after considering factors such as normal time, overtime, incentives, allowances and other deductions. The system automatically computes the total wages after the data entry. Incentives and allowance rates are stated in the contracts. Incentives, such as night shift incentives and public holiday incentives, are paid based on the date and time recorded on the timecards. Allowances are paid based on the number of full days worked as recorded on the timecards.

Office staff wages are paid on a monthly basis. Additional work time beyond regular working hours may be required for office staff members to facilitate accommodation of urgent tasks or tasks with strict deadlines, especially during peak periods or to ensure adequate coverage for colleagues on leave, in order to avoid any disruption in workflow. Staff who work overtime under these conditions are entitled to claim meal and transportation allowances. Staff members who are not eligible for overtime claims may still be allowed to claim for work done on non-working days, rest days and public holidays.

Employee Welfare

The Group ensures all employees are entitled to be paid for annual leave, medical leave, marriage leave, maternity leave, parental leave, childcare leave, adoption leave, national service leave, unpaid infant care leave and other statutory leaves and holidays in accordance with the local law and safeguards employees' basic rights. Other benefits that are available to eligible employees include marriage leave, compassionate leave, medical insurance scheme, Central Provident Fund contributions, performance bonus and long service awards. In order to foster a harmonious working environment and encourage collaboration, we organised several company gatherings, team building activities and a company trip during the Year.

Dismissal

The Group ensures all employees are protected under the employment protection laws of Singapore. Our procedures generally include:

- Whenever an employee has handed in his or her resignation letter or being laid off, our HR executive or head of HR department will interview him or her to find out the reason of resignation;

- When we terminate an employment contract, the dismissed employee shall be given either his or her due notice or wages in lieu of notice, and the notice should not be served during his or her annual leave and maternity leave;

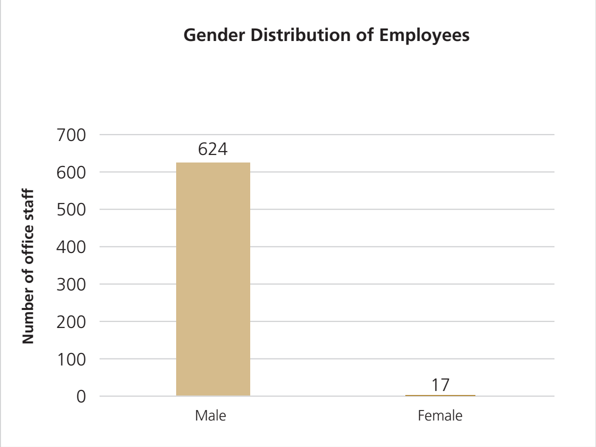
- An employee cannot be dismissed when she has been confirmed pregnant by a qualified medical doctor or has given notice of pregnancy to the Company.

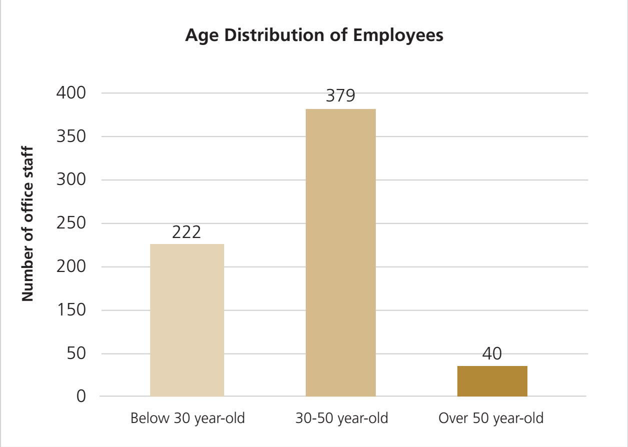
Grievance Procedure and Resolution

The Group promotes an atmosphere of openness and transparency where any problem, complaint, suggestion, or question receives a prompt response from supervisors and management. In the event that employees have disagreements with established rules of conduct, policies, or practices, they are encouraged to express their concerns through the problem resolution procedure.

Aspect B1.1: Total Workforce

As at 31 December 2023, we have 641 employees. Our staff are remunerated according to their scope of employment and responsibilities. All our staff are based in Singapore. The distribution of the Group's employees is as follow:





Number of Employees as at 31 December	**2023**	2022
By Gender		
– Male	**624**	497
– Female	**17**	17
By Age Group		
– Below 30	**222**	139
– 30-50	**379**	375
– Above 50	**40**	
By Employment Type[13]		
– Full time	**636**	/
– Part-time	**5**	/
By Geographical Region		
– Singapore	**641**	514
Total	**641**	514

For the Year, the Group had no violation record on relevant laws and regulations regarding employment that have significant impact on the Group.

[13] Starting from 2023, the Group began disclosing the number of employees by employment type.

Aspect B1.2: Employee Turnover Rates

The employee's turnover rates by gender are 15.5% and 11.8% for male employee and female employee respectively. The employee's turnover rates by age group are 9.9%, 19.0%, 12.5% for those age below 30, between 30-50 and above 50 respectively.

Employee Turnover Rates[14]	**2023**	2022
By Gender		
– Male	**15.5%**	20.7%
– Female	**11.8%**	5.9%
By Age Group		
– Below 30	**9.9%**	14.3%
– 30-50	**19.0%**	22.4%
– Above 50	**12.5%**	
By Geographical Region[15]		
– Singapore	**15.4%**	/
Overall	**15.4%**	/

Aspect B2: Health and Safety

Safety is integral to our business operations. The Group recognises the importance of a safe and healthy work environment as its cornerstone of success and aims to ensure the health and safety of our employees are well taken care of. As such, we have engaged third party service providers to perform pest control at our self-operated dormitories from time to time. We also place emphasis on occupational health and work safety and provide regular training on workplace health and safety to our employees.

We are committed to protecting the health and safety of the employees and the community. We require all employees to comply with all the relevant occupational health and safety regulations, and do our utmost to provide them with a safe and healthy working environment. This includes providing the employees with the necessary protective equipment and medical insurance.

Due to the nature of works at construction sites, risks of accidents or injuries to our deployed workers are inherent. We have established a safety management system with reference to the Occupational Health & Safety Assessment Series ("**OHSAS 18001**") standards. This provides a framework for monitoring and evaluating the implementation of our safety policies and measures, from planning to actual implementation in daily operations, in an effort to provide our employees with a safe and healthy working environment.

[14] Employee turnover rates were calculated by dividing number of employees left in the corresponding employee category with total number of employees in the corresponding category.

[15] Starting from 2023, the Group began disclosing the employee turnover rate by Geographical Region and the overall employee turnover rate.

Since 2009, the occupational health and safety management systems put in place by our operating subsidiaries, KT&T Engineers and Constructors Pte. Ltd. and Tenshi Resources Pte. Ltd., have been certified to be in accordance with the requirements of the OHSAS 18001:2007 standards.

We encourage our employees to inform us of any health and safety issues in their workplace so that we can eliminate or reduce the risk and work together to alleviate any health and safety risks to a minimum.

During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to occupational health and safety that have a significant impact on the Group.

Aspect B2.1: Number and Rate of Work-related Fatalities

There were no work-related fatalities that occurred during the past three years including the financial year ended 31 December 2023.

Aspect B2.2: Lost Days due to Work Injury

The lost days due to work injury dropped from 379 days in FY2022 to 365 days in FY2023.

Aspect B3: Development and Training

We believe that our employees and foreign workers should be equipped with skills needed to thrive in a rapidly evolving industry. Their development and training are instrumental to improve productivity and ensure sustainable growth of the Group. The Group has implemented the Performance Management and Development Process ("**PMPD**"), which plays a critical role in the people strategy. It aims to support employees in fulfilling their personal potential while assisting the Group in achieving its strategic objectives. The PMDP enables employees to establish clear work expectations that align with the Group's priorities, receive feedback that enhance their competencies and career, and receive guidance that improve their performance to meet their development needs. An annual planning process, which includes goal setting at the beginning of the year, as well as development planning and competency assessment, will be conducted in collaboration with employees and their managers.

Recognising that knowledge and skills of our employees are vital to the Group's continued business growth and success, relevant policy has been implemented to encourage employees to attend appropriate courses to enhance their competence for performance improvement and career development. In view of this, the Group has organised workshops, seminars and training programmes that cover various aspects to improve employees' level of skills and knowledge and maximise their potential. They are also encouraged to enroll in job-related courses to enrich themselves.

In order to provide quality service to our customers, we constantly send our foreign workers to different types of training courses covering a wide range of areas such as inhouse rebar, carpentry and plastering training; coretrade for plumbing and pipe fittings; coretrade for precast concrete component erection; work-at-height; construction safety; rigger & signal; boom lift; tunnelling; confine space; and welder.

In FY2023, we allocated a greater portion of our budget towards workers' training, with approximately S$126,843 invested in training initiatives.

Aspect B3.1: Percentage of Employees Trained

Senior management staffs arrange for themselves and attend training courses according to their own professional requirements and needs from time to time at their own discretion. The number of trained employees and corresponding percentage by gender and employee category are as follow:

Percentage of Employees Trained	**2023 Number of Trained Employees (Corresponding Percentage)[16]**
By Gender	
• Male	**261 (42%)**
• Female	**0 (0%)**
By Employee Category	
• Senior Management	**0 (0%)**
• Middle Management	**0 (0%)**
• General Staff	**0 (0%)**
• Workers	**261 (44%)**
Overall	**261 (41%)**

Aspect B3.2: Average Training Hours per Employee

The average training hours completed by workers increased from approximately 9.8 hours in FY2022 to approximately 5.9 hours in FY2023. The average training hours per employee by gender and employee category are as follow:

Average Training Hours per Employee	**2023 Training Hours (Average Training Hours)[17]**
By Gender	
• Male	**3,807.5 (6.10)**
• Female	**0 (0)**
By Employee Category	
• Senior Management	**0 (0)**
• Middle Management	**0 (0)**
• General Staff	**0 (0)**
• Workers	**3,807.5 (6.49)**
Overall	**3,807.5 (5.94)**

[16] Starting from 2023, the Group began disclosing the number of trained employees and the corresponding percentage.
[17] Starting from 2023, the Group began disclosing the number of trained hours and the average trained hours.

Aspect B4: Labour Standards

The Group firmly adopts a zero-tolerance policy on child labour and forced labour and we do not employ any person below the age of eighteen years at our workplace. Our suppliers are expected to follow the same standard of labour practices when working with us.

No employee should be made to work against his/her will or work as bonded/forced labour, or subject to corporal punishment or coercion. Our HR department, recruitment department and our site coordinators are responsible for implementing this policy.

HR department, recruitment department and administrative department maintain the employment contracts and relevant documentation on the details of our employees and foreign workers.

During the Year, the Group was not aware of any material non-compliance with the laws and regulations regarding child and forced labour that have a significant impact on the Group.

OPERATING PRACTICES

Our business operation is subject to the operating requirements pursuant to the laws in Singapore, including but not limited to Consumer Protection (Trade Descriptions and Safety Requirements) Act (Chapter 53), Consumer Protection (Consumer Goods Safety Requirements) Regulations, the Trade Marks Act (Chapter 332) and Personal Data Protection Act.

During the Year, the Group was not aware of any material non-compliance with the laws and regulations relating to health and safety, advertising, labelling and privacy matters that would have a significant impact on the Group.

Aspect B5: Supply Chain Management

During the Reporting Period, the Group had six suppliers covering landlord, and power, water, meal and diesel supply services, and all of them are based in Singapore. In managing the environmental and social risks of our supply chain, we will perform assessments on all our suppliers before engaging them and maintain an approved vendor list. We appoint suppliers based on strict ethical standards, which enhance the confidence of our customers. We hold our vendors to the same high ethical standards that we set for our staff. We will also monitor and assess our suppliers annually whereby those with poor performance will be removed from our approved vendor list.

New Supplier Assessment

Our new suppliers are assessed based on capability, past track records, achievements and results of financial due diligence.

Monitoring of Suppliers and Subcontractors

We evaluate and monitor our suppliers' performance based on (1) the quality of service; (2) the timeliness in completing the required service or delivering of goods; (3) responsiveness; (4) compliance with relevant rules and regulations; and (5) each supplier's ESG performance as well as their health and safety standards, in order to ensure the performance of our suppliers meets the Group's standards of ethics, health and safety and quality. Suppliers' unsatisfactory performance will lead to their removal from our approved vendor list.

Aspect B6: Product Responsibility

As our business nature under scope of review does not involve any manufacturing process, product responsibility issues, such as product recall and product complaints, are not directly related to us. There were no service complaints made by customers during the year. As consistent with before, we are committed to offering superior quality services to our customers by satisfying their expectations and needs.

The quality control measures adopted by the Group in respect of our foreign workers include the following:

(i) Service Quality

We conduct regular evaluation on our foreign workers' performance. Our team of site coordinators conducts routine inspection at the relevant work sites to ascertain our customers' satisfaction with the service quality of our deployed workers. Furthermore, our sales managers will usually make follow-up telephone calls to our customers shortly after the deployment to obtain their feedback, and attend to the complaints received from our customers, if any. If our customers consider the performance of any deployed workers unsatisfactory, we will pursuant to the relevant contract terms and arrange for appropriate replacement in the following workday after receiving their requests. We will determine whether we will terminate and/or renew the employment of our foreign workers upon their expiration based on the evaluation results.

(ii) Daily Management

While our foreign workers are under the supervision and control of our customers during their deployment, we generally require our customers to give a series of undertakings to us regarding the management of our deployed workers. Moreover, in the employment contracts with our foreign workers, we typically require them to closely follow our in-house dormitory rules, report to work on time as required by us and accept our assignment of jobs at different work sites of our customers from time to time.

(iii) Customer Service and Complaint Handling

We provide in-house trainings to our foreign workers on rebarring and other general construction works, and arrange external training courses on specialised construction works for them. We also provide briefings to our deployed workers on their service standard and work safety measures before the commencement of work.

(iv) Health and Safety

Pursuant to the Workplace Safety and Health Act of Singapore, all our employed workers will attend the safety induction course conducted by an onsite safety officer appointed by the main contractor of the work site on their first day of employment. In addition, our site operations team will provide briefings to our deployed workers on their service standard and work safety measures before the commencement of work.

Data Protection

We respect customer data privacy and are committed to preventing customer data leakage or loss. Every employee must follow local regulations in relation to personal data privacy in order to safeguard customer data. Clients' and the Group's records should be maintained confidentiality. Collected customer personal data is only accessible by an authorised personnel and those who handle it with care. Confidential documents are kept in the office premises and the door are properly closed and locked. All confidential papers are properly disposed of by shredding.

Employees who distribute or disclose privileged information of the Group or its clients to third parties without obtaining proper approval from management will face disciplinary action. All employees are required to sign the non-disclosure agreement and to comply with the terms and conditions stated, both during the period of employment and after resignation. Employees are also required to complete the exit clearance form and return laptops or computers to the IT department before leaving. Additionally, they must return office access cards and employment passes to the finance department.

Intellectual Property Rights

The Group strives to protect its own Intellectual Property ("**IP**") rights and respects third party IP rights according to all related applicable laws and regulations. We have registered our operating subsidiary, KT&T Engineers and Constructors Pte. Ltd.'s, logo in Singapore on 18 September 2017 and it will be up for renewal on 18 September 2027.

We will monitor and keep track of the validity of these trademarks and shall take the necessary action to protect our IP rights.

Advertising and Labelling

As the scope under review only involved the manpower outsourcing, dormitory and IT services industries, it did not produce any goods in general. Our advertising and labelling activities are mainly flyers which are distributed to new customers. Currently, we are reducing our hard copy flyers and switching to electronic forms.

During the Year, the Group was not aware of any material non-compliance with the laws and regulations relating to health and safety, advertising, labelling and privacy matters that would have a significant impact on the Group.

Aspect B7: Anti-corruption

The Group operates with a high standard of integrity and ethics. Employees are required to behave in a manner that demonstrates integrity, ethics and professionalism. It is necessary for them to comply with the applicable laws and regulations of the countries in which the Group operates, including anti-bribery laws, Prevention of Corruption Act of Singapore and Corruption, Drug Trafficking And Other Serious Crimes (Confiscation of Benefits) Act of Singapore. The Group has established relevant internal regulations, which are outlined in the Staff Handbook, to monitor the behavior of our staff. Employees who violate any of the following will face disciplinary action:

– Misappropriation, misuse, destruction, or damage of any Group's property;
– Acts of dishonesty;
– Breach of trust;
– Misuse of position power, whether apparent or actual; and
– Conflict of interest or the appearance of a conflict of interest on all matters.

Prior to staff appointments, anti-money laundry checks and reference checks with previous employers may be conducted when it is appropriate. Bankruptcy searches will also be conducted through the website: www.isis.gov.sg. Additionally, a credit check will be performed to access the financial status of each employee, including whether there is a self-exclusion made for the visitation of Casinos.

The Group has implemented gift and entertainment policy and fraud investigation policy to minimise risks of fraud, corruption and bribery. Any gifts or hospitality given to any personnel by a client on account of our client service relationship requires the approval of the manager. All employees are required to become acquainted with and abide by these policies and procedures. Every employee is required to understand the relevant policies.

The below procedures are currently equipped to ensure our foreign workers are not being extorted:

1) Renew their permits based on their work performance, disciplinary issues and their acceptance; and

2) Put on posters on dormitories to inform foreign workers of their employment rights.

As we are not a financial institution and our businesses are mainly located in Singapore, cross-border transactions are not generally expected. Despite the Group has no anti-money laundering policy in place, all receipts of monies are matched to the customer invoices before banking in and all payments are matched to valid supplier invoices before processing payment. The Group is committed to further enhancing its anti-corruption system, developing its anti-money laundering policy and providing regular trainings to its employees in the future.

Any unethical approach in connection with the Group's business should be reported to the management. We provide channels for our employees to report instances that they believe to be unethical or in breach of the Group's policies. The Group's whistleblowing policy allows employees to report suspicious cases in a confidential manner.

During the Year, the Group was not aware of any material breach of laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

Aspect B8: Community Investment

The Group recognises the inextricable connection between its continuous success and community prosperity. As a responsible and constructive corporate citizen, the Group has continually demonstrated its unwavering dedication to making a difference by providing sponsorships to a wide range of charitable organizations. This includes actively supporting initiatives focused on cancer research and support, as well as those dedicated to raising awareness and improving the lives of individuals with autism. During the Year, we have contributed donations of S$108,000.

The Stock Exchange "ESG Guide" Content Index

Subject Areas, Aspects, General Disclosures and KPIs		**Section/Statement**
Subject Area A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Aspect A1: Emissions
KPI A1.1	The types of emissions and respective emissions data.	Aspect A1: Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Aspect A1: Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Aspect A1: Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Aspect A1: Emissions
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Aspect A1: Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Aspect A1: Emissions

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Aspect A2: Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Aspect A2: Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Aspect A2: Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Aspect A2: Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Aspect A2: Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Aspect A2: Use of Resources
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Aspect A3: The Environmental and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Aspect A3: The Environmental and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Aspect A4: Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Aspect A4: Climate Change

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Subject Area B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Aspect B1: Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Aspect B1.1: Total Workforce
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Aspect B1.2: Employee Turnover Rate
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Aspect B2: Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Aspect B2.1: Number and Rate of Work-related Fatalities
KPI B2.2	Lost days due to work injury.	Aspect B2.2: Lost Days due to Work Injury
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Aspect B2: Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Aspect B3: Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Aspect B3.1: Percentage of Employees Trained
KPI B3.2	The average training hours completed per employee by gender and employee category.	Aspect B3.2: Average Training Hours per Employee
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Aspect B4: Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Aspect B4: Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Aspect B4: Labour Standards
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Aspect B5: Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Aspect B5: Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Aspect B5: Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Aspect B5: Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Aspect B5: Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Aspect B6: Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Aspect B6: Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Aspect B6: Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Aspect B6: Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Aspect B6: Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Aspect B6: Product Responsibility

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect B7: Anti-corruption		
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Aspect B7: Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Aspect B7: Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Aspect B7: Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Aspect B7: Anti-corruption
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Aspect B8: Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Aspect B8: Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Aspect B8: Community Investment

Independent Auditor's Report

中汇
ZHONGHUI

TO THE SHAREHOLDERS OF
JINHAI MEDICAL TECHNOLOGY LIMITED
(formerly known as JINHAI INTERNATIONAL GROUP HOLDINGS LIMITED)
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Jinhai Medical Technology Limited (formerly known as Jinhai International Group Holdings Limited) (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 85 to 146, which comprise the consolidated statement of financial position as at 31 December 2023, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Inventories

Refer to Note 21 to the consolidated financial statements.

The Group tested the amount of inventories for impairment. This impairment test is significant to our audit because the balance of inventories of S$2,097,000 as at 31 December 2023 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

KEY AUDIT MATTERS *(Continued)*

Inventories *(Continued)*

Our audit procedures included, among others:

– Assessing the Group's procedures on ordering and holding of inventories;

– Evaluating the Group's impairment assessment;

– Assessing the marketability of the inventories;

– Assessing the ageing of the inventories;

– Assessing the net realisable values of the inventories; and

– Checking subsequent sales and usage of the inventories.

We consider that the Group's impairment test for inventories is supported by the available evidence.

Trade receivables

Refer to Note 22 to the consolidated financial statements.

The Group tested the amount of trade receivables for impairment. This impairment test is significant to our audit because the balance of trade receivables of S$5,531,000 as at 31 December 2023 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

– Assessing the Group's procedures on granting credit limits and credit periods to customers;

– Assessing the Group's relationship and transaction history with the customers;

– Evaluating the Group's impairment assessment;

– Assessing ageing of the debts;

– Assessing creditworthiness of the customers;

– Checking subsequent settlements from the customers; and

– Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for trade receivables is supported by the available evidence.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:
https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

Yeung Hong Chun
Audit Engagement Director
Practising Certificate Number P07374

Hong Kong, 27 March 2024

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	7	**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	8	**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	9	**(221)**	(85)
(Loss)/profit before tax		**(3,217)**	784
Income tax expense	10	**(895)**	(668)
(Loss)/profit for the year	11	**(4,112)**	116
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 foreign currency translation 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	14	**(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	15	2,085	4,258
Right-of-use assets	16	4,344	1,469
Investment properties	17	12,512	1,082
Equity investment at fair value through other comprehensive income	20	558	–
Deferred tax assets	29	39	158
Other receivables	23	–	2
		19,538	6,969
Current assets			
Inventories	21	2,097	959
Trade receivables	22	5,531	2,212
Other receivables, deposits and prepayments	23	8,294	6,186
Investments at fair value through profit or loss	19	6,564	7,592
Fixed bank deposits		–	968
Bank and cash balances	24	20,196	15,385
		42,682	33,302
TOTAL ASSETS		62,220	40,271
EQUITY AND LIABILITIES			
Equity			
Share capital	30	2,252	2,142
Reserves	32	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

Consolidated Statement of Financial Position

as at 31 December 2023

	Notes	2023 S$'000	2022 S$'000
Liabilities			
Non-current liabilities			
Bank borrowing	27	–	968
Lease liabilities	28	3,478	713
		3,478	1,681
Current liabilities			
Trade and other payables	25	13,230	8,442
Contract liabilities	26	534	2,093
Bank and other borrowings	27	4,717	968
Lease liabilities	28	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

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 March 2024 and signed on its behalf by:

CHEN Guobao
Chairman and executive director

WANG Zhenfei
Executive director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

		Attributable to owners of the Company							
		Share capital	**Share premium**	**Merger reserve**	**Exchange reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
		(Note 30)	(Note 32(c)(i))	(Note 32(c)(ii))	(Note 32(c)(iii))				
	Notes	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 January 2022		2,142	14,959	1,350	171	5,653	24,275	(251)	24,024
Profit/(loss) for the year		–	–	–	–	468	468	(352)	116
Other comprehensive expense for the year		–	–	–	(375)	–	(375)	(152)	(527)
Total comprehensive (expense)/income for the year		–	–	–	(375)	468	93	(504)	(411)
Acquisition of a subsidiary	33(a)	–	–	–	–	–	–	785	785
Capital injection from non-controlling shareholders		–	–	–	–	–	–	194	194
Changes in equity for the year		–	–	–	(375)	468	93	475	568
At 31 December 2022		2,142	14,959	1,350	(204)	6,121	24,368	224	24,592
At 1 January 2023		**2,142**	**14,959**	**1,350**	**(204)**	**6,121**	**24,368**	**224**	**24,592**
Loss for the year		**–**	**–**	**–**	**–**	**(3,141)**	**(3,141)**	**(971)**	**(4,112)**
Other comprehensive expense for the year		**–**	**–**	**–**	**(52)**	**–**	**(52)**	**(68)**	**(120)**
Realisation of foreign currency translation reserves from disposal of a subsidiary		**–**	**–**	**–**	**133**	**–**	**133**	**–**	**133**
Total comprehensive income/(expense) for the year		**–**	**–**	**–**	**81**	**(3,141)**	**(3,060)**	**(1,039)**	**(4,099)**
Issue of shares	30	**110**	**17,360**	**–**	**–**	**–**	**17,470**	**–**	**17,470**
Disposal of a subsidiary	33(c)	**–**	**–**	**–**	**–**	**–**	**–**	**(534)**	**(534)**
Capital injection from non-controlling shareholders		**–**	**–**	**–**	**–**	**–**	**–**	**1,105**	**1,105**
Purchase of non-controlling interests	33(d)	**–**	**–**	**–**	**–**	**(1,304)**	**(1,304)**	**260**	**(1,044)**
Changes in equity for the year		**110**	**17,360**	**–**	**81**	**(4,445)**	**13,106**	**(208)**	**12,898**
At 31 December 2023		**2,252**	**32,319**	**1,350**	**(123)**	**1,676**	**37,474**	**16**	**37,490**

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	2023 S$'000	2022 S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	**(3,217)**	784
Adjustments for:		
Depreciation of property, plant and equipment	**297**	568
Depreciation of right-of-use assets	**833**	815
Depreciation of investment properties	**2,972**	3,003
Rent concession	**–**	(98)
Finance costs	**221**	85
Government grant	**(182)**	(268)
Dividend income	**(303)**	(436)
Interest revenue	**(56)**	(11)
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)**	–
Provision/(reversal of provision) for expected credit losses on trade and other receivables	**669**	(138)
Operating profit before changes in working capital	**2,268**	5,047
Change in inventories	**(1,872)**	(42)
Change in trade and other receivables, deposits and prepayments	**(6,063)**	(2,291)
Change in trade and other payables	**5,819**	617
Change in contract liabilities	**(1,559)**	1,042
Cash (used in)/generated from operating activities	**(1,407)**	4,373
Government grant received	**182**	268
Income tax paid	**(685)**	(400)
Net cash (used in)/generated from operating activities	**(1,910)**	4,241

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	Notes	2023 S$'000	2022 S$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments at fair value through profit or loss		–	(5,603)
Purchase of equity investment at fair value through other comprehensive income		(558)	–
Purchase of property, plant and equipment		(1,235)	(1,178)
Proceeds from disposal of property, plant and equipment		568	466
Proceeds from disposal of investments at fair value through profit or loss		–	5,857
Acquisition of a subsidiary	33(a) and (b)	(6,795)	(1,139)
Disposal of a subsidiary	33(c)	1,153	–
Dividend received		303	436
Interest received		56	11
Net cash used in investing activities		(6,508)	(1,150)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(221)	(85)
Capital injection from non-controlling shareholders		1,105	194
Purchase of non-controlling interests	33(d)	(1,044)	–
Repayment of lease liabilities		(3,687)	(3,831)
Proceeds from issue of shares		17,470	–
Net cash generated from/(used in) financing activities		13,623	(3,722)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,205	(631)
Effect of foreign exchange rate changes		(394)	(241)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		15,385	16,257
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		20,196	15,385
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		20,196	15,385

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023

1. GENERAL INFORMATION

Jinhai Medical Technology Limited (formerly known as Jinhai International Group Holdings Limited) (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, 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 of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of the subsidiaries of the Company is set out in note 18 to the consolidated financial statements.

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 Company and its subsidiaries (collectively referred to as the "**Group**") has adopted all the new and revised International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") 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. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by investments which are carried at their fair values.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Consolidation *(Continued)*

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investments at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Business combination and goodwill *(Continued)*

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Singapore dollars ("**S$**"), which is the Company's functional and presentation currency.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Foreign currency translation *(Continued)*

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

(iii) All resulting exchange differences are recognised in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the exchange reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Leasehold building	Over the terms of lease of 3 to 12 years
Leasehold improvements	Shorter of 3 years or over the lease terms
Office equipment	3 years
Motor vehicles	5 years
Furniture and fittings	3 to 5 years
Computers	1 to 3 years
Plant and machinery	5 to 10 years

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Assets under construction is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Investment properties

Investment properties are land and buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The depreciation is calculated using the straight line method to allocate the cost to the residual value over the shorter of remaining useful life or over the lease terms of the relevant lease.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal useful lives are as follows:

Leasehold land and office premises	Over lease term of 2 to 19 years
Motor vehicles	5 years

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as lessee *(Continued)*

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below United States dollars 5,000.

The Group as lessor

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Recognition and derecognition of financial instruments *(Continued)*

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified as under the following categories:

– Financial assets at amortised cost;

– Equity investments at fair value through other comprehensive income; and

– Investments at fair value through profit or loss.

(a) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(b) Equity investments at fair value through other comprehensive income

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that are not held for trading as at fair value through other comprehensive income.

Equity investments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the equity investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the equity investment revaluation reserve are not reclassified to profit or loss.

Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

(c) Investments at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("**lifetime expected credit losses**") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Loss allowances for expected credit losses *(Continued)*

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other revenue

Interest income is recognised using the effective interest method.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income is recognised on a straight-line basis over the lease term.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Employee benefits

(a) Short-term employee benefits

Short-term benefit obligations, including accumulated compensated absences, are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonuses if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided.

(b) Pension obligations

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

As prescribed by the Central Provident Fund ("**CPF**") Board of Singapore, the Group's employees employed in Singapore who are Singapore citizens or permanent residents are required to join the CPF scheme. The Group contributes up to 17% of monthly salary capped at S$102,000 per annum ("**p.a.**") per employee.

The Group also operates a Mandatory Provident Fund Scheme (the "**MPF scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of Hong Kong dollars ("**HK$**") 30,000.

The Company's subsidiaries operating in the People's Republic of China ("**PRC**") participate in a central defined contribution retirement benefit plan managed by the local municipal government in the locations in which they operate. Contributions are made based on a percentage of the companies' payroll costs and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central defined contribution retirement benefit plan.

The central pension scheme is responsible for the entire pension obligations payable to all retired employees and the Group has no further obligations for the pension payments on post-retirement benefits beyond the monthly contributions.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Segment reporting

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of productions processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

   (i) has control or joint control over the Group;

   (ii) has significant influence over the Group; or

   (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group if any of the following conditions applies:

   (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   (iii) Both entities are joint ventures of the same third party.

   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

   (vi) The entity is controlled or jointly controlled by a person identified in (a).

   (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

   (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except deferred tax assets, investments, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Price risk

The Group's investments at fair value through profit or loss and equity investment at fair value through other comprehensive income are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The directors of the Group manage this exposure by maintaining a portfolio of investments with different risk profiles.

As at 31 December 2023, if the fair value of the investments increase/decrease by 8%, loss before tax would have been S$525,000 lower/higher (2022: profit before tax would have been S$607,000 higher/lower) and equity investment revaluation reserve would have been S$45,000 (2022: Nil) higher/lower, arising as a result of the fair value gain/loss of the investments.

(c) Credit risk

The carrying amount of trade and other receivables, investments and bank and cash balances included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

All of the Group's trade receivables are originated from its business operations in Singapore, except for S$3,847,000 (2022: S$525,000) from its business operations in the PRC.

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.

At the end of the reporting period, the Group reviews the recoverable amount of debtors to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

The credit risk on investments and bank and cash balances are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

The Group's internal credit risk categorisation is as follows:

Category	Definition	Loss provision
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month expected credit loss ("**ECL**")
Doubtful	Amount is less than 30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	Amount is less than 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

A summary of the Group's exposures to credit risk for trade and other receivables is as follows:

	Internal credit risk categorisation	12-month/ lifetime ECL	Gross carrying amounts S$'000	Provision for loss allowance S$'000	Net carrying amounts S$'000
At 31 December 2023					
Trade receivables	(Note (i))	Lifetime ECL	**7,213**	**(1,682)**	**5,531**
Other receivables and deposits (Note (ii))	Performing	12-month ECL	**5,032**	**–**	**5,032**
Other receivables (Note (ii))	In default	Lifetime ECL	**17**	**(17)**	**–**
At 31 December 2022					
Trade receivables	(Note (i))	Lifetime ECL	3,180	(968)	2,212
Other receivables and deposits (Note (ii))	Performing	12-month ECL	2,633	–	2,633
Other receivables (Note (ii))	In default	Lifetime ECL	24	(24)	–

Notes:

(i) The Group uses a provision matrix to measure the lifetime ECL for trade receivables by reference to historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Goods and services tax ("**GST**") and value-added tax ("**VAT**") recoverables are excluded.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

	Less than 1 year or on demand S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
At 31 December 2023				
Non-interest bearing				
Trade and other payables*	**11,157**	**–**	**–**	**–**
Interest bearing				
Bank borrowing	**4,928**	**–**	**–**	**–**
Lease liabilities	**2,284**	**1,182**	**2,259**	**950**
	18,369	**1,182**	**2,259**	**950**
At 31 December 2022				
Non-interest bearing				
Trade and other payables*	6,319	–	–	–
Other borrowing	968	–	–	–
Interest bearing				
Bank borrowing	46	46	1,063	–
Lease liabilities	1,858	702	37	–
	9,191	748	1,100	–

* GST and VAT payables are excluded.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Interest rate risk

The Group's bank borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's bank deposits and bank borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

(f) Categories of financial instruments at 31 December

	Notes	2023 S$'000	2022 S$'000
Financial assets:			
Investments at fair value through profit or loss			
– Designated as such upon initial recognition		**6,564**	7,592
Equity investment at fair value through other comprehensive income		**558**	–
Financial assets at amortised cost (including cash and cash equivalents)			
– Trade receivables		**5,531**	2,212
– Other receivables and deposits	(i)	**5,032**	2,633
– Fixed bank deposits		**–**	968
– Bank and cash balances		**20,196**	15,385
Financial liabilities:			
Financial liabilities at amortised cost			
– Trade and other payables	(ii)	**11,157**	6,319
– Bank and other borrowings		**4,717**	1,936
– Lease liabilities		**5,364**	2,513

Notes:

(i) GST and VAT recoverables are excluded.

(ii) GST and VAT payables are excluded.

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

6. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices).

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy

	Fair value measurements using:			
	Level 1	Level 2	Level 3	Total
Description	S$'000	S$'000	S$'000	S$'000
Recurring fair value measurements:				
At 31 December 2023				
Investments at fair value through profit or loss				
– Listed equity investments	5,955	–	–	5,955
– Listed fund investments	609	–	–	609
Equity investment at fair value through other comprehensive income				
– Unlisted fund investment	–	–	558	558
Total recurring fair value measurements	6,564	–	558	7,122
At 31 December 2022				
Investments at fair value through profit or loss				
– Listed equity investments	6,920	–	–	6,920
– Listed fund investments	672	–	–	672
Total recurring fair value measurements	7,592	–	–	7,592

6. FAIR VALUE MEASUREMENTS *(Continued)*

(b) Reconciliation of assets measured at fair value based on level 3

Description:	Equity investment at fair value through other comprehensive income Unlisted fund investment S$'000
At 1 January 2022, 31 December 2022 and 1 January 2023	–
Purchase	558
At 31 December 2023	558

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at the end of the reporting period

The Group's chief financial officer is responsible for the fair value measurements of assets required for financial reporting purposes, including level 3 fair value measurements. The chief financial officer reports directly to the board of directors for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations, and refer to prices quoted by fund administrators.

6. FAIR VALUE MEASUREMENTS *(Continued)*

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at the end of the reporting period *(Continued)*

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value	
					2023	2022
					S$'000	S$'000
Equity investment at fair value through other comprehensive income						
– Unlisted fund investment	Latest transaction price	N/A	N/A	N/A	**558**	–

7. REVENUE AND SEGMENT INFORMATION

Revenue represents the consideration specified in contracts with customers for the provision of manpower outsourcing and ancillary services, dormitory services, information technology ("**IT**") services and construction ancillary services, solely derived in Singapore, and provision of minimally invasive surgery solution and medical products and 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 accounting policies are the same as the Group's accounting policies described in note 3 to the consolidated financial statements. 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.

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Disaggregation of revenue from contracts with customers:

	2023	2022
	S$'000	S$'000
Geographical markets		
– Singapore	**25,213**	21,624
– 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

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

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 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)

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Information about reportable segment profit or loss, assets and liabilities: *(Continued)*

	Services	Products	Others (Note (i))	Total
	S$'000	S$'000	S$'000	S$'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.

Save for a customer whose revenue contributed approximately forty two percents of total revenue for the year ended 31 December 2023, there was no other individual customer that contributed over 10% of total revenue of the Group during the years ended 31 December 2023 and 2022.

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

	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

8. 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

9. FINANCE COSTS

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

10. 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 (Note 29)		
– Current	1	6
– Under provision in prior years	118	–
Total deferred tax	119	6
Total income tax expense	895	668

Singapore corporate income tax is provided at 17% (2022: 17%) based on the estimated assessable profit for the year.

The income tax provision of the Group in respect of operations in the PRC was calculated at the tax rate of 25% (2022: 25%) on the estimated assessable profit for the year ended 31 December 2023, based on existing legislation, interpretation and practices in respect thereof.

10. INCOME TAX EXPENSE *(Continued)*

The reconciliation between the income tax expense and the product of (loss)/profit before tax multiplied by Singapore corporate income tax rate is as follows:

	2023 **S$'000**	2022 S$'000
(Loss)/profit before tax	**(3,217)**	784
Tax at Singapore corporate income tax rate of 17% (2022: 17%)	**(547)**	133
Tax effect of income that is not taxable	**(616)**	(169)
Tax effect of expenses that are not deductible	**960**	248
Tax effect of tax concessions and partial tax exemption	**(246)**	(190)
Tax effect of tax losses not recognised as deferred tax assets	**1,425**	766
Tax effect of different tax rates of subsidiaries operating in other jurisdiction	**(175)**	(46)
Tax effect of utilisation of previously unrecognised and unused tax losses	**(31)**	(37)
Under/(over) provision in prior years	**125**	(37)
Income tax expense	**895**	668

11. (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

No contribution was forfeited (by the Group on behalf of its employees who leave the defined contribution schemes prior to vesting fully in such contributions) and be used by the Group to reduce the existing level of contributions.

12. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

The emoluments of each director and chief executive, disclosed pursuant to the applicable Listing Rules, were as follows:

Name of directors	Notes	Fees S$'000	Salaries and allowance S$'000	Contributions to defined contribution plans S$'000	Total S$'000
Year ended 31 December 2023					
Executive directors:					
Mr. CHEN Guobao		–	334	3	337
Mr. WANG Zhenfei		–	108	3	111
Mr. LI Yunping	(i)	86	–	–	86
Independent non-executive directors:					
Mr. YAN Jiajun		21	–	–	21
Mr. FAN Yimin		21	–	–	21
Ms. YANG Meihua	(ii)	21	–	–	21
Non-executive directors:					
Mr. WANG Huasheng		33	–	–	33
Mr. YU Mingyang	(iii)	13	–	–	13
Total		195	442	6	643
Year ended 31 December 2022					
Executive directors:					
Mr. CHEN Guobao		–	490	3	493
Mr. WANG Zhenfei		–	237	3	240
Independent non-executive directors:					
Mr. YAN Jiajun		21	–	–	21
Mr. FAN Yimin		21	–	–	21
Mr. CHAI Chi Man	(iv)	2	–	–	2
Ms. YANG Meihua	(ii)	19	–	–	19
Non-executive directors:					
Mr. YANG Fu Kang	(v)	20	–	–	20
Mr. LI Yunping	(i)	59	–	–	59
Mr. WANG Huasheng		34	–	–	34
Total		176	727	6	909

12. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS *(Continued)*

The emoluments of each director and chief executive, disclosed pursuant to the applicable Listing Rules, were as follows: *(Continued)*

Notes:

(i) Redesignated from non-executive director to executive director on 31 July 2023.

(ii) Appointed on 31 January 2022.

(iii) Appointed on 31 July 2023.

(iv) Resigned on 31 January 2022.

(v) Resigned on 29 July 2022.

There was no arrangement under which a director waived or agreed to waive any emoluments during the year ended 31 December 2023 (2022: nil).

The five highest paid employees of the Group during the year included 1 director (2022: 2 directors) whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 4 (2022: 3) individuals are set out below:

	2023 **S$'000**	2022 S$'000
Salaries and allowances	**1,905**	1,743
Discretionary bonus	**3,240**	63
Contributions to defined contribution plans	**181**	138
	5,326	1,944

The emoluments fell within the following band:

	Number of individuals	
	2023	2022
HK$0 to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**1**	1
HK$8,000,001 to HK$8,500,000	**1**	1
HK$20,000,001 to HK$25,000,000	**1**	–

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDEND

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

14. (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.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold building S$'000	Leasehold improvements S$'000	Office equipment S$'000	Motor vehicles S$'000	Furniture and fittings S$'000	Computers S$'000	Plant and machinery S$'000	Assets under construction S$'000	Total S$'000
Cost									
At 1 January 2022	4,165	1,703	51	1,353	256	437	–	250	8,215
Addition	–	–	45	–	18	2	778	1,040	1,883
Disposal	–	–	–	(590)	–	–	–	–	(590)
Acquisition of a subsidiary (Note 33(a))	–	34	55	–	–	12	2,372	–	2,473
Transfer	–	241	–	–	–	–	–	(241)	–
Exchange difference	–	(14)	(6)	(12)	–	(1)	(166)	(62)	(261)
At 31 December 2022 and 1 January 2023	**4,165**	**1,964**	**145**	**751**	**274**	**450**	**2,984**	**987**	**11,720**
Addition	**–**	**52**	**29**	**198**	**3**	**10**	**22**	**938**	**1,252**
Disposal	**–**	**–**	**(37)**	**–**	**–**	**–**	**(549)**	**(256)**	**(842)**
Acquisition of a subsidiary (Note 33(b))	**–**	**12**	**–**	**–**	**–**	**–**	**–**	**–**	**12**
Disposal of a subsidiary (Note 33(c))	**–**	**(83)**	**(55)**	**–**	**–**	**(18)**	**(2,153)**	**–**	**(2,309)**
Exchange difference	**–**	**(11)**	**(3)**	**(3)**	**–**	**(1)**	**(214)**	**(32)**	**(264)**
At 31 December 2023	**4,165**	**1,934**	**79**	**946**	**277**	**441**	**90**	**1,637**	**9,569**
Accumulated depreciation and impairment									
At 1 January 2022	3,823	1,703	46	935	246	417	–	–	7,170
Charge for the year	342	54	13	87	15	21	36	–	568
Disposal	–	–	–	(271)	–	–	–	–	(271)
Exchange difference	–	(2)	(1)	–	–	–	(2)	–	(5)
At 31 December 2022 and 1 January 2023	**4,165**	**1,755**	**58**	**751**	**261**	**438**	**34**	**–**	**7,462**
Charge for the year	**–**	**70**	**17**	**6**	**6**	**–**	**198**	**–**	**297**
Disposal	**–**	**–**	**(6)**	**–**	**–**	**–**	**(33)**	**–**	**(39)**
Disposal of a subsidiary (Note 33(c))	**–**	**(30)**	**(13)**	**–**	**–**	**(1)**	**(185)**	**–**	**(229)**
Exchange difference	**–**	**(3)**	**(1)**	**–**	**–**	**–**	**(3)**	**–**	**(7)**
At 31 December 2023	**4,165**	**1,792**	**55**	**757**	**267**	**437**	**11**	**–**	**7,484**
Carrying amount									
At 31 December 2023	**–**	**142**	**24**	**189**	**10**	**4**	**79**	**1,637**	**2,085**
At 31 December 2022	–	209	87	–	13	12	2,950	987	4,258

As at 31 December 2023, the carrying amount of property, plant and equipment pledged as security for the Group's bank borrowings amounted to Nil (2022: S$2,044,000).

16. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

At 31 December	2023 S$'000	2022 S$'000
Right-of-use assets		
– Leasehold land and office premises	4,330	1,400
– Motor vehicles	14	69
	4,344	1,469
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
– Less than 1 year	2,284	1,858
– Between 1 and 2 years	1,182	702
– Between 2 and 5 years	2,259	37
– Over 5 years	950	–
	6,675	2,597
Year ended 31 December		
Depreciation of right-of-use assets		
– Leasehold land and office premises	778	732
– Motor vehicles	55	83
	833	815
Interest on lease liabilities	202	61
Expenses related to short-term leases	23	–
Expenses related to leases of low-value assets that are not short-term leases	26	19
Total cash outflow for leases	3,889	3,892
Addition to right-of-use assets	3,461	1,405

The Group makes monthly lease payments for the use of a land parcel on which its investment properties are erected. This leasehold land, which has been recognised as a right-of-use asset, is classified as an investment property given it is held solely for the purposes of holding the related investment property building.

There are no externally imposed covenants on these property lease arrangements.

The Group has acquired motor vehicles under hire purchase arrangements to render logistics support. These motor vehicles are recognised as the Group's right-of-use assets. The hire purchase agreements for motor vehicles prohibit the Group from subleasing them to third parties.

17. INVESTMENT PROPERTIES

	Leasehold land and building S$'000
Cost	
At 1 January 2022	4,504
Addition	3,076
Expiry of lease	(3,026)
At 31 December 2022 and 1 January 2023	**4,554**
Addition	**2,830**
Acquisition of a subsidiary (Note 33(b))	**11,572**
Expiry of lease	**(1,443)**
At 31 December 2023	**17,513**
Accumulated depreciation	
At 1 January 2022	3,495
Depreciation	3,003
Expiry of lease	(3,026)
At 31 December 2022 and 1 January 2023	**3,472**
Depreciation	**2,972**
Expiry of lease	**(1,443)**
At 31 December 2023	**5,001**
Carrying amounts	
At 31 December 2023	**12,512**
At 31 December 2022	1,082

As at 31 December 2023, the fair value of the investment properties was S$13,600,000 (2022: S$1,309,000) which was determined by income approach carried out by an independent firm of professional valuer who has appropriate recognised professional qualification and recent experience in the location and category of the investment properties being valued.

The Group leases out dormitory bed spaces located at its investment properties under operating leases. The lease term ranges from six months to one year.

As at 31 December 2023, the carrying amount of investment properties pledged as security for the Group's bank loans amounted to S$11,539,000 (2022: nil).

18. SUBSIDIARIES

The amounts due from and to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the subsidiaries as at 31 December 2023 are as follows:

Name	Place of incorporation/ registration and operation	Issued and paid up/registered capital	Percentage of ownership interest/voting power/profit sharing	Principal activities
Directly held:				
Hong Kong Jinhai Enterprise Development Company Limited	Hong Kong	HK$1	100% (2022: 100%)	Investment holding
Indirectly held:				
Tenshi Resources International Pte. Ltd.	Singapore	S$50,000	100% (2022: 100%)	Provision of manpower services
Accenovate Engineering Pte. Ltd.	Singapore	S$100,000	100% (2022: 100%)	Provision of manpower services
Keito Engineering & Construction Pte. Ltd.	Singapore	S$500,000	100% (2022: 100%)	Provision of manpower services
KT&T Engineers and Constructors Pte. Ltd.	Singapore	S$150,000	100% (2022: 100%)	Provision of manpower services
KT&T Resources Pte. Ltd.	Singapore	S$50,000	100% (2022: 100%)	Provision of manpower services
Nichefield Pte. Ltd.	Singapore	S$150,000	100% (2022: 100%)	Provision of dormitory services
Kanon Global. Pte. Ltd.	Singapore	S$50,000	100% (2022: 100%)	Provision of dormitory services
Accenovate Consulting (Asia) Pte. Ltd.	Singapore	S$200,000	100% (2022: 100%)	Provision of IT services and construction ancillary services
KT&T Global Pte. Ltd.	Singapore	S$200,000	100% (2022: 100%)	Provision of construction ancillary services
Simplex FM Services Pte. Ltd.	Singapore	S$50,000	100% (2022: 100%)	Provision of manpower services
Neuhaus Engineering Pte. Ltd.	Singapore	S$2,490,000	100% (2022: 0%)	Provision of engineering design and consultancy activities and accommodation for foreign workers dormitory provider

18. SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries as at 31 December 2023 are as follows: *(Continued)*

Name	Place of incorporation/ registration and operation	Issued and paid up/registered capital	Percentage of ownership interest/voting power/profit sharing	Principal activities
Jinhai Technology Development (Ningbo) Company Limited ("**Jinhai Technology Ningbo**") (Notes (i) and (ii))	PRC	HK$100,000,000	100% (2022: 100%)	Investment holdings
Shanghai Jinhai Xiehuan Medical Technology Company Limited ("**Jinhai Xiehuan**") (Note (i))	PRC	Renminbi ("**RMB**") 2,250,000	55% (2022: 55%)	Provision of minimally invasive surgery solution and medical products and related services
Shanghai Jinhai Medical Technology Company Limited (Note (i))	PRC	RMB30,000,000	100% (2022: 57%)	Provision of minimally invasive surgery solution products
Shanghai Jinhai Baoxi Technology Company Limited (Note (i))	PRC	RMB6,800,000	55% (2022: 55%)	Provision of graphene material products
Anhui Jinhai Hanxi Technology Company Limited ("**Anhui Jinhai Hanxi**") (Note (i))	PRC	RMB10,000,000	0% (2022: 60%)	Manufacture of graphite and carbon related products

Notes:

(i) The English name of the subsidiaries of the Company referred herein represent the management's best efforts in translating the Chinese name of this company as no English name has been registered.

(ii) Jinhai Technology Ningbo is wholly-owned foreign enterprise established in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries of the Company would, in the opinion of the directors of the Company, result in particulars of excessive length.

18. SUBSIDIARIES *(Continued)*

The following table shows information of the subsidiary of the Company that have non-controlling interests material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	**Jinhai Xiehuan**	
	2023	2022
Principal place of business and country of incorporation	**PRC**	PRC
Percentage of ownership interest/voting rights held by non-controlling interests	**45%**	45%
	S$'000	S$'000
At 31 December		
Non-current assets	**64**	–
Current assets	**5,797**	2,992
Non-current liabilities	**(39)**	–
Current liabilities	**(4,856)**	(1,978)
Net assets	**966**	1,014
Accumulated non-controlling interests	**220**	241
Year ended 31 December		
Revenue	**19,764**	656
(Loss)/profit	**(8)**	522
Total comprehensive (expense)/income	**(27)**	446
(Loss)/profit allocated to non-controlling interests	**(4)**	235
Net cash generated from operating activities	**228**	22
Net cash used in investing activities	**(1)**	–
Net cash used in financing activities	**(13)**	–
Net increase in cash and cash equivalents	**214**	22

19. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	S$'000	S$'000
Listed equity investments	**5,955**	6,920
Listed fund investments	**609**	672
	6,564	7,592

20. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023	2022
	S$'000	S$'000
Unlisted fund investment	**558**	–

The above investment is intended to be held for the medium to long-term. Designation of this investment as equity investment at fair value through other comprehensive income can avoid the volatility of the fair value change of this investment to the profit or loss.

21. INVENTORIES

	2023	2022
	S$'000	S$'000
Raw materials	**331**	450
Work-in-progress	**224**	508
Finished goods	**1,542**	1
	2,097	959

22. 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)
Carrying amount	**5,531**	2,212

22. TRADE RECEIVABLES *(Continued)*

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

	2023 S$'000	2022 S$'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

Reconciliation of loss allowance for trade receivables:

	2023 S$'000	2022 S$'000
At 1 January	968	1,067
Loss allowance recognised, net of those derecognised due to settlement	663	(99)
Acquisition of a subsidiary	51	–
At 31 December	1,682	968

The Group uses a provision matrix to measure the lifetime ECL for trade receivables by reference to historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

22. TRADE RECEIVABLES *(Continued)*

	Current	Past due			Total
		1 – 30 days	31 – 60 days	Over 60 days	
At 31 December 2023					
ECL rate	**0.7%**	**0.4%**	**1.0%**	**99.0%**	
Total gross carrying amounts (S$'000)	**3,484**	**788**	**1,285**	**1,656**	**7,213**
Lifetime ECL (S$'000)	**(26)**	**(3)**	**(13)**	**(1,640)**	**(1,682)**
At 31 December 2022					
ECL rate	3.9%	5.8%	26.6%	100.0%	
Total gross carrying amounts (S$'000)	1,400	789	169	822	3,180
Lifetime ECL (S$'000)	(55)	(46)	(45)	(822)	(968)

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 S$'000	2022 S$'000
Non-current		
Staff loan	**–**	2
Current		
Deposits	**3,335**	2,110
GST and VAT recoverables	**1,196**	1,301
Prepayment to suppliers	**1,084**	2,067
Other prepayments	**982**	187
Advances to staff	**815**	526
Staff loan	**114**	1
Other receivables	**785**	18
	8,311	6,210
Less: provision for loss allowance	**(17)**	(24)
	8,294	6,186

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

Reconciliation of loss allowance for other receivables:

	2023 S$'000	2022 S$'000
At 1 January	**24**	63
Loss allowance recognised, net of those derecognised due to settlement	**6**	(39)
Amounts written off	**(13)**	–
At 31 December	**17**	24

24. BANK AND CASH BALANCES

As at 31 December 2023, the bank and cash balances of the Group denominated in RMB amounted to S$10,571,000 (2022: S$1,900,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

25. TRADE AND OTHER PAYABLES

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

26. CONTRACT LIABILITIES

At	31 December 2023 S$'000	31 December 2022 S$'000	1 January 2022 S$'000
Provision of IT services	125	101	113
Provision of dormitory services	9	–	11
Provision of minimally invasive surgery solution and medical products and related service	400	1,992	1,075
Total contract liabilities	534	2,093	1,199

Transaction prices allocated to performance obligations unsatisfied at the end of the year and expected to be recognised as revenue in the year ended 31 December:

– 2024	534	–
– 2023	N/A	2,093
	534	2,093

Year ended 31 December	2023 S$'000	2022 S$'000
Revenue recognised in the year that was included in contract liabilities at the beginning of the year	2,093	1,199
Significant changes in contract liabilities during the year:		
Increase due to operations in the year	8,723	2,093
Transfer of contract liabilities to revenue	(10,282)	(1,199)

A contract liability is recognised for customers' payments for the Group's provision of dormitory, IT services and sales of minimally invasive surgery solution products which the Group has billed prior to commencement of the service and delivery of the product to the customer.

27. BANK AND OTHER BORROWINGS

	2023 S$'000	2022 S$'000
Non-current liabilities		
Secured bank borrowing (Note)	–	968
Current liabilities		
Secured bank borrowing (Note)	4,717	–
Unsecured other borrowing	–	968
	4,717	968
The borrowings are repayable as follows:		
Within one year	4,717	968
More than two years but within five years	–	968
	4,717	1,936
Less: amount due for settlement within 12 months (shown under current liabilities)	(4,717)	(968)
Amount due for settlement after 12 months (shown under non-current liabilities)	–	968

Note: The bank borrowings is secured by a legal mortgage over investment properties of a subsidiary of the Company and joint and several personal guarantee of the directors of a subsidiary of the Company (2022: secured by plant and machinery).

The average effective interest rate of borrowings as at 31 December 2023 were 4.62% (2022: 0% to 5.5%) p.a..

28. LEASE LIABILITIES

	Lease payments	
	2023	2022
	S$'000	S$'000
Within one year	**2,284**	1,858
Over one year but within two years	**1,182**	702
Over two years but within five years	**2,259**	37
Over five years	**950**	–
	6,675	2,597
Less: Future finance charge	**(1,311)**	(84)
Present value of lease liabilities	**5,364**	2,513
Analysed as:		
– Non-current	**3,478**	713
– Current	**1,886**	1,800
	5,364	2,513

As at 31 December 2023, the weighted average incremental borrowing rates ranged from 3.1% to 12.9% (2022: 3.2% to 6.8%) p.a.. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

29. DEFERRED TAX

The following are the deferred tax assets recognised by the Group:

	Accelerated tax depreciation	Unutilised tax losses	Right-of-use asset	Total
	S$'000	S$'000	S$'000	S$'000
At 1 January 2022	41	118	5	164
(Charge)/credit to profit or loss	(20)	–	14	(6)
At 31 December 2022 and 1 January 2023	**21**	**118**	**19**	**158**
Charge to profit or loss	**(1)**	**(118)**	**–**	**(119)**
At 31 December 2023	**20**	**–**	**19**	**39**

At the end of the reporting period, the Group has estimated unutilised tax losses of S$15,630,000 (2022: S$10,477,000) that can be carried forward against future taxable income. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The estimated unutilised tax losses of subsidiaries in PRC of S$2,462,000 expire in year 2026 to 2028. Other estimated unutilised tax losses will be carried forward indefinitely.

30. 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).

30. SHARE CAPITAL *(Continued)*

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes lease liabilities, bank and other borrowings, and equity, which includes share capital, share premium, merger reserve, exchange reserve, retained profits and non-controlling interests.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations by the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

The gearing ratios of the Group are as follows:

	2023	2022
	S$'000	S$'000
Total debt	**10,081**	4,449
Total equity	**37,490**	24,592
Gearing ratio	**27%**	18%

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 S$'000	2022 S$'000
ASSETS		
Non-current assets		
Investments in subsidiaries	–	–
Current assets		
Other receivables and prepayments	37	2
Amounts due from subsidiaries	18,560	3,017
Bank and cash balances	22	23
	18,619	3,042
TOTAL ASSETS	18,619	3,042
EQUITY AND LIABILITIES		
Equity		
Share capital	2,252	2,142
Reserves	10,074	(5,340)
Total equity	12,326	(3,198)
Liabilities		
Current liabilities		
Other payables	518	418
Amounts due to subsidiaries	5,775	5,822
Total liabilities	6,293	6,240
Net current assets/(liabilities)	12,326	(3,198)
NET ASSETS/(LIABILITIES)	12,326	(3,198)
TOTAL EQUITY AND LIABILITIES	18,619	3,042

32. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity.

32. RESERVES *(Continued)*

(b) The Company

	Share premium S$'000	Accumulated losses S$'000	Total S$'000
At 1 January 2022	14,959	(17,943)	(2,984)
Total comprehensive expense for the year	–	(2,356)	(2,356)
At 31 December 2022	14,959	(20,299)	(5,340)
At 1 January 2023	**14,959**	**(20,299)**	**(5,340)**
Total comprehensive expense for the year	**–**	**(1,946)**	**(1,946)**
Issue of shares	**17,360**	**–**	**17,360**
At 31 December 2023	**32,319**	**(22,245)**	**10,074**

(c) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Merger reserve

Merger reserve represents 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.

(iii) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies in note 3 to the consolidated financial statements.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of Anhui Jinhai Hanxi

On 25 August 2022, the Group acquired 60% interests in Anhui Jinhai Hanxi, a company established in the PRC with limited liabilities, at a cash consideration of RMB6,000,000 (equivalent to S$1,178,000).

At the date of acquisition, Anhui Jinhai Hanxi owned plant and machineries for production of graphene material with limited workforce for machinery testing purpose and did not have any sales staff, certification to International Organisation for Standardisation or documentations relating to strategic management, operational and resource management processes. The directors of the Company consider that the acquisition of Anhui Jinhai Hanxi does not constitute a business combination.

	S$'000
Net assets acquired:	
Property, plant and equipment	2,473
Right-of-use assets	171
Inventories	128
Other receivables, deposits and prepayments	1,353
Fixed bank deposits	1,023
Bank and cash balances	39
Trade and other payables	(1,010)
Bank and other borrowings	(2,046)
Lease liabilities	(168)
	1,963
Non-controlling interests	(785)
Total consideration transferred – satisfied by cash	1,178
Net cash outflow arising on acquisition:	
Cash consideration paid	1,178
Less: cash and cash equivalents acquired	(39)
	1,139

The fair value of the non-controlling interests in Anhui Jinhai Hanxi was measured by reference to the proportionate share of recognised amounts of net assets of Anhui Jinhai Hanxi.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Acquisition of Neuhaus Engineering Pte. Ltd.

On 20 October 2023, the Group acquired 100% interests in Neuhaus Engineering Pte. Ltd., a company established in the Singapore with limited liabilities, at a cash consideration of S$6,911,000. The acquisition was completed on 30 November 2023.

At the date of acquisition, Neuhaus Engineering Pte. Ltd. owned investment property for provision of dormitory and did not have any staff, relating to strategic management, operational and resource management processes. The directors of the Company consider that the acquisition of Neuhaus Engineering Pte. Ltd. does not constitute a business combination.

	S$'000
Net assets acquired:	
Property, plant and equipment	12
Right-of-use assets	25
Investment properties	11,572
Trade receivables	70
Deposits and prepayments	154
Bank and cash balances	116
Trade and other payables	(205)
Bank and other borrowings	(4,745)
Lease liabilities	(28)
Current tax liabilities	(60)
	6,911
Total consideration transferred – satisfied by cash	6,911
Net cash outflow arising on acquisition:	
Cash consideration paid	6,911
Less: cash and cash equivalents acquired	(116)
	6,795

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) Disposal of a subsidiary

On 8 November 2023, Jinhai Technology Ningbo (as the transferor) entered into the Equity Transfer Agreement with Wuhan Hanxi Technology Company Limited ("**Wuhan Hanxi**") (as the transferee) and Anhui Jinhai Hanxi, pursuant to which Jinhai Technology Ningbo has agreed to sell and Wuhan Hanxi has agreed to purchase 60% equity interest in Anhui Jinhai Hanxi, for a total consideration of RMB6,200,000 (equivalent to approximately S$1,154,000). The disposal was completed on 21 November 2023.

Net assets at the date of disposal were as follows:

	S$'000
Property, plant and equipment	2,080
Right-of-use assets	56
Inventories	734
Trade and other receivables, deposits and prepayments	690
Fixed bank deposits	930
Bank and cash balances	1
Trade and other payables	(1,236)
Bank and other borrowings	(1,861)
Lease liabilities	(59)
Net assets disposed of	1,335
Release of foreign currency translation reserve	133
Non-controlling interests	(534)
Gain on disposal of a subsidiary	220
Total consideration – satisfied by cash	1,154
Net cash inflow arising on disposal:	
Cash consideration received	1,154
Cash and cash equivalents disposed of	(1)
	1,153

(d) Purchase of non-controlling interests

During the year, the Group acquired 43% interests in a 57% subsidiary, Shanghai Jinhai Medical Technology Company Limited, from the non-controlling shareholders at a cash consideration of RMB5,560,000 (equivalent to approximately S$1,044,000).

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(e) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Lease liabilities	Bank and other borrowings	Total liabilities from financing activities
	S$'000	S$'000	S$'000
At 1 January 2022	1,868	–	1,868
Changes in cash flows	(3,892)	(24)	(3,916)
Non-cash changes			
– Acquisition of a subsidiary (Note 33(a))	168	2,046	2,214
– Addition	4,481	–	4,481
– Disposal	(18)	–	(18)
– Interest charged	61	24	85
– Rent concession	(98)	–	(98)
– Exchange difference	(57)	(110)	(167)
At 31 December 2022 and 1 January 2023	**2,513**	**1,936**	**4,449**
Changes in cash flows	**(3,889)**	**(19)**	**(3,908)**
Non-cash changes			
– Acquisition of a subsidiary (Note 33(b))	**28**	**4,745**	**4,773**
– Disposal of a subsidiary (Note 33(c))	**(59)**	**(1,861)**	**(1,920)**
– Addition	**6,847**	**–**	**6,847**
– Interest charged	**202**	**19**	**221**
– Exchange difference	**(278)**	**(103)**	**(381)**
At 31 December 2023	**5,364**	**4,717**	**10,081**

34. CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any significant contingent liabilities (2022: nil).

35. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	2023 **S$'000**	2022 S$'000
Investment property		
– Contracted but not provided for	**9,162**	–

36. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The key management personnel of the Group comprises all directors, details of their remuneration are disclosed in note 12 to the consolidated financial statements.

37. EVENTS AFTER THE REPORTING PERIOD

On 17 May 2023, KT&T Engineers and Constructors Pte. Ltd (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Eng Lee Engineering Pte. Ltd. in relation to acquisition of a property at 5 Neythal Road Singapore 628572 by the Purchaser (the "**Acquisition**") for an aggregate consideration of S$10,180,000 (equivalent to HK$59,172,000) (excluding the goods and services tax payable). The Acquisition expects to be completed in the year ending 31 December 2024.

38. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 March 2024.

Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the consolidated financial statements is set out below:

RESULTS

	Year ended 31 December				
	2023	2022	2021	2020	2019
	S$'000	S$'000	S$'000	S$'000	S$'000
			(Restated)		
Revenue	**45,644**	22,280	21,896	22,472	51,889
Gross Profit	**12,029**	10,116	7,727	8,855	12,383
(Loss)/Profit before income tax	**(3,217)**	784	(62)	1,426	86
(Loss)/Profit for the year	**(4,112)**	116	(498)	1,263	(686)
Total comprehensive (expense)/income for the year attributable to owners of the Company	**(3,060)**	93	(100)	1,288	(684)
(Loss)/Earnings per share – basic and diluted (S$ cents)[1]	**(0.25)**	0.04	(0.02)	0.10	(0.06)

ASSETS AND LIABILITIES

	As at 31 December				
	2023	2022	2021	2020	2019
	S$'000	S$'000	S$'000	S$'000	S$'000
			(Restated)	(Restated)	
Assets					
Non-current assets	**19,538**	6,969	3,061	6,966	12,558
Current assets	**42,682**	33,302	30,708	32,531	30,087
Total assets	**62,220**	40,271	33,769	39,497	42,645
Liabilities					
Non-current liabilities	**3,478**	1,681	279	756	5,088
Current liabilities	**21,252**	13,998	9,466	14,366	13,354
Total liabilities	**24,730**	15,679	9,745	15,122	18,442
Total equity	**37,490**	24,592	24,024	24,375	24,203
Net assets per share (S$ cents)[2]	**2.90**	2.00	1.95	1.98	1.97

Five Years Financial Summary

Notes:

(1) The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to owners of the Company and the weighted average number of ordinary shares in issue. For the financial years ended 31 December 2019, 2020, 2021 and 2022, the weighted average number of ordinary shares was 1,230,000,000. For the financial year ended 31 December 2023, the weighted average number of ordinary shares was 1,242,842,000. Diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there are no potential dilutive ordinary shares during the years.

(2) Net assets per share is calculated by dividing net assets by the number of ordinary shares in issue as at the respective year end. As at 31 December 2019, 2020, 2021 and 2022, the number of ordinary shares in issue was 1,230,000,000 ordinary shares. As at 31 December 2023, the number of ordinary shares in issue was 1,292,500,000 ordinary shares.