

APPENDIX II

A. UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following is an illustrative unaudited pro forma consolidated financial information (the “Unaudited Pro Forma Financial Information”) of Jinhai International Group Holdings Limited (the “Company”) and its subsidiaries (the “Group”) prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants and on the basis of the notes set out below, to illustrate the financial position, financial performance and cash flows of the Group as if the OCBC Acquisitions and the Previous OCBC Acquisitions had been completed on 31 December 2021.

This Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purpose only and because of its hypothetical nature, it may not purport to represent the true picture of the financial position, financial performance and cash flows of the Group had the OCBC Acquisitions and the Previous OCBC Acquisitions been completed on 31 December 2021 or at any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

**B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2021**

	Audited 31 December 2021 S\$	Adjustments S\$	Unaudited Pro Forma 31 December 2021 S\$
ASSETS			
Non-current			
Property, plant and equipment	1,044,941		1,044,941
Right-of-use assets	785,060		785,060
Investment properties	1,008,863		1,008,863
Deferred tax assets	189,386		189,386
Other receivables	33,181		33,181
	3,061,431		3,061,431
Current			
Trade receivables	1,464,816		1,464,816
Other receivables, deposits and prepayments	4,866,142		4,866,142
Financial assets at fair value through profit or loss	8,735,795	662,404	9,398,199
Income tax recoverable	46,168		46,168
Inventories	873,637		873,637
Cash and bank balances	14,637,357	(664,461)	13,972,896
	30,623,915	(2,057)	30,621,858
Total assets	33,685,346	(2,057)	33,683,289
EQUITY			
Capital and Reserves			
Share capital	2,142,414		2,142,414
Share premium	14,958,400		14,958,400
Merger reserve	1,350,000		1,350,000
Currency translation reserve	171,154		171,154
Retained earnings	6,802,621	(2,057)	6,800,564
	25,424,589	(2,057)	25,422,532
Non-controlling interests	(251,073)		(251,073)
	25,173,516	(2,057)	25,171,459
LIABILITIES			
Non-Current			
Lease liabilities	254,012		254,012
Deferred tax liabilities	25,050		25,050
	279,062		279,062
Current			
Trade and other payables	4,986,789		4,986,789
Contract liabilities	1,199,112		1,199,112
Lease liabilities	1,614,413		1,614,413
Current tax liabilities	432,454		432,454
	8,232,768		8,232,768
Total liabilities	8,511,830		8,511,830
Total equity and liabilities	33,685,346	(2,057)	33,683,289

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Audited 31 December 2021 S\$	Adjustment S\$	Unaudited Pro Forma 31 December 2021 S\$
Revenue			
- Services	19,858,170		19,858,170
- Products	1,558,283		1,558,283
	21,416,453		21,416,453
Cost of services	(12,255,012)		(12,255,012)
Cost of sale of products	(1,401,174)		(1,401,174)
	(13,656,186)		(13,656,186)
Gross profit	7,760,267		7,760,267
Other income	1,899,621		1,899,621
Selling expenses	(17,969)		(17,969)
Administrative expenses	(8,696,505)	(2,057)	(8,698,562)
Impairment loss on trade and other receivables	(446,206)		(446,206)
Other losses	(395,083)		(395,083)
Finance costs	(132,312)		(132,312)
Loss before taxation	(28,187)	(2,057)	(30,244)
Income tax expense	(435,460)		(435,460)
Loss after taxation	(463,647)	(2,057)	(465,704)
Other comprehensive (loss)/income, after tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Translation differences arising on consolidation of foreign operations	146,738		146,738
Total comprehensive loss for the year	(316,909)	(2,057)	(318,966)
Loss attributable to:			
Owners of the Company	(212,022)	(2,057)	(214,079)
Non-controlling interests	(251,625)		(251,625)
Loss for the year	(463,647)	(2,057)	(465,704)
Total comprehensive loss attributable to:			
Owners of the Company	(65,836)	(2,057)	(67,893)
Non-controlling interests	(251,073)		(251,073)
Total comprehensive loss for the year	(316,909)	(2,057)	(318,966)
Loss per share	Cents		Cents
Basic and diluted	(0.02)	nm	(0.02)

nm – not material

D. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Audited 31 December 2021 S\$	Adjustment S\$	Unaudited Pro Forma 31 December 2021 S\$
Cash Flows from Operating Activities			
Loss before taxation	(28,187)	(2,057)	(30,244)
Adjustments for:			
Depreciation of property, plant and equipment	817,198		817,198
Depreciation of right-of-use assets	1,605,267		1,605,267
Depreciation of investment properties	2,943,125		2,943,125
Reversal of impairment loss on right-of-use assets	-		-
Gain on lease modification	(34,278)		(34,278)
Impairment loss on property, plant and equipment	14,195		14,195
Write-off of property, plant and equipment	69,510		69,510
Finance costs	132,312		132,312
Rent concessions	-		-
Government grant	(1,358,331)		(1,358,331)
Dividend income	(173,791)		(173,791)
Interest income	(2,423)		(2,423)
Net change in fair value of financial assets measured at fair value through profit or loss ("FVTPL")	1,049,084		1,049,084
Gain on disposal of property, plant and equipment, net	(298,161)		(298,161)
Loss on disposal of right-of-use assets	20,937		20,937
Gain on disposal of financial assets measured at FVTPL	(243,613)		(243,613)
Impairment loss on trade and other receivables	446,206		446,206
Operating profit before working capital changes	4,959,050	(2,057)	4,956,993
Change in trade receivables	(580,597)		(580,597)
Change in other receivables, deposits and prepayments	(487,834)		(487,834)
Change in inventories	(873,637)		(873,637)
Change in contract assets	-		-
Change in trade and other payables	(1,788,448)		(1,788,448)
Change in contract liabilities	732,416		732,416
Cash generated from operations	1,960,950	(2,057)	1,958,893
Government grant received	1,813,737		1,813,737
Income tax paid	(408,150)		(408,150)
Net cash generated from operating activities	3,366,537	(2,057)	3,364,480
Cash Flows from Investing Activities			
Purchase of financial assets at FVTPL	(10,862,782)	(662,404)	(11,525,186)
Purchase of property, plant and equipment	(607,079)		(607,079)
Proceeds from disposal of property, plant and equipment	361,161		361,161
Proceeds from disposal of financial assets measured at FVTPL	8,288,099		8,288,099
Interest received	2,423		2,423
Dividends received from financial assets measured at FVTPL	173,791		173,791
Net cash used in investing activities	(2,644,387)	(662,404)	(3,306,791)
Cash Flows from Financing Activities			
Interest paid	(132,312)		(132,312)
Repayment of lease liabilities	(4,677,071)		(4,677,071)
Net cash used in financing activities	(4,809,383)		(4,809,383)
Net decrease in cash and cash equivalents	(4,087,233)	(664,461)	(4,751,694)
Cash and cash equivalents at beginning of the year	18,602,537		18,602,537
Effect of foreign exchange rate changes on cash and cash equivalents	122,053		122,053
Cash and cash equivalents at end of the year	14,637,357	(664,461)	13,972,896

E. NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1 General information

Jinhai International Group Holdings Limited (the “Company”) was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 14 February 2017. The registered office of the Company is at P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The Company was registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “Hong Kong Companies Ordinance”) on 29 September 2017 and its principal place of business in Hong Kong registered is at Room 2503, Cosco Tower, 183 Queen’s Road Central, Sheung Wan, Hong Kong. The headquarters and principal place of business of the Company in Singapore is at 31 Sungei Kadut Avenue, Singapore 729660. The issued shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited with effect from 17 October 2017.

The Company is an investment holding company and the principal activities of its operating subsidiaries are provision of manpower outsourcing and ancillary services, provision of dormitories services, provision of information technology services and construction ancillary services for the building and construction industry, and provision of minimally invasive surgery solution products.

2 Significant event

The Group acquired an aggregate of 51,000 Oversea-Chinese Banking Corporation Limited (“OCBC”) shares on dates between 11 February 2022 and 23 February 2022 on the open market through the Singapore Stock Exchange (the “OCBC Acquisitions and the Previous OCBC Acquisitions”) for an aggregate consideration of S\$662,404, brokerage commission fees of S\$1,922.39 and Goods and Services Tax of S\$134.57.

<u>Date of purchase</u>	<u>Number of</u>		<u>Acquisition</u>	<u>Goods and</u>		<u>Total</u>
	<u>OCBC</u>	<u>Share price</u>		<u>Shares</u>	<u>Fees</u>	
	<u>acquired</u>			<u>Amount</u>		
<u>11-Feb-22</u>	<u>15,000</u>	<u>13.2700</u>	<u>199,050.00</u>	<u>577.60</u>	<u>40.43</u>	<u>199,668.03</u>
<u>16-Feb-22</u>	<u>8,000</u>	<u>13.2255</u>	<u>105,804.00</u>	<u>307.19</u>	<u>21.51</u>	<u>106,132.70</u>
<u>17-Feb-22</u>	<u>8,000</u>	<u>13.5000</u>	<u>108,000.00</u>	<u>313.55</u>	<u>21.95</u>	<u>108,335.50</u>
<u>23-Feb-22</u>	<u>20,000</u>	<u>12.4775</u>	<u>249,550.00</u>	<u>724.05</u>	<u>50.68</u>	<u>250,324.73</u>
	<u>51,000</u>		<u>662,404.00</u>	<u>1,922.39</u>	<u>134.57</u>	<u>664,460.96</u>

3 Basis of preparation of the unaudited pro forma consolidated financial information

The unaudited pro forma consolidated financial information for the year ended 31 December 2021 (the “Unaudited Pro Forma Financial Information”) has been compiled based on the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the financial year ended 31 December 2021, as extracted from the audited consolidated financial statements of the Group for the financial year ended 31 December 2021, and pro forma adjustments as set out in Note 4.

The audited consolidated financial statements of the Group for the financial year ended 31 December 2021 was prepared by the Directors in accordance with International Financial Reporting Standards (“IFRSs”) and audited by Foo Kon Tan LLP, in accordance with International Standards on Auditing (“ISAs”). The auditor’s report on these consolidated financial statements was not modified.

The Unaudited Pro Forma Financial Information has been prepared using the same accounting policies and method of computation in the preparation of the audited consolidated financial statement for the financial year ended 31 December 2021.

The Unaudited Pro Forma Financial Information has been prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants for the purpose of illustrating the effect of the “Significant event” as if the “Significant event” had taken place on (i) 1 January 2021 in respect of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows; and (ii) 31 December 2021 in respect of the unaudited pro forma consolidated statement of financial position.

The Unaudited Pro Forma Financial Information is prepared for illustrative purposes only. It is prepared based on certain assumptions and after making certain adjustments to show what the unaudited pro forma consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the financial year ended 31 December 2021 would have been had the “Significant event” discussed in Note 2 been taken place on 31 December 2021.

The Unaudited Pro Forma Financial Information, because of its hypothetical nature, is not necessarily indicative of the effect on the financial position, financial performance and cash flows of the Group that would have been attained had the “Significant event” been taken place on 31 December 2021 or at any future date.

4 Pro forma adjustments

The following pro forma adjustments have been made to the audited consolidated statement of financial position as at 31 December 2021, and the audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows for the financial year ended 31 December 2021 in arriving at the Unaudited Pro Forma Financial Information:

- 4.1 Cost of acquisition of the OCBC Acquisitions and the Previous OCBC Acquisitions of S\$662,404, being the fair value of OCBC shares at the acquisition dates.
- 4.2 Payment of the OCBC Acquisitions and the Previous OCBC Acquisitions, brokerage commission fees and Goods and Services Tax charged on the brokerage commission fees amounting to S\$664,460.96.
- 4.3 Brokerage commission fees of S\$1,922.39 related to the OCBC Acquisitions and the Previous OCBC Acquisitions and Goods and Services Tax of S\$134.57 charged on the brokerage commission fees.



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Independent auditor's assurance report on the compilation of unaudited pro forma consolidated financial information of Jinhai International Group Holdings Limited and its subsidiaries for the financial year ended 31 December 2021

30 June 2022

The Board of Directors
Jinhai International Group Holdings Limited
31 Sungei Kadut Avenue
Singapore 729660

Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information

Opinion

We have completed our assurance engagement to report on the compilation of unaudited pro forma consolidated financial information of Jinhai International Group Holdings Limited (the “Company”) and its subsidiaries (the “Group”) by the directors of the Company (the “Directors”). The unaudited pro forma consolidated financial information of the Group consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2021, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows for the financial year ended 31 December 2021, and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages II-2 to II-10 of the circular dated 30 June 2022 (the “Circular”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Note 3.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the significant event (the “Significant event”) set out in Note 2 on the Group’s financial position as at 31 December 2021, the Group’s financial performance and cash flows for the financial year ended 31 December 2021 as if the “Significant event” had taken place on 31 December 2021.

As part of this process, information about the Group’s financial position, financial performance and cash flows have been extracted by the Directors from the Group’s audited consolidated financial statements for the financial year ended 31 December 2021.

Directors’ Responsibility for the Unaudited Pro Forma Consolidated Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants.



Independent auditor's assurance report on the compilation of unaudited pro forma consolidated financial information of Jinhai International Group Holdings Limited and its subsidiaries for the financial year ended 31 December 2021 (cont'd)

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Unaudited Pro Forma Financial Information on the basis of the applicable criteria as described in Note 3.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the "Significant event" on unadjusted financial information of the Group as if the "Significant event" had taken place at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the "Significant event" at 31 December 2021 would have been as presented.



Independent auditor's assurance report on the compilation of unaudited pro forma consolidated financial information of Jinhai International Group Holdings Limited and its subsidiaries for the financial year ended 31 December 2021 (cont'd)

Auditor's Responsibilities (Cont'd)

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the "Significant event", and to obtain sufficient appropriate evidence about whether:

- (i) The related pro forma adjustments give appropriate effect to those criteria; and
- (ii) The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgement, having regard to the auditor's understanding of the nature of the Group, the "Significant event" in respect of which Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.



**Independent auditor's assurance report on
the compilation of unaudited pro forma consolidated
financial information of Jinhai International Group Holdings
Limited and its subsidiaries for the financial year ended 31
December 2021 (cont'd)**

Restriction of Use and Distribution

This report is made solely to you as a body for the inclusion in the Circular of the Company to be issued in relation to the "Significant event".

Foo Kon Tan LLP
Public Accountants and Chartered Accountants
Singapore

Partner in-charge: Toh Kim Teck