



今海國際集團控股有限公司

Jinhai International Group Holdings Limited

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

INTERIM REPORT 2022



CONTENTS

	<i>Page</i>
Corporate Information	2
Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	10
Management Discussion and Analysis	18
Corporate Governance and Other Information	26

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Yang Fu Kang
(resigned on 29 July 2022)
Mr. Li Yunping
Mr. Wang Huasheng

Independent Non-executive Directors

Mr. Yan Jianjun
Mr. Fan Yimin
Ms. Yang Meihua
(appointed on 31 January 2022)
Mr. Chai Chi Man
(resigned on 31 January 2022)

Audit Committee

Mr. Yan Jianjun (*Chairman*)
Mr. Yang Fu Kang
(resigned on 29 July 2022)
Mr. Wang Huasheng
Mr. Fan Yimin
Ms. Yang Meihua
(appointed on 31 January 2022)
Mr. Chai Chi Man
(resigned on 31 January 2022)

Nomination Committee

Mr. Chen Guobao (*Chairman*)
Mr. Li Yunping
Mr. Yan Jianjun
Mr. Fan Yimin
Ms. Yang Meihua
(appointed on 31 January 2022)
Mr. Chai Chi Man
(resigned on 31 January 2022)

Remuneration Committee

Mr. Yan Jianjun (*Chairman*)
Mr. Wang Zhenfei
Mr. Fan Yimin
Ms. Yang Meihua
(appointed on 31 January 2022)
Mr. Chai Chi Man
(resigned on 31 January 2022)

COMPANY SECRETARY

Mr. Wong Man Yiu

AUTHORISED REPRESENTATIVES

Mr. Wang Zhenfei
Mr. Wong Man Yiu

INDEPENDENT AUDITOR

Foo Kon Tan LLP
(a principal member of HLB International)
*Public Accountants and
Chartered Accountants, Singapore*
24 Raffles Place
#07-03 Clifford Centre
Singapore 048621

LEGAL ADVISER

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

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

31 Sungei Kadut Avenue
Singapore 729660

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Shanghai Pudong Development Bank Co. Ltd. – Hong Kong Branch

30/F, SPD Bank Tower
1 Hennessy Road
Hong Kong

DBS Bank Ltd

12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

OCBC Bank Ltd

65 Chulia Street
OCBC Centre
Singapore 049513

United Overseas Bank Limited

1 Tampines Central 1
#01-01 UOB Tampines Centre
Singapore 529539

LISTING INFORMATION

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

COMPANY WEBSITE

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
		S\$	S\$
		(Unaudited)	(Unaudited)
	Notes		
Revenue	4	14,707,178	9,646,384
Cost of services		(9,678,641)	(6,793,445)
Gross profit		5,028,537	2,852,939
Other income	5	457,682	1,016,013
Selling expenses		(5,978)	(9,710)
Administrative expenses		(4,041,682)	(3,834,288)
Other gains	6	219,162	810,018
Finance costs		(25,087)	(59,459)
Profit before taxation	7	1,632,634	775,513
Income tax expense	8	(299,662)	(38,432)
Profit after taxation, representing total comprehensive income for the Period		1,332,972	737,081
Other comprehensive income, after tax <i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences arising from foreign operations		(325,834)	17,951
Total comprehensive income for the Period		1,007,138	755,032
Profit attributable to:			
Owners of the Company		1,402,136	737,081
Non-controlling interests		(69,164)	-
Profit for the Period		1,332,972	737,081
Total comprehensive income attributable to:			
Owners of the Company		1,076,302	755,032
Non-controlling interests		(69,164)	-
Total comprehensive income for the Period		1,007,138	755,032
Earnings per share Basic and diluted	10	0.11 cent	0.06 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at	
		30 June 2022	31 December 2021
Notes		S\$ (Unaudited)	S\$ (Audited)
Non-current assets			
		429,961	1,044,941
		442,369	785,060
		1,008,688	1,008,863
		189,386	189,386
		33,181	33,181
		2,103,585	3,061,431
Current assets			
		897,928	873,637
	11	5,740,553	1,464,816
		8,327,741	4,866,142
		8,386,287	8,735,795
		2,546	46,168
		14,261,423	14,637,357
		37,616,478	30,623,915
Current liabilities			
	12	10,879,326	4,986,789
		596,736	1,199,112
		1,418,108	1,614,413
		517,896	432,454
		13,412,066	8,232,768
Net current assets			
		24,204,412	22,391,147

		As at	
		30 June	31 December
		2022	2021
		S\$	S\$
		(Unaudited)	(Audited)
Non-current liabilities			
	Lease liabilities	102,293	254,012
	Deferred tax liabilities	25,050	25,050
		127,343	279,062
Net assets			
		26,180,654	25,173,516
Capital and reserves			
	Share capital	2,142,414	2,142,414
	Share premium	14,958,400	14,958,400
	Merger reserves	1,350,000	1,350,000
	Currency translation reserves	(154,132)	171,154
	Accumulated profits	8,204,536	6,802,621
	Non-controlling interests	(320,564)	(251,073)
		26,180,654	25,173,516

13

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital	Share premium	Merger reserve	Currency translation Reserve	Retained earnings	Total attributable to owner of the Company	Non-controlling interests	Total equity
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
At 1 January 2021	2,142,414	14,958,400	1,350,000	24,968	7,014,643	25,490,425	-	25,490,425
Profit for the Period	-	-	-	-	737,081	737,081	-	737,081
Other comprehensive income for the Period	-	-	-	17,951	-	17,951	-	17,951
Total comprehensive income for the Period	-	-	-	17,951	737,081	755,032	-	755,032
At 30 June 2021 (unaudited)	2,142,414	14,958,400	1,350,000	42,919	7,751,724	26,245,457	-	26,245,457
At 1 January 2022	2,142,414	14,958,400	1,350,000	171,154	6,802,621	25,424,589	(251,073)	25,173,516
Profit for the Period	-	-	-	-	1,402,136	1,402,136	(69,164)	1,332,972
Other comprehensive Income/(loss) for the Period	-	-	-	(325,286)	(221)	(325,507)	(327)	(325,834)
Total comprehensive income/(loss) for the Period	-	-	-	(325,286)	1,401,915	1,076,629	(69,491)	1,007,138
At 30 June 2022 (unaudited)	2,142,414	14,958,400	1,350,000	(154,132)	8,204,536	26,501,218	(320,564)	26,180,654

Note:

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	S\$	S\$
	(Unaudited)	(Unaudited)
Cash Flows from Operating Activities		
Profit before taxation	1,632,634	775,513
Adjustments for:		
Depreciation of property, plant and equipment	270,044	430,089
Depreciation of right-of-use assets	341,933	1,139,851
Depreciation of investment properties	1,509,637	1,463,163
Finance costs	25,087	59,459
Dividend income	(163,552)	(74,468)
Net change in fair value of financial assets measured at fair value through profit or loss ("FVTPL")	191,481	(79,233)
Gain on disposal of property, plant and equipment, net	(176,643)	(275,009)
Loss/(gain) on disposal of financial assets measured at FVTPL	234,610	(120,734)
Gain on lease modification	-	(34,279)
Reversal of impairment on property, plant and equipment	(1,691)	-
Unrealised foreign exchange gain	321,703	171,922
Operating profit before working capital changes	4,185,243	3,456,274
Change in inventories	(24,291)	(65,388)
Change in trade receivables	(4,275,737)	641,267
Change in other receivables, deposits and prepayments	(3,461,599)	949,389
Change in contract assets	-	-
Change in trade and other payables	5,892,538	(2,333,646)
Change in contract liabilities	(602,376)	(773)
Cash generated from operations	1,713,778	2,647,123
Income tax (paid)/refund	(170,598)	(230,667)
Net cash generated from operating activities	1,543,180	2,416,456

	Six months ended 30 June	
	2022	2021
	S\$	S\$
	(Unaudited)	(Unaudited)
Cash Flows from Investing Activities		
Additional to investment properties	(1,509,462)	–
Purchase of financial assets at FVTPL	(111,389)	(5,285,368)
Purchase of property, plant and equipment	(18,882)	(5,065)
Proceeds from disposal of property, plant and equipment	542,152	364,251
Proceeds from disposal of financial assets measured at FVTPL	34,806	6,851,773
Dividends received from financial assets measured at FVTPL	163,552	74,468
Net cash generated from/(used in) investing activities	(899,223)	2,000,059
Cash Flows from Financing Activities		
Interest paid	(25,087)	(59,459)
Repayment of lease liabilities	(347,266)	(2,710,912)
Net cash used in financing activities	(372,353)	(2,770,371)
Net increase in cash and cash equivalents	271,604	1,646,144
Cash and cash equivalents at beginning of the Period	14,637,357	18,602,537
Effect of foreign exchange rate changes on cash and cash equivalents	(647,538)	(160,913)
Cash and cash equivalents at end of the Period	14,261,423	20,087,768

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. GENERAL

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

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

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

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

In preparing for the initial listing of the Company’s shares on the Main Board of the Stock Exchange, the companies comprising the Group underwent a group reorganisation (the “**Reorganisation**”) as set out in the section headed “A. Further information about our Company – 4. Corporate Reorganisation” in Appendix IV to the prospectus of the Company dated 4 October 2017.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the unaudited consolidated financial statements have been prepared to include the financial statements of the companies now comprising the Group.

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 January 2022, the Group adopted all the new and revised International Financial Reporting Standards (the “**IFRSs**”) and Interpretations of IFRS (“**INT IFRS**”) that are effective and relevant to its operations. The adoption of these new/revised IFRSs and INT IFRSs does not result in significant changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior periods.

At the date of authorisation of these unaudited consolidated financial statements, the Group has not applied any new IFRSs that have been issued but are not yet effective.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the consideration specified in contracts with customers for the provision of manpower outsourcing and ancillary services, dormitory services, IT services and construction ancillary services derived in Singapore and sales of medical equipment in China.

Information is reported to Executive Directors, being the chief operating decision maker of the Group (“**CODM**”), for the purposes of resource allocation and performance assessment. The CODM reviews revenue by nature of services, i.e. 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, sales of medical equipment and profit for the period as a whole. No further detailed analysis of the Group’s results nor assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

An analysis of the Group’s revenue for the respective periods is as follows:

	Six months ended 30 June	
	2022	2021
	S\$	S\$
	(Unaudited)	(Unaudited)
Revenue recognised over time:		
Provision of manpower outsourcing and ancillary services	6,782,648	6,830,862
Provision of dormitory services	2,857,954	2,169,864
Provision of construction ancillary services	201,134	455,907
Provision of IT services	214,350	169,950
Provision of minimally invasive surgery solutions products	4,651,092	19,801
	14,707,178	9,646,384

As permitted under IFRS 15 *Revenue from Contracts with Customers*, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period has not been disclosed as those performance obligations are part of customer contracts that have original expected duration of one year or less.

4. REVENUE AND SEGMENT INFORMATION (Continued)

Major customers

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

Geographical information

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

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

	Six months ended 30 June	
	2022	2021
	S\$	S\$
Revenue recognised from:		
Singapore	10,056,086	9,626,583
China	4,651,092	19,801
	14,707,178	9,646,384

An analysis of the Group's property, plant and equipment for the period by geographical areas is as follows:

	Six months ended 30 June	
	2022	2021
	S\$	S\$
Property, plant and equipment located at:		
Singapore	205,378	1,044,941
China	224,583	–
	429,961	1,044,941

5. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	S\$	S\$
	(Unaudited)	(Unaudited)
Government grants (<i>Note a</i>)	146,456	813,012
Dividend income from equity investments	163,552	74,468
Forfeiture of customer deposits	–	–
Work injury/workmen compensation claims	46,286	27,964
Sub-leasing income	85,303	81,816
Others	16,085	18,753
	457,682	1,016,013

Notes:

- a. Government grants mainly include COVID-19 Jobs Support Scheme (the “**JSS**”), and Wages Credit Scheme (the “**WCS**”).

During the periods ended 30 June 2022 and 2021, the Group received respective grants of S\$Nil and S\$672,779 under JSS which provides wage support to employers to help them retain local employees (Singapore Citizens and Permanent Residents) during the period of economic uncertainty caused by COVID-19 pandemic.

During the periods ended 30 June 2022 and 2021, respective grants of S\$146,456 and S\$110,661 under WCS were received. Under this credit scheme, the Singapore Government provides assistance to Singapore-registered businesses by way of co-funding 15% wage increases for 2021 and 2022, respectively, given to Singapore citizen employees earning a gross monthly wage of S\$5,000 or below.

The remaining balances of grants are incentives received upon fulfilling the conditions for compensation of expenses already incurred or as immediate financial support with no future related costs nor related to any assets.

6. OTHER GAINS

	Six months ended 30 June	
	2022	2021
	S\$	S\$
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	176,643	275,009
(Loss)/gain on disposal of financial assets at fair value through profit or loss	(234,610)	120,734
Gain on lease modification	–	34,279
Changes in fair value of financial assets at fair value through profit or loss	(191,481)	79,233
Reversal of impairment loss on property, plant and equipment	1,690	–
Foreign exchange gain, net	466,920	300,763
	219,162	810,018

7. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2022	2021
	S\$	S\$
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	270,044	536,551
Depreciation of right-of-use assets	341,933	1,034,385
Depreciation of investment property	1,509,637	1,463,163
Workers and staff costs		
– Salaries, wages and other benefits	3,703,560	4,090,994
– Contribution to retirement benefit plans	330,945	359,867
– Foreign worker levy (<i>Note</i>)	811,488	1,355,422
	4,845,993	5,806,283
Gross rental income from investment property	2,857,954	2,169,864
Less: direct operating expenses incurred for investment property that generated rental income during the period	(1,887,239)	(1,875,881)
	970,715	293,983

Note:

During the periods ended 30 June 2022 and 2021, the Singapore government provided employers with monthly levy rebates and full waiver for levies.

8. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (30 June 2021: 17%) on the estimated assessable profits arising from Singapore.

Six months ended 30 June	
2022	2021
S\$	S\$
(Unaudited)	(Unaudited)
Tax expense comprises:	
Current tax – Singapore corporate income tax (“CIT”)	
299,662	38,432

9. DIVIDEND

No dividend was paid or declared by the Company for the six months ended 30 June 2022 and 2021.

10. EARNINGS PER SHARE

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

Six months ended 30 June	
2022	2021
(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company for the purpose of basic earnings per share (S\$)	
1,402,136	737,081
Weighted average number of ordinary shares for the purpose of basic earnings per share	
1,230,000,000	1,230,000,000
Basic and diluted earnings per share (S\$ cents)	
0.11	0.06

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

Diluted earnings per share is the same as the basic earnings per share because the Group had no dilutive securities that are convertible into shares during the periods ended 30 June 2022 and 2021.

11. TRADE RECEIVABLES

	30 June 2022 S\$ (Unaudited)	31 December 2021 S\$ (Audited)
Trade receivables	6,807,602	2,531,865
Less: loss allowance	(1,067,049)	(1,067,049)
	5,740,553	1,464,816

The credit terms to customers are ranging from 3 to 30 days from the invoice date for trade receivables. Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on individual basis. Limits attributed to customers are reviewed once a year.

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

	30 June 2022 S\$ (Unaudited)	31 December 2021 S\$ (Audited)
Not past due	4,423,509	862,358
1 to 30 days	927,526	501,491
31 to 60 days	(194)	100,934
61 to 90 days	88,134	46
91 to 180 days	251,860	179
181 to 365 days	51,625	(533)
>365 days	(1,907)	341
	5,740,553	1,464,816

12. TRADE AND OTHER PAYABLES

	30 June 2022 S\$ (Unaudited)	31 December 2021 S\$ (Audited)
Trade payables	5,822,877	263,732
Accrued operating expenses	1,186,571	2,471,598
Other payables		
Goods and services tax payables	815,905	826,009
Customer deposits received	2,672,918	1,183,971
Others	381,055	241,479
	10,879,326	4,986,789

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

	30 June 2022 S\$ (Unaudited)	31 December 2021 S\$ (Audited)
Within 30 days	5,734,749	153,367
31 days to 90 days	765	22,192
Over 90 days	87,363	88,173
	5,822,877	263,732

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

13. SHARE CAPITAL

	Number of shares	Par value HK\$	Share capital HK\$
<i>Authorised:</i>			
At 1 January 2021 (audited),			
31 December 2021 (audited) and			
30 June 2022 (unaudited)	2,000,000,000	0.01	20,000,000

	Number of shares	Share capital S\$
<i>Issued and fully paid ordinary shares:</i>		
At 1 January 2021 (audited),		
31 December 2021 (audited) and		
30 June 2022 (unaudited)	1,230,000,000	2,142,414

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a Singapore-based service provider and mainly provides manpower outsourcing and ancillary services to building and construction contractors in the Republic of Singapore (“**Singapore**”). To a lesser extent, the Group also provides dormitory services, IT services and construction ancillary services (which comprise warehousing services, cleaning services and building maintenance works) in Singapore and provision of minimally invasive surgery solution products in China. The Group commenced the business of providing manpower outsourcing services in Singapore in 2006.

For the six months ended 30 June 2022 (the “**Period**” or “**1H2022**”) under review, the Group recorded revenue of approximately S\$14.7 million, a significant increase of approximately 52.5% over the previous period while gross profit increased from approximately S\$2.9 million for the corresponding period in 2021 (“**1H2021**”) to approximately S\$5.0 million in 1H2022 as the easing of the restrictions, the pace of work resumption has been slow amid manpower disruption from the workers’ movement control, additional safe management measures at the worksites and other regulations. The revenue increase during the Period is mainly contributed by minimally invasive surgery solution products division which operate in China.

Based on advance estimates from the Ministry of Trade and Industry Singapore released on 14 July 2022, the Singapore economy grew by 4.8% on a year-on-year basis in the second quarter of 2022. The construction sector expanded by 3.8% on a year-on-year basis in the second quarter of 2022. The construction activity picked up during the quarter, supported in part by relaxation of border restrictions on the inflow migrant workers. In absolute terms, the value-added of the sector remained 23.7% below its pre-pandemic level due to continued labour shortages as the inflow of migrant workers would take time to recover.

Against this backdrop, the Group expects operating conditions in the construction sector to remain challenging in 2022.

As announced on 2 March 2021, Jinhai Technology Development (Ningbo) Co., Ltd.,* (今海科技發展(寧波)有限公司) (“**Jinhai Technology**”), a wholly-owned subsidiary of the Company, entered into the articles of association (the “**JV Articles**”) with Mr. Liu Lei (劉鑄先生) and Ms. Yu Haibo (俞海波女士), pursuant to which the parties agreed to establish Shanghai Jinhai Medical Technology Company Limited* (上海今海醫療科技有限公司) (“**Jinhai Medical**”), with registered capital of RMB30,000,000. Considering the expected growing demand for quality medical services, which has been particularly emphasised during the pandemic, the Board considers that the formation of a Jinhai Medical represents an opportunity to allow the Group to tap into the medical solutions industry so as to further expand its customer base and source of revenue. The Board believes that by investing in the new business, not only will potentially enormous commercial value be generated but also more medical solutions markets in other countries and connections can be reached and built in the long run. During the Period, the Group injected additional of share capital of RMB3 million into Jinhai Medical.

The Board will keep shareholders informed of material developments as and when they arise. The paid-up share capital of Jinhai Medical was RMB13 million as at 30 June 2022.

FINANCIAL REVIEW

Revenue

The Group's revenue increased from approximately S\$9.6 million for 1H2021 to approximately S\$14.7 million for 1H2022. The following table sets forth a breakdown of the revenue for 1H2022 and 1H2021 as indicated:

	1H2022 S\$ (Unaudited)	1H2021 S\$ (Unaudited)	Increase/ (Decrease) by S\$
Manpower outsourcing and ancillary services	6,782,648	6,830,862	(48,214)
Dormitory services	2,857,954	2,169,864	688,090
Construction ancillary services	201,134	455,907	(254,773)
IT services	214,350	169,950	44,400
Medical products	4,651,092	19,801	4,631,291
	14,707,178	9,646,384	5,060,794

Revenue from manpower outsourcing and ancillary services remain unchanged from approximately S\$6.8 million in 1H2021 to approximately S\$6.8 million in 1H2022. As the pace of work resumption has been slow since 2022 amid ongoing manpower shortage would take time to recover.

Revenue from dormitory services increased from approximately S\$2.2 million in 1H2021 to approximately S\$2.9 million in 1H2022 mainly due to increase of occupancy rate. The identification of the additional foreign worker dormitory has been delayed. The Board took a cautious approach by scouting for a property that is worth its value and would also withstand any possible downturn in the property market to ensure shareholders' value are adequately protected. The Group hopes it will locate a reasonably priced property over the next 12 months that will suit its business needs, subject to the market conditions.

Revenue from construction ancillary services in 1H2022 decreased by approximately S\$0.3 million as compared to that in 1H2021. This was mainly due to a decrease in sales from warehousing services due to less industrial space rented out.

The increase in revenue from IT services was mainly due to an increase in the number of maintenance and support days required by our sole IT customer during 1H2022.

Revenue from minimally invasive surgery solution products in 1H2022 increased by approximately S\$4.6 million was contributed by the Group's subsidiaries in China. The revenue was the result of business being diversified into China market during the COVID-19 period in order to balance revenue dependency in mainly Singapore market.

Gross profit and gross profit margin

The Group's gross profit increased from approximately S\$2.9 million in 1H2021 to approximately S\$5.0 million in 1H2022, while gross profit margin increased from approximately 29.6% in 1H2021 to approximately 34.2% in 1H2022. This was mainly due to (i) the increase in medical products activities as discussed above, and (ii) a slow recovery of dormitory services.

Other income

Other income decreased from approximately S\$1.0 million in 1H2021 to approximately S\$0.5 million in 1H2022 mainly due to tapering off of government assistance as the economy gradually re-opens.

Administrative expenses

Administrative expenses increased from approximately S\$3.8 million in 1H2021 to approximately S\$4.0 million in 1H2022 mainly due to slow resume of work for the construction industry post COVID-19.

Other gains

Other gains decreased by approximately S\$0.59 million in 1H2022 mainly due to (i) gain on disposal of property, plant and equipment, and (ii) changes in fair value and gain/loss on disposal equity investments, partially offset by a increase in net foreign exchange gain on revaluation of bank balances denominated in Hong Kong dollar ("HK\$"), which appreciated against Singapore dollar ("S\$") in 1H2022.

Income tax expense

Income tax expense increased from S\$38,000 in 1H2021 to S\$0.3 million in 1H2022, mainly due to higher taxable profits recorded during the period.

Profit for the Period

The Group recorded a profit of approximately S\$1.40 million in 1H2022 (1H2021: profit of S\$0.74 million) largely attributed to slow recovery post COVID-19. The Group has implemented a stricter cost management measures and started a new business line in China in order the diversify the business risk.

DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the Period to the shareholders of the Company (the "Shareholders") (1H2021: S\$Nil).

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

Liquidity

The Group generally meets its working capital requirements from its internally generated funds and maintained a healthy financial position. Upon the listing of the Company's shares (the "Shares") on the Main Board of the Stock Exchange on 17 October 2017 (the "Listing Date" and the "Listing" respectively), the source of funds of the Group had been a combination of internally generated funds and net proceeds from the Listing.

Treasury policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy financial position throughout the Period. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Use of proceeds from the Share Offer

The net proceeds from the Listing were approximately HK\$82.6 million (equivalent to approximately S\$14.1 million) (after deducting underwriting fees and Listing expenses). The table below sets out the proposed applications of the net proceeds from the Listing Date to June 2022:

Intended use of Net Proceeds	Original allocation HK\$' million	Revised allocation as at	Revised allocation as at	Utilised amount of Net Proceeds as at	Unutilised amount of Net Proceeds as at	Unutilised amount of Net Proceeds as at	Expected timeline for fully utilising the Unutilised Net Proceeds
		16 October 2020	2 March 2021	30 June 2022	30 June 2022	30 June the date of this Interim Report	
	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	–	46.6	46.6	By the end of June 2024 (Note 4)
For financing the acquisition of 10 additional lorries	5.5	3.7	3.7	1.8	1.9	1.9	By the end of June 2023 (Note 5)
For financing the investment in securities	–	10.0 (Note 1)	10.0	10.0	–	–	N/A
For repayment of 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)	15.5	5.0	5.0	By the end of October 2023 (Note 6)
Total	82.6	80.8	80.8	27.3	53.5	53.5	

Note 1:

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

Note 2:

Pursuant to the October 2020 Announcement, Mr. Chen Guobao, a controlling shareholder and chairman of the Company advanced the Loan to the Company for acquisition (the "**Acquisition**") of Shanghai Yunzhichu Information Technology Company Limited* (上海雲之初資訊科技有限公司). Pursuant to the announcement of the Company dated 12 November 2020, the Acquisition was terminated due to certain preconditions of the Acquisition could be fulfilled, hence, the use of the Net Proceeds for repaying the Loan was delayed.

Note 3:

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

Note 4:

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

Note 5:

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

Note 6:

As stated in the Announcements, the business of Jinhai Medical is at preparatory stage. The Company expects that the capital expenditure as stated in the Announcements shall be incurred gradually within 30 months from April 2021 depending on the status of obtaining the required business certificates and the business conditions of Junhai Medical, As at 30 June 2022, the Company invested RMB13.0 million into Jinhai Medical as part of its share capital.

* For identification purpose only

Cash and cash equivalents

As at 30 June 2022, the Group had cash and cash equivalents of approximately S\$14.3 million, of which approximately 54.3% was denominated in S\$, approximately 31.2% was denominated in RMB and approximately 14.5% was denominated in HK\$ which were placed in major licensed banks in Singapore, China and Hong Kong, respectively. Cash and cash equivalents denominated in United States dollars (“**US\$**”) was immaterial

Borrowings and gearing ratio

As at 30 June 2022, the Group had an aggregate of current and non-current lease liabilities of approximately S\$1.5 million as compared to approximately S\$1.9 million as at 31 December 2021. The decrease was due to repayment of lease liabilities during the Period.

The Group’s gearing ratio as at 30 June 2022 was approximately 5.8% (as at 31 December 2021: approximately 7.4%). Gearing ratio is calculated by dividing total borrowings (comprising lease liabilities) by total equity as at the end of the respective year and multiplied by 100%.

As at 30 June 2022 and 31 December 2021, the Group had unutilised banking facilities of approximately S\$527,639 available for cash drawdown.

Foreign exchange exposure

The Group transacts mainly in S\$, which is the functional currency of all the entities in the Group.

However, the Group retains a large portion of the proceeds from the Share Offer in HK\$ which contributed to an unrealised foreign exchange gain of approximately S\$0.5 million as HK\$ strengthened against S\$ in 1H2022.

Charges on the Group’s assets and contingent liabilities

As at 30 June 2022, certain lease liabilities were secured by the charge over leased assets with an aggregate net book value of approximately S\$0.11 million (as at 31 December 2021: S\$0.22 million).

The Group did not have any material contingent liabilities as at 30 June 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 in the amounts of approximately S\$19,000 and S\$Nil for 1H2022 and 1H2021 respectively.

The Group did not have any capital commitments as at 30 June 2022.

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

There were no material acquisitions and disposal of subsidiaries, associates and joint ventures for 1H2022.

The Group held investments in quoted equity shares at fair value of approximately S\$8.4 million and S\$8.7 million, respectively as at 30 June 2022 and 31 December 2021.

The economic outlook and financial market in Singapore remain uncertain due to the global outbreak of the COVID-19 since early 2020. In view of these uncertainties and the existing market conditions, the Group decided to adopt a more effective approach to manage its internally generated funds to acquire on the open market certain listed securities. The investments in quoted equity securities offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the Period.

Off-balance sheet transactions

As at 30 June 2022, the Group did not enter into any material off-balance sheet transaction.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2022, the Group had approximately 360 employees (as at 31 December 2021: 445), including foreign workers.

The Group determines employee salaries based on employee's qualifications, position and seniority. In order to attract and retain valuable employees, the Group reviews the performance of our employees, which will be taken into account in annual salary review and promotion appraisal. The Group has also adopted a sales incentive scheme, pursuant to which our sales managers are entitled to sales commission based on the number of hours of deployment in respect of any manpower outsourcing contracts obtained by them from customers.

The Group incurred workers and staff costs (including the Directors and chief executive's remuneration, and other staff's salaries, wages and other benefits) of approximately S\$3.7 million and S\$4.1 million for 1H2022 and 1H2021 respectively.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest rate risk

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

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

Foreign currency risk

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

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

Credit risk

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

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

Liquidity risk

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

Fair value risk

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

Equity price risk

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2022, the interests and short positions of the directors (the "**Directors**") and chief executive of Jinhai International Group Holdings Limited (the "**Company**") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance (the "**SFO**")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules, were as follows:

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

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

Note:

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

Save as disclosed above, as at 30 June 2022, so far as was known to the Directors and chief executive of the Company, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2022, so far as was known to the Directors, the following persons and entity, other than the Directors and the chief executive of the Company, had interests or short positions in the shares or underlying shares as recorded in the register of the Company required to be kept under Section 336 of the SFO:

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

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

Note:

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

Save as disclosed above, as at 30 June 2022, so far as was known by or otherwise notified to the Directors, no other persons or entity (other than the Directors or the chief executive of the Company) had interests and short positions in the shares and underlying shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has not adopted any share option scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

- (a) at no time during the Period was the Company, any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors or their respective associates (as defined in the Listing Rules) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate; and
- (b) none of the Directors, or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the Period.

CHANGES IN DIRECTORS' INFORMATION

Changes in information on Directors since the date of the Annual Report 2021 of the Company and up to the date of this interim report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

Mr. Chai Chi Man resigned as independent non-executive Director, member of the audit committee, remuneration committee and nomination committee of the Company with effect from 31 January 2022 while Ms. Yang Meihua was appointed as independent non-executive Director, member of the audit committee, remuneration committee and nomination committee of the Company with effect from 31 January 2022. For the details, please refer to the announcement of the Company dated 31 January 2022.

Mr. Yang Fu Kang resigned as non-executive Director and member of the audit committee of the Company with effect from 29 July 2022. For further details, please refer to the announcement of the Company dated 29 July 2022.

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

SIGNIFICANT EVENTS AFTER THE PERIOD

Save as disclosed in this interim report, the Directors confirm that no significant event that affected the Group has occurred after 30 June 2022 and up to the date of this interim report.

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code as its code of conduct governing Directors' securities transactions. In response to a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Model Code and its code of conduct regarding directors' securities transactions during the Period. The Model Code also applies to other specified senior management of the Group in respect of their dealings in the Company's securities.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the controlling shareholders (as defined under the Listing Rules) of the Company or their respective close associates (as defined under the Listing Rules) had interests in any business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person had or might have with the Group during the Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Period, the Company has applied the principles and adopted all code provisions, where applicable, of the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the "**CG Code**") as its own code of corporate governance.

The Company has complied with all applicable code provisions as set out in the CG Code during the Period.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited interim results for the Period including the interim report and discussed with the management of the Company and is of the view that such financial information and report have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made with no disagreement by the audit committee of the Company.

On behalf of the Board
Jinhai International Group Holdings Limited
Chen Guobao

Chairman of the Board and Executive Director

Hong Kong, 30 August 2022