THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **Jinhai Medical Technology Limited** (the "**Company**"), you should at once hand this circular to the purchaser or to the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

(Incorporated in the Cayman Islands with members' limited liability)

(Stock Code: 2225)

MAJOR TRANSACTIONS:
(1) ACQUISITION OF NEYTHAL PROPERTY
AND
(2) ACQUISITION OF THE ENTIRE INTEREST OF THE TARGET COMPANY

A letter from the Board is set out on pages 4 to 14 of this circular.

This circular is being despatched to the Shareholders for information only.

24 June 2024

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Board"	the board of Directors
"Company"	Jinhai Medical Technology Limited (今海醫療科技股份有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries for the time being
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	any entity(ies) or person(s) which or who is/are not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
"JTC"	JTC Corporation (JTC), formerly known as the Jurong Town Corporation, is a statutory board under Singapore's Ministry of Trade and Industry that champions sustainable industrial development
"Kian Teck Property"	the property located at 10 Kian Teck Crescent, Singapore 628876 with a floor area of approximately 4,389 square metres and a land area of approximately 3,051 square metres
"Latest Practicable Date"	20 June 2024, being the latest practicable date prior to the publication of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Neythal Property"	5 Neythal Road Singapore 628572
"Nichefield"	Nichefield Pte. Ltd., a company incorporated in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company

"PRC"	The People's Republic of China
"Property Acquisition"	the acquisition by the Purchaser of the Neythal Property subject to and upon the terms and conditions of the Property Purchase Agreement
"Property Acquisition Completion"	completion of the Property Acquisition pursuant to the Property Purchase Agreement
"Property Purchase Agreement"	the agreement titled "Option to Purchase" dated 17 May 2023 and entered into between the Property Vendor and the Property Purchaser for the purchase of the Neythal Property
"Property Purchaser"	KT&T Engineers and Constructors Pte. Ltd., a company incorporated in Singapore with limited liability and an indirect wholly owned subsidiary of the Company
"Property Vendor"	Eng Lee Engineering Pte Ltd, a company incorporated in Singapore, which was under liquidation
"Relevant Period"	the financial years ended 31 December 2021, 2022 and 2023, being the three preceding financial years preceding the Property Acquisition and the Share Acquisition
"Share Acquisition"	the acquisition of the Target Shares by Nichefield from the Share Vendors pursuant to the Share Transfer Agreement
"Share Acquisition Completion"	completion of the Share Acquisition in accordance with the terms and conditions of the Share Transfer Agreement
"Share Acquisition Completion Date"	30 November 2023
"Share Acquisition Consideration"	the consideration in respect of the Share Acquisition, with further details being set out in the paragraph headed "The Share Acquisition – The Share Transfer Agreement – Share Acquisition Consideration" in this circular
"Share Transfer Agreement"	the share transfer agreement entered into among Nichefield and the Share Vendors on 20 October 2023 in relation to the Share Acquisition

"Share Vendor A"	Hup Chung Tentage System Pte. Ltd., a company incorporated in Singapore with limited liability and an Independent Third Party
"Share Vendor B"	PSP Solutions Engineering Pte. Ltd., a company incorporated in Singapore with limited liability and an Independent Third Party
"Share Vendor C"	Cheng Fong Enterprises (S) Pte. Ltd., a company incorporated in Singapore with limited liability and an Independent Third Party
"Share Vendors"	collectively, Share Vendor A, Share Vendor B and Share Vendor C
"Shareholders"	shareholders of the Company
"Singapore"	the Republic of Singapore
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"S$"	Singapore dollars, the lawful currency of Singapore
"Target Company"	Neuhaus Engineering Pte. Ltd., a company incorporated in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this circular
"Target Shares"	means 2,490,000 ordinary shares of the Target Company, representing 100% of its entire issued share capital
"%"	per cent.

For the purpose of this circular, translations of HKD into S$ or vice versa have been calculated by using an exchange rate of HKD1 equal to S$0.1720.

Such exchange rates have been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

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

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

Non-executive Directors:
Mr. Wang Huasheng
Mr. Yu Mingyang

Independent non-executive Directors:
Mr. Yan Jianjun
Mr. Fan Yimin
Ms. Yang Meihua

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

Head office and principal place of business in Singapore:
31 Sungei Kadut Avenue
Singapore 729660

Head office and principal place of business in Hong Kong:
Room 2503, Cosco Tower
183 Queen's Road Central
Sheung Wan, Hong Kong

24 June 2024

To the Shareholders:

Dear Sir or Madam,

MAJOR TRANSACTIONS:
(1) ACQUISITION OF NEYTHAL PROPERTY
AND
(2) ACQUISITION OF THE ENTIRE INTEREST OF THE TARGET COMPANY

INTRODUCTION

Reference is made to the announcements of the Company dated 9 April 2024.

(1) Acquisition of Neythal Property

On 17 May 2023, the Property Purchaser, a wholly owned subsidiary of the Company, entered into the Property Purchase Agreement with the Property Vendor in relation to the acquisition of the Neythal Property by the Property Purchaser for an aggregate consideration of S$10,180,000 (equivalent to approximately HK$59,172,411) (excluding the goods and services tax payable).

(2) Acquisition of the entire interest of the Target Company

On 20 October 2023, Nichefield (as share purchaser) and the Share Vendors (as share vendors) entered into the Share Transfer Agreement, pursuant to which Share Vendor A, Share Vendor B and Share Vendor C conditionally agreed to sell 40%, 35% and 25% of their respective interests in the Target Company (in aggregate representing the entire issued shares of the Target Company), and Nichefield conditionally agreed to acquire 100% interests of the Target Company.

The purpose of this circular is to provide you with, among other things, further details of the Property Acquisition and the Share Acquisition and other information required under the Listing Rules.

THE PROPERTY ACQUISITION

The Property Purchase Agreement

The principal terms of the Property Purchase Agreement are summarised as follows:

Date: 17 May 2023

Parties:
(1) Eng Lee Engineering Pte Ltd (the "**Property Vendor**")
(2) KT&T Engineers and Constructors Pte. Ltd., an indirect wholly-owned subsidiary of the Company (the "**Property Purchaser**")

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Property Vendor and its liquidators and their respective ultimate beneficial owner(s) are an Independent Third Party.

Asset acquired

Pursuant to the Property Purchase Agreement, the Property Purchaser has conditionally agreed to acquire and the Property Vendor has conditionally agreed to sell the Property.

The Neythal Property is located at 5 Neythal Road Singapore 628572, which was approved to be used for "construction of building and engineering parts and related marine engineering works only", with a total gross area of approximately 8,624.8 square metre.

The Property was sold on an "as is, where is" basis.

Consideration and Payment Terms

The total consideration for the Property Acquisition is S$10,180,000 (equivalent to approximately HK$59,172,411) (excluding the goods and services tax payable), which was satisfied by the Property Purchaser in the following manner:

(a) a sum of S$1,018,000 (the "**Deposit**") was paid to Property Vendor's solicitor as stakeholder within 2 weeks from the date of signing of the Property Purchase Agreement;

(b) the remaining balance of S$9,162,000 was paid by the Property Purchaser to Property Vendor's solicitor as stakeholder on Property Acquisition Completion.

The consideration was determined after arm's length negotiations between the parties to the Property Purchase Agreement with reference to the property market information of the property of similar nature in Singapore when the Property Purchase Agreement was entered into. The Directors (including the independent non-executive Directors) considered the consideration of the Property Acquisition were fair and reasonable and on normal commercial terms and were in the interests of the Company and the Shareholders as a whole.

Ravia Global Appraisal Advisory Limited, an independent valuer, has been appointed to provide an valuation on, amongst others, the Neythal Property as at 30 April 2024, the texts of which are set out in Appendix IV to this circular. For further details, please refer to Appendix IV to this circular.

Conditions Precedent

Property Acquisition Completion is conditional upon the following conditions being fulfilled by the Property Purchaser, amongst other, the obtaining of the written consent and/or approval from JTC Corporation (the "**JTC**") to the sale and purchase of the Neythal Property and all clearances from the relevant authorities required by the Property Purchaser to complete the sale and purchase of the Neythal Property and to such terms and conditions as JTC and such relevant authorities may impose from time to time in their absolute discretion.

If the JTC rejects the Property Purchaser's application to purchase the Neythal Property or fails to respond and does not grant the approval by the date falling twelve weeks from the date of the Property Purchase Agreement, the Property Vendor shall be entitled as follows:

(i) to treat the Property Purchase Agreement as null and void and of no further effect whatsoever in which event the Property Vendor shall refund the Deposit to the Property Purchaser without interest and thereafter neither party shall have any claim or demand against the other party, except in respect of any antecedent breach; and

(ii) the Property Vendor may in its absolute discretion (but shall not be obliged to) make an appeal against the JTC's non-approval continue to engage JTC to obtain the approval.

Property Acquisition Completion

Property Acquisition Completion took place on 31 January 2024.

INFORMATION ON THE NEYTHAL PROPERTY

The Neythal Property is located at 5 Neythal Road Singapore 628572, which was approved to be used for "construction of building and engineering parts and related marine engineering works only", with a total gross area of approximately 8,624.8 square metre.

INFORMATION OF THE PARTIES

The Property Purchaser is a company incorporated in Singapore with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in providing integrated manpower, logistics, and accommodation needs for the building and construction industry in Singapore.

The Group is principally engaged in the provision of manpower outsourcing and ancillary services, provision of dormitory services, and provision of IT services and construction ancillary services for the building and construction industry and provision of minimally invasive surgery solution and medical products and related services. The Group also generated revenue from sales of medical equipment in China.

The Property Vendor is a company incorporated in Singapore with limited liability. As at the date of the Property Purchase Agreement, the Property Vendor, by way of a creditor's voluntary winding up, has entered into liquidation. Based on publicly available information, the Property Vendor was owned as to 12.8% by Topmost Engineering Pte Ltd, 6.9% by L.K. Foo Optical Pte Ltd, 60.3% by Looi Bock Heay, 9.9% by Loo Teow Kim and 10% by Choo Kim Hiong before its liquidation. As at the date of the announcement of the Company dated 9 April 2024 in relation to, amongst others, the Property Acquisition (the "**PA Announcement**"), the shareholdings of the Topmost Engineering Pte Ltd were as follows: 8.00% held by Tan Lee Keen, 30.67% each held by Foo Jong Kan, Foo Yung Kuan and Foo Yung Fun, respectively. As at the date of the PA Announcement, the shareholdings of the L.K. Foo Optical Pte Ltd were as follows: 50% held by Foo Jong Kan and 50% held by Ng Lew King. The liquidators are Yessica Budiman and Abuthahir Abdul Gafoor, who respectively hold the positions of director and executive director at AAG Corporate Advisory Pte Ltd. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Property Vendor and its liquidators are an Independent Third Party.

REASONS FOR THE PROPERTY ACQUISITION

The Neythal Property to be acquired will be used as for the Group's business operation for the expansion of business of the Group.

In view of the above, the Directors were of the view that the terms of the Property Purchase Agreement (including the consideration) were fair and reasonable and the entering into of the Property Purchase Agreement was in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE PROPERTY ACQUISITION

After completion of the Property Acquisition of the Neythal Property, provision of dormitory services and rental income of the Neythal Property will become revenue of the Group and it is expected that the Group will record additional income on acquiring the Neythal Property. In addition, the Group expects that there will be an increase in the annual depreciation expenses relating to the Neythal Property.

After completion of the Property Acquisition, the Neythal Property will be recognized as investment properties of the Group.

Please refer to Appendix IVA to this circular regarding the unaudited pro forma financial information of the Group for illustration of financial effect of the Property Acquisition.

The Property Acquisition has been fully financed by internal resources. Accordingly, there will not be any changes in the total assets and liabilities of the Group.

THE SHARE ACQUISITION

The Share Transfer Agreement

The principal terms of the Share Transfer Agreement are summarised as follows:

Date:	20 October 2023		
Parties:	1.	Purchaser:	Nichefield Pte. Ltd. (an indirect wholly-owned subsidiary of the Company)
	2.	Vendors:	Hup Chung Tentage System Pte. Ltd. PSP Solutions Engineering Pte. Ltd. Cheng Fong Enterprises (S) Pte. Ltd.
	3.	Target Company:	Neuhaus Engineering Pte. Ltd.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Share Vendors (and their respective ultimate beneficial owners) and the Target Company is an Independent Third Party.

The Share Acquisition

Pursuant to the Share Transfer Agreement, Nichefield conditionally agreed to acquire, and the Share Vendors conditionally agreed to sell, collectively the entire issued share capital of the Target Company.

The table below sets out the number of shares and shareholding of the Target Company (i) prior to the Share Acquisition Completion; and (ii) immediately following the Share Acquisition Completion:

	Prior to the Share Acquisition Completion		**Immediately following the Share Acquisition Completion**	
	Number of shares	*Shareholding (%)*	*Number of shares*	*Shareholding (%)*
Share Vendor A	996,000	40	–	–
Share Vendor B	871,500	35	–	–
Share Vendor C	622,500	25	–	–
Nichefield	–	–	2,490,000	100
Total	**2,490,000**	**100**	**2,490,000**	**100**

Upon Share Acquisition 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.

Share Acquisition Consideration

Pursuant to the Share Transfer Agreement, the original consideration for the Share Acquisition was S$11,880,000, which was intended to be settled in the following manner:

(a) S$356,400, being 3% of the Share Acquisition Consideration, shall be payable by Nichefield to the Share Vendors' solicitors as an exclusivity fee on the date of signing the memorandum of understanding dated 27 March 2023 (the "**Deposit**"); and

(b) S$11,523,600, being the 97% balance of the Share Acquisition Consideration, shall be payable by Nichefield on the Share Acquisition Completion Date.

The above assumed that the Kian Teck Property was free from encumbrance when Share Acquisition Completion took place. Prior to Share Acquisition Completion, Nichefield and the Share Vendors further agreed that, instead of Share Vendors settling the mortgage of the Kian Teck Property out of their own funds on Share Acquisition Completion, Nichefield would refinance the outstanding mortgage itself. Hence, the final consideration of the Acquisition was adjusted downward to S$6,911,000, after taking into account of, amongst others, the outstanding amount of mortgage of the Kian Teck Property.

Ravia Global Appraisal Advisory Limited, an independent valuer, has been appointed to provide a valuation on, amongst others, the Kian Teck Property as at 30 April 2024, the texts of which are set out in Appendix V to this circular. For further details, please refer to Appendix V to this circular.

The Share Acquisition Consideration was settled by way the Group's internal resources and banking facilities. As of the Share Acquisition Completion Date, the Share Acquisition Consideration has been fully settled.

Basis of determination of the Share Acquisition Consideration

The Share Acquisition Consideration was determined after arm's length negotiation between Nichefield and the Share Vendors with reference to, among others, (i) the appraised value of the Kian Teck Property as at 1 November 2023 of approximately S$12,000,000, as assessed by an independent valuer using direct comparison approach as the primary method of valuation after taking into account the Excluded Assets and Liabilities (as defined below); and (ii) the benefits of the Share Acquisition brought about to the Group upon Share Acquisition Completion as set out in the paragraph headed "Reasons for and Benefits of the Share Acquisition" below in this circular.

Excluded Assets and Liabilities

It was agreed by the parties that the following assets and liabilities of the Target Company as set out in the Share Transfer Agreement (the "**Excluded Assets and Liabilities**") will be excluded from the Share Acquisition before Share Acquisition Completion:

(1) The receivables and pay-outs and outstanding receivables and pay-outs;

(2) Any amount recoverable by the Vendors in respect of taxable paid or payable in connection with matters or event occurring on or before the Share Acquisition Completion; and

(3) To the extent not covered under the statement on "Cash Equivalents & Sundry Deposit" as at Share Acquisition Completion and the Target Company's statement of account at Share Acquisition Completion Date, the amount of cash on hand or at the bank of the Target Company as of Share Acquisition Completion Date.

Post-Completion Payment by the Share Vendors

The Share Vendors acknowledged that there had been delays of the Share Acquisition since the Deposit was first paid by Nichefield pursuant to the memorandum of understanding entered into between Nichefield and the Share Vendors on 27 March 2023. To abridge Share Acquisition Completion of the sale and purchase of the Target Shares caused by the delays, the Share Vendors offered a lump sum of S$220,000 to Nichefield provided that the Share Acquisition Completion of the sale and purchase of the Target Shares took place on the date of Share Acquisition Completion no later than 30 November 2023. On 4 December 2023, Nichefield received the lump sum of S$220,000 from the Share Vendor.

Conditions Precedent

Completion of the sale and purchase of the Target Shares was subject to and conditional upon -

(a) The Target Company has been granted by JTC for a further term of 19 years leasehold tenure for the Kian Teck Property with effect from 1 June 2023 and expiring on 31 May 2042 ("**Further Lease**");

(b) The Target Company has procured Grant of Written Permission (Temporary) dated 18 September 2023 for the continued use of certain parts of the Kian Teck Property for a period of 5 years commencing from 22 May 2023 and expiring 22 May 2028; and

(c) Nichefield shall have satisfactorily obtained approval for the Target Company to finance or refinance the Kian Teck Property on completion of the sale and purchase of the Target Shares.

The above conditions precedent were fulfilled.

Share Acquisition Completion

Share Acquisition Completion took place on 30 November 2023.

Please refer to Appendix IVB to this circular regarding the unaudited pro forma financial information of the Group for illustration of financial effect of the Share Acquistion.

INFORMATION ON THE TARGET COMPANY AND THE KIAN TECK PROPERTY

The Target Company is a company incorporated in Singapore and its principal activities are engineering design, consultancy activities and accommodation for foreign workers dormitory provider.

The Target Company has term of 19 years leasehold tenure for the Kian Teck Property granted by JTC. As at the Latest Practicable Date, the Kian Teck Property is a 3-storey factory detached factory with dormitory known as 10 Kian Teck Crescent, Singapore 628876 with a floor area of approximately 4,389 square metres and a land area of approximately 3,051 square metres. Set out below is the financial information of the Target Company for the financial years ended 31 December 2021 and 2022:

	For the year ended 31 December	
	2022	**2021**
	S$	*S$*
	(Audited)	(Audited)
Profit/(Loss) before tax	340,812	(48,044)
Profit/(Loss) for the year	231,742	(89,882)

The audited net asset of the Target Company as at 31 December 2022 and the unaudited net asset of the Target Company as at 30 November 2023 was approximately S$1,963,307 and S$2,000,751 respectively.

Ravia Global Appraisal Advisory Limited, an independent valuer, has been appointed to provide an valuation on, amongst others, the Kian Teck Property as at 30 April 2024, the texts of which are set out in Appendix IV to this circular. For further details, please refer to Appendix IV to this circular.

INFORMATION OF THE PARTIES TO THE SHARE ACQUISITION

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

Nichefield is a company established in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company. Nichefield is principally engaged in the business of lodging and boarding houses, dormitory operator, business management and consultancy services.

Each of the Share Vendors is a company incorporated in Singapore with limited liability and the legal and beneficial owner of the Target Shares respectively prior to the Share Acquisition. Based on publicly available information, Share Vendor A was owned as to 30% by Neo Mui Eng, 30% by Jin Jieli, 20% by Lim Suat Yee (Lin Xueyi) and 20% by Lim Jieming as at the date of the announcement of the Company dated 9 April 2024 in relation to, amongst others, the Share Acquisition (the "**SA Announcement**"). Share Vendor B was owned as to 85% by Ooi Swee Khoon and 15% by Ang Bang Yao as at the date of the SA Announcement. Share Vendor C was owned as to 45% by Ang Keng Been, 45% by Ang Bang Yao and 10% by Ang

Teng Hai as at the date of the SA Announcement. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Share Vendors (and its respective ultimate beneficial owners) is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE SHARE ACQUISITION

Nichefield has a leased property in Woodland Lodge, Singapore which the term of lease will be expiring in April 2024, is mainly for use for its principal business of hostels and dormitories for students, workers and other individuals. As the lease of the current location is expiring, it is the Group's intention to replace the current location with the Kian Teck Property in order to continue carrying out Nichefield's principal business.

The Kian Teck Property is a 3-storey factory detached factory with dormitory known as 10 Kian Teck Crescent, Singapore 628876 with a total gross floor area of approximately 4,389 square metres. It is approved for use as production for metal works and dormitory for 300 workers. The Directors are of the view that the Share Acquisition would enable Nichefield to continue its principal business of hostels and dormitories for students, workers and other individuals at the Kian Teck Property without being delayed by the expiration of the current lease in Woodland Lodge, Singapore.

Therefore, the Directors (including the independent non-executive Directors) were of the view that the Share Transfer Agreement was entered into after arm's length negotiations and the terms are on normal commercial terms, the terms of the Share Transfer Agreement were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Property Acquisition exceeded 25% but were less than 100%, the Property Acquisition constituted a major transaction of the Company under Chapter 14 of the Listing Rules and were subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company had omitted to comply with the above requirements and failed to obtain shareholders' approval when the same was conducted in May 2023.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Share Acquisition exceeded 25% but are less than 100%, the Share Acquisition constituted a major transaction of the Company under Chapter 14 of the Listing Rules and were subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company had omitted to comply with the above requirements and failed to obtain shareholders' approval when the Share Transfer Agreement was entered into in October 2023.

As no Shareholder had a material interest in the Property Acquisition and the Share Acquisition, none of the Shareholders was required to abstain from voting if the Company were to convene a general meeting for the approval of the Property Acquisition and the Share Acquisition.

The Company understands that it should have informed the Stock Exchange and published an announcement as soon as possible in accordance with Rule 14.34 of the Listing Rules as and when the obligations in relation to the Property Acquisition and the Share Acquisition arose. The Company deeply regrets its delay in compliance with the Listing Rules but would like to stress that Company's failure to make timely disclosure of the Property Acquisition and the Share Acquisition was unintentional and inadvertent.

REMEDIAL MEASURES

Regrettably, the Company failed to comply with the Listing Rules requirements due to its oversight. To prevent the occurrence of similar non-compliance incident in the future, the Company will implement the following measures:

1. its internal control policy and system on notifiable transaction will be further enhanced to strengthen its supervision on compliance with Chapter 14 of the Listing Rules, in particular in relation to the calculation of applicable percentage ratios at the time of each transaction;

2. an internal training session will be conducted as soon as practicable to explain the relevant Listing Rules requirements for notifiable transactions, and to emphasize the importance of working out accurately the size tests of each transaction prior to its execution;

3. it is in the process of hiring a staff with professional qualification to oversee the transactions and the calculation of the relevant size tests in the future; and

4. it will seek external legal and other professional advice as to any transaction which proposes to enter into in the future, in particular to those relating to property and share acquisitions.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By Order of the Board
Jinhai Medical Technology Limited
Chen Guobao
Chairman of the Board and Executive Director

1. FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (https://www.jin-hai.com.hk/):

- annual report of the Company for the year ended 31 December 2023 published on 26 April 2024:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042600041.pdf

- annual report of the Company for the year ended 31 December 2022 published on 28 April 2023:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042800657.pdf

- annual report of the Company for the year ended 31 December 2021 published on 29 April 2022:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042900416.pdf

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

As at the close of business of 30 April 2024, being the latest practicable date for the purpose of determining the indebtedness of the Group prior to the printing of this circular, the details of the Group's indebtedness were as follows:

Bank borrowings

At the close of business on 30 April 2024, the Group had bank borrowings of S$7,518,000. 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.

Lease Liabilities

At the close of business on 30 April 2024, the Group had lease liabilities of approximately S$3,795,000. All of the lease liabilities were unsecured.

Contingent Liabilities

As at 30 April 2024, the Group had no material contingent liabilities.

Save as aforesaid or otherwise mentioned herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, the Group did not have any other outstanding borrowings, mortgages, charges, debentures, loan capital and overdraft, debt securities or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptances or acceptance credits or any guarantees or other contingent liabilities at the close of business on 30 April 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this circular.

3. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated accounts of the Company were made up.

4. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, in the absence of unforeseeable circumstances, after due and careful enquiry, and after taking into account the existing internal financial resources of the Group, and the working capital available to the Group is sufficient for its requirements for at least twelve months from the date of publication of this circular.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in the provision of manpower outsourcing and ancillary services, provision of dormitory services, and provision of IT services and construction ancillary services for the building and construction industry and provision of minimally invasive surgery solution and medical products and related services. The Group also generated revenue from sales of medical equipment in China.

In line with the Group's long-term objectives in maintaining sustainable growth and creating Shareholder values, the Group will continue to deploy its capital to optimise its returns. To this end, the Group will continue to strengthen its development by boarding the product lines and advancing the research and development capabilities.

The Property Acquisition will diversify the Group's source of income, alleviate capacity constraints and reduce exposure to market volatility, which in turn, allow the Group to deliver cost efficiency in the long-run.

The Group expects that the Share Acquisition of the Target Company would provide further room for the Group's development in its business, thereby enabling better and more stable provision of services and, in return, revenue of the Group.

The Directors are of the opinion that the Group is in a healthy financial position, allowing it to readily capture potential opportunities with long-term value potentials which may arise in the future.

The following is the text of a report received from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.

中汇 ZHONGHUI

24 June 2024

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JINHAI MEDICAL TECHNOLOGY LIMITED

Introduction

We report on the historical financial information of Neuhaus Engineering Pte. Ltd. (the "**Target Company**") set out on pages II-5 to II-41, which comprises the statements of financial position of the Target Company as at 31 December 2020, 2021 and 2022 and 30 June 2023, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the three years ended 31 December 2020, 2021 and 2022 and six months ended 30 June 2023 (the "**Relevant Periods**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the circular of the Company dated 24 June 2024 in connection with the proposed acquisition of the entire equity interest in the Target Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical 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, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2020, 2021 and 2022 and 30 June 2023 and of the Target Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the Historical Financial Information which mentions as at 30 June 2023, the Target Company had net current liabilities of S$5,639,000. These conditions indicate a material uncertainty which may cast significant doubt on the Target Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Company which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2022 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Target Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Yeung Hong Chun
Audit Engagement Director
Practising Certificate Number P07374
Hong Kong, 24 June 2024

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

Neuhaus Engineering Pte. Ltd. (the "**Target Company**") was incorporated on 19 May 2016 in Singapore with limited liability and engaged in provision of engineering design and consultancy activities and accommodation for foreign workers dormitory provider.

The Target Company has adopted 31 December as the financial year end date.

The statutory financial statements of the Target Company for the each of the three years ended 31 December 2022 have been prepared in accordance with the provisions of the Companies Act, 1967 (the Act) and Financial Reporting Standards in Singapore issued by the Accounting Standards Committee and were audited by the STRAITS ASSURANCE PAC for the two years ended 31 December 2021 and SLANG BEE HUAT & COMPANY for the year ended 31 December 2022 registered in Singapore in accordance with Singapore Standards on Auditing issued by the Institute of Singapore Chartered Accountants.

The directors of the Target Company have prepared the financial statements of the Target Company for the Relevant Periods in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (the "**Underlying Financial Statements**"). We have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Singapore Dollar ("**S$**") and all values are rounded to the nearest thousand (S$'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
		2020	**2021**	**2022**	**2022**	**2023**
	Notes	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
					(unaudited)	
Revenue	*8*	1,200	884	1,636	777	962
Other income	*9*	63	63	2	2	–
Depreciation of investment properties		(401)	(401)	(401)	(200)	(200)
Depreciation of property, plant and equipment		(3)	(6)	(5)	(3)	(3)
Depreciation of right of use assets		(61)	(61)	(61)	(30)	(29)
Staff costs		(16)	–	(20)	(6)	(14)
Other operating expenses		(626)	(429)	(718)	(270)	(596)
Profit from operations		156	50	433	270	120
Finance costs	*11*	(179)	(98)	(93)	(36)	(42)
(Loss)/profit before tax		(23)	(48)	340	234	78
Income tax expenses	*12*	(46)	(42)	(109)	(40)	(13)
(Loss)/profit and total comprehensive (expenses)/income for the years/periods	*13*	(69)	(90)	231	194	65

STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 December 2020 S$'000	2021 S$'000	2022 S$'000	At 30 June 2023 S$'000
ASSETS					
Non-current assets					
Property, plant and equipment	*14*	1	22	17	14
Right-of-use assets	*15*	147	86	25	864
Investment properties	*16*	8,586	8,185	7,784	7,584
		8,734	8,293	7,826	8,462
Current assets					
Trade receivables	*17*	214	138	258	208
Other receivables, deposits and prepayments	*18*	27	44	105	215
Bank and cash balances		80	45	53	35
		321	227	416	458
TOTAL ASSETS		9,055	8,520	8,242	8,920
EQUITY AND LIABILITIES					
Equity					
Share capital	*24*	100	2,490	2,490	2,490
Reserves		(668)	(758)	(527)	(462)
Total equity		(568)	1,732	1,963	2,028
Liabilities					
Non-current liabilities					
Lease liabilities	*21*	95	28	–	795
		95	28	–	795
Current liabilities					
Trade and other payables	*19*	392	426	505	562
Bank borrowings	*20*	6,295	5,752	5,200	4,924
Lease liabilities	*21*	63	66	28	71
Amount due to directors	*22*	340	340	340	353
Amount due to shareholders	*23*	2,390	88	88	56
Current tax liabilities		48	88	118	131
		9,528	6,760	6,279	6,097
Total liabilities		9,623	6,788	6,279	6,892
Net current liabilities		(9,207)	(6,533)	(5,863)	(5,639)
NET (LIABILITIES)/ASSETS		(568)	1,732	1,963	2,028
TOTAL EQUITY AND LIABILITIES		9,055	8,520	8,242	8,920

STATEMENTS OF CHANGES IN EQUITY

	Share capital	(Accumulated losses)/ Retained earnings	Total
	S$'000	*S$'000*	*S$'000*
At 1 January 2020	100	(599)	(499)
Loss and total comprehensive expenses for the year	–	(69)	(69)
At 31 December 2020 and 1 January 2021	100	(668)	(568)
Issuance of shares	2,390	–	2,390
Loss and total comprehensive expenses for the year	–	(90)	(90)
At 31 December 2021 and 1 January 2022	2,490	(758)	1,732
Profit and total comprehensive income for the year	–	231	231
At 31 December 2022 and 1 January 2023	2,490	(527)	1,963
Profit and total comprehensive income for the period	–	65	65
At 30 June 2023	2,490	(462)	2,028
At 1 January 2022	2,490	(758)	1,732
Profit and total comprehensive income for the period (unaudited)	–	194	194
At 30 June 2022 (unaudited)	2,490	(564)	1,926

STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six months ended 30 June	
		2020	2021	2022	2022	2023
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Cash flows from operating activities						
(Loss)/profit before tax		(23)	(48)	340	234	78
Adjustments for:						
Finance costs		179	98	93	36	42
Depreciation of investment property		401	401	401	200	200
Depreciation of property, plant and equipment		3	6	5	3	3
Depreciation of right of use assets		61	61	61	30	29
Loss allowance provision for trade receivables		–	–	51	–	–
Operating profit before working capital changes		621	518	951	503	352
Change in trade receivables		187	76	(171)	(83)	50
Change in other receivables, deposits and prepayments		(19)	(17)	(61)	–	(110)
Change in trade and other payables		(151)	34	79	(19)	57
Cash generated from operations		638	611	798	401	349
Income tax paid		(6)	(2)	(79)	–	–
NET CASH GENERATED FROM OPERATING ACTIVITIES		632	609	719	401	349
Cash flows from investing activities						
Purchases of property, plant and equipment		(1)	(27)	–	–	–
NET CASH USED IN INVESTING ACTIVITIES		(1)	(27)	–	–	–
Cash flows from financing activities	*25*					
Repayment of secured borrowings		(233)	(543)	(552)	(276)	(276)
Repayment to directors		–	–	–	–	13
(Repayment to)/advance from shareholders		(100)	88	–	–	(32)
Repayment of lease liabilities		(61)	(64)	(66)	(32)	(30)
Interest paid		(179)	(98)	(93)	(36)	(42)
NET CASH USED IN FINANCING ACTIVITIES		(573)	(617)	(711)	(344)	(367)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		58	(35)	8	57	(18)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		22	80	45	45	53
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		80	45	53	102	35
ANALYSIS OF CASH AND CASH EQUIVALENTS						
Bank and cash balances		80	45	53	102	35

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target Company is an exempt private limited liability company is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is 10 Kian Teck Crescent Singapore 628876.

The principal activities of the Target Company are those of engineering design and consultancy activities and accommodation for foreign workers dormitory provider.

2. GOING CONCERN BASIS

As at 30 June 2023, the Target Company had net current liabilities of S$5,639,000. These conditions indicate a material uncertainty which may cast significant doubt on the Target Company's ability to continue as a going concern.

The Historical Financial Information has been prepared on a going concern basis. In preparing the Historical Financial Information, the directors of the Target Company have reviewed the Target Company's financial and liquidity position, and taken into consideration the following factors:

- for the bank borrowings, it was reclassified all the amount as current liabilities due to it contains a repayment on demand clause. Based on the scheduled repayment dates set out in the loan agreements, the amount of S$552,000 are repayable in forthcoming year. The bank borrowings have been repaid on time in the past, the directors of the Target Company believe that the bank will not exercise its rights to demand repayment within the next twelve months after the reporting period;
- for the amount due to directors and shareholders, the directors and shareholders agreed not to demand for repayment of the relevant amounts in forthcoming year;
- cost control measures; and
- possible additional external funding.

The directors of the Target Company believe that, taking into account the above factors, the Target Company will be able to meet in full its financial obligations as and when they fall due for the foreseeable future, and accordingly, have prepared the Historical Financial Information on a going concern basis.

3. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies set out in Note 4 below which conform with International Financial Reporting Standards (the "**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

4. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Target Company had adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting period beginning on 1 January 2023. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations.

The Target Company has not applied the new and revised IFRSs that have been issued but are not yet effective. The Target Company 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 the results of operations and financial position of the Target Company.

5. MATERIAL ACCOUNTING POLICIES

The Historical Financial Information has been prepared under the historical cost convention. The Historical Financial Information is presented in Singapore dollars ("**S$**") which is the Target Company's functional and presentation currency and all figures are rounded to the nearest thousand (S$'000) except when otherwise indicated.

The preparation of the Historical Financial Information in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the director 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 Historical Financial Information, are disclosed in note 6 to the Historical Financial Information.

The material accounting policies applied in the preparation of these Historical Financial Information are set out below.

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 Target Company 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 property, plant and 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 annual rates are as follows:

Air conditioner	3 years
Equipments	3 years
Furniture and fixtures	5 years
Renovation	5 years

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

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 Target Company as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Target Company. 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	6-20 years

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 Target Company 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.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Company 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 Target Company transfers substantially all the risks and rewards of ownership of the assets; or the Target Company 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.

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 Target Company are classified as financial assets at amortised cost.

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.

Loss allowances for expected credit losses

The Target Company 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 Target Company 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.

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 Target Company 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 statements 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 Target Company'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 Target Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially 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 Target Company 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.

Equity instruments

Equity instruments issued by the Target 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 Target Company 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 Target Company's performance;

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

– the Target Company's performance does not create an asset with an alternative use to the Target Company and the Target Company 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.

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

The central pension scheme is responsible for the entire pension obligations payable to all retired employees and the Target Company has no further obligations for the pension payments on postretirement benefits beyond the monthly contributions.

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 Target Company 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 Target Company 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 Target Company'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 Historical Financial Information 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 the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Target Company 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 Target Company 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 Target Company intends to settle its current tax assets and liabilities on a net basis.

Related parties

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

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

(i) has control or joint control over the Target Company;

(ii) has significant influence over the Target Company; or

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

(B) An entity is related to the Target Company if any of the following conditions applies:

(i) The entity and the Target 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 Target Company or an entity related to the Target Company. If the Target Company is itself such a plan, the sponsoring employers are also related to the Target Company.

(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 Target Company or to a parent of the Target Company.

Impairment of assets

At the end of each reporting period, the Target Company reviews the carrying amounts of its tangible assets except 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 Target Company 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 Target Company 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.

Events after the reporting period

Events after the reporting period that provide additional information about the Target Company'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 Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Historical Financial Information when material.

6. CRITICAL JUDGMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors of the Target Company have made the following judgements that have the most significant effect on the amounts recognised in the Historical Financial Information.

(a) Going concern basis

The Historical Financial Information have been prepared on a going concern basis, the validity of which depends upon the successful outcome that certain measures to improve its financial position, to provide liquidity and cash flow. Details are explained in note 2 to the Historical Financial Information.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Relevant Periods, 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.

(a) Investment properties and depreciation

The Target Company determines the estimated useful lives, residual values and related depreciation charges for the Target Company's investment properties. This estimate is based on the historical experience of the actual useful lives and residual values of investment properties of similar nature and functions. The Target Company will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Income taxes

The Target Company is subject to income taxes in Singapore. Significant estimates are required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Target Company recognizes liabilities for anticipated tax audit issues bases on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

7. FINANCIAL RISK MANAGEMENT

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

(a) Credit risk

The carrying amounts of trade and other receivables and bank and cash balances included in the statements of financial position represent the Target Company's maximum exposure to credit risk in relation to the Target Company's financial assets.

The Target Company 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 Target Company reviews the recoverable amount of debtors to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Target Company'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.

The Target Company'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 Target Company's exposures to credit risk for trade and other receivables is as follows:

	Category	12-month/ lifetime ECL	Gross carrying amounts *S$'000*	Provision for loss allowance *S$'000*	Net carrying amounts *S$'000*
At 30 June 2023					
Trade receivables	*(Note (i))*	Lifetime ECL	259	(51)	208
Other receivables	Performing	12-month ECL	215	–	215
At 31 December 2022					
Trade receivables	*(Note (i))*	Lifetime ECL	309	(51)	258
Other receivables	Performing	12-month ECL	105	–	105
At 31 December 2021					
Trade receivables	*(Note (i))*	Lifetime ECL	138	–	138
Other receivables	Performing	12-month ECL	44	–	44
At 31 December 2020					
Trade receivables	*(Note (i))*	Lifetime ECL	205	–	205
Other receivables	Performing	12-month ECL	27	–	27

Notes:

(i) The Target Company 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.

(b) Liquidity risk

The Target Company'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.

	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 30 June 2023				
Non-interest bearing				
Trade and other payables	562	–	–	–
Amount due to directors	353	–	–	–
Amount due to shareholders	56	–	–	–
Interest bearing				
Bank borrowing	5,283	–	–	–
Lease liabilities	71	71	212	986
	6,325	71	212	986
At 31 December 2022				
Non-interest bearing				
Trade and other payables	505	–	–	–
Amount due to directors	340	–	–	–
Amount due to shareholders	88	–	–	–
Interest bearing				
Bank borrowing	5,583	–	–	–
Lease liabilities	28	–	–	–
	6,544	–	–	–
At 31 December 2021				
Non-interest bearing				
Trade and other payables	426	–	–	–
Amount due to directors	340	–	–	–
Amount due to shareholders	88	–	–	–
Interest bearing				
Bank borrowing	6,220	–	–	–
Lease liabilities	69	28	–	–
	7,143	28	–	–
At 31 December 2020				
Non-interest bearing				
Trade and other payables	392	–	–	–
Amount due to directors	340	–	–	–
Amount due to shareholders	2,390	–	–	–
Interest bearing				
Bank borrowing	6,807	–	–	–
Lease liabilities	69	69	28	–
	9,998	69	28	–

(c) Interest rate risk

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

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

(d) Categories of financial instruments

	At 31 December			At 30 June
	2020	**2021**	**2022**	**2023**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Financial assets:				
Financial assets at amortised cost (including cash and cash equivalents)	239	179	351	421
Financial liabilities:				
Financial liabilities at amortised cost	9,575	6,700	6,161	6,761

(e) Fair values

The carrying amounts of the Target Company's financial assets and financial liabilities as reflected in the statements of financial position approximate their respective fair values.

8. REVENUE

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(unaudited)	
Laundry charges	60	46	110	44	58
Maintenance services	96	–	–	–	–
Parking charges	3	2	2	1	1
Utilities charges	–	1	2	1	8
Revenue from contracts with customers	159	49	114	46	67
Rental income	1,041	835	1,522	731	895
Total revenue	1,200	884	1,636	777	962

The Target Company's geographical market is in Singapore. All revenue is recognised at a point in time for the Relevant Periods.

Service income

Revenue is recognised when services are performed, which is taken to be the point in time when the customer has accepted the services. Revenue excludes value added or other sales taxes and is after deduction of any trade discounts.

Revenue from service income consists of laundry charges, parking charges and utilities charges.

Rental income of investment property

Rental income from operating leases (net of any incentives given to the lessees) is recognized on a straight line basis over the lease term.

9. OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(unaudited)	
Government grant	43	–	–	–	–
Miscellaneous income	20	63	2	2	–
	63	63	2	2	–

10. SEGMENT INFORMATION

The Target Company's operating segment is provision of dormitory services. Since this is the only one operating segment of the Target Company, no further analysis thereof is presented.

The Target Company's operation and operating assets are located in Singapore. Accordingly, no geographical segment information is presented.

Geographical information

The Target Company's revenue are all derived from Singapore based on the location of service provided and all of the Target Company's non-current assets are located in Singapore by physical location of assets.

Revenue from major customers

Customers of the Target Company which amounted for over 10% of the Target Company's total revenue:

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(unaudited)	
Customer A	220	#	#	#	–
Customer B	#	136	390	175	328
Customer C	413	119	331	85	211

#: *Less than 10% of total revenue*

11. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(unaudited)	
Leases interests	8	5	2	2	4
Bank borrowings interests	171	93	91	34	38
	179	98	93	36	42

12. INCOME TAX EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(unaudited)	
Current tax – Singapore corporate income tax					
Provision for the year/period	46	42	109	40	13
	46	42	109	40	13

Singapore Profits Tax is provided at 17% based on the assessable profit for the Relevant Periods.

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

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(unaudited)	
(Loss)/profit before tax	(23)	(48)	340	234	78
Tax at Singapore Profits Tax rate of 17%	(4)	(8)	58	40	13
Tax effect of income that is not taxable	–	(1)	–	–	–
Tax effect of expenses that are not deductible	68	70	69	–	–
Tax effect of temporary differences not recognised	(1)	(2)	(17)	–	–
Statutory stepped income exemption	(17)	(17)	(1)	–	–
Income tax expenses	46	42	109	40	13

13. (LOSS)/PROFIT FOR THE YEARS/PERIODS

The Target Company's (loss)/profit for the Relevant Periods is stated after charging the following:

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(unaudited)	
Depreciation of investment properties	401	401	401	200	200
Depreciation of property, plant and equipment	3	6	5	3	3
Depreciation of right of use assets	61	61	61	30	29
Loss allowance provision for trade receivables	–	–	51	–	–
Staff costs including directors' emoluments					
– salaries, bonuses and allowances	14	–	18	6	14
– retirement benefits scheme contributions	2	–	2	–	–
	16	–	20	6	14

14. PROPERTY, PLANT AND EQUIPMENT

	Air-Conditioner	Equipment	Furniture and Fittings	Renovation	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Cost					
At 1 January 2020	6	2	1	–	9
Additions	–	1	–	–	1
At 31 December 2020 and 1 January 2021	6	3	1	–	10
Additions	–	–	–	27	27
At 31 December 2021 and 2022 and 30 June 2023	6	3	1	27	37
Accumulated depreciation					
At 1 January 2020	4	1	1	–	6
Charge for the year	2	1	–	–	3
At 31 December 2020 and 1 January 2021	6	2	1	–	9
Charge for the year	–	1	–	5	6
At 31 December 2021 and 1 January 2022	6	3	1	5	15
Charge for the year	–	–	–	5	5
At 31 December 2022 and 1 January 2023	6	3	1	10	20
Charge for the period	–	–	–	3	3
At 30 June 2023	6	3	1	13	23
Carrying amount					
At 31 December 2020	–	1	–	–	1
At 31 December 2021	–	–	–	22	22
At 31 December 2022	–	–	–	17	17
At 30 June 2023	–	–	–	14	14

15. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	At 31 December			At 30 June
	2020	2021	2022	2023
	S$'000	*S$'000*	*S$'000*	*S$'000*
Right-of-use assets				
Leasehold Properties	147	86	25	864

The maturity analysis, based on undiscounted cash flows, of the Target Company's lease liabilities is as follows:

	2020	2021	2022	2023
Less than 1 year	69	69	28	71
Between 1 and 2 years	69	28	–	71
Between 2 and 5 years	28	–	–	212
Over 5 years	–	–	–	986
	166	97	28	1,340

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(unaudited)	
Depreciation charge of right-of-use assets Leasehold Properties	61	61	61	30	29
Lease interests	8	5	2	2	4
Expenses related to leases of low-value assets that are not short-term leases	18	15	15	7	7
Total cash outflow for leases	87	84	83	41	41
Additions to right-of-use assets	–	–	–	–	868

The Group leases leasehold properties. Lease agreements are typically made for fixed periods of 6 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

16. INVESTMENT PROPERTIES

	Leasehold land and building
	S$'000
Cost	
At 1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	10,192
Accumulated depreciation	
At 1 January 2020	1,205
Charge for the year	401
At 31 December 2020 and 1 January 2021	1,606
Charge for the year	401
At 31 December 2021 and 1 January 2022	2,007
Charge for the year	401
At 31 December 2022 and 1 January 2023	2,408
Charge for the period	200
At 30 June 2023	2,608
Carrying amount	
At 31 December 2020	8,586
At 31 December 2021	8,185
At 31 December 2022	7,784
At 30 June 2023	7,584

As at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, the fair value of the investment properties was S$11,500,000, S$10,000,000, S$11,500,000 and S$12,000,000 respectively 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 its investment properties under operating leases. The average lease term ranges from six months to one year.

The investment properties is mortgaged to a bank as security for banking facilities (Note 20).

17. TRADE RECEIVABLES

The credit terms to customers range from 30 to 60 days from the invoice date for trade receivables.

	At 31 December			At 30 June
	2020	**2021**	**2022**	**2023**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Trade receivables	205	138	309	259
GST receivables	9	–	–	–
	214	138	309	259
Less: provision for loss allowance	–	–	(51)	(51)
Carrying amount	214	138	258	208

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

	At 31 December			At 30 June
	2020	**2021**	**2022**	**2023**
	S$'000	*S$'000*	*S$'000*	*S$'000*
0 to 30 days	62	50	62	61
31 to 60 days	61	41	15	16
61 to 90 days	–	6	58	8
91 to 120 days	34	6	9	–
121 to 180 days	–	–	76	13
181 to 365 days	9	34	7	108
Over 365 days	39	1	31	2
	205	138	258	208

Reconciliation of loss allowance for trade receivables:

	At 31 December			At 30 June
	2020	**2021**	**2022**	**2023**
	S$'000	*S$'000*	*S$'000*	*S$'000*
At beginning of year/period	–	–	–	51
Increase in loss allowance for the year/period	–	–	51	–
At end of year/period	–	–	51	51

The Target Company 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.

		Past due			
	Current	31 to 60 days	61 to 90 days	More than 90 days	Total
At 30 June 2023					
Expected loss rate	0%	N/A	0%	30%	
Receivable amount *(S$'000)*	85	–	6	168	259
Loss allowance *(S$'000)*	–	–	–	51	51
At 31 December 2022					
Expected loss rate	0%	0%	0%	29%	
Receivable amount *(S$'000)*	62	15	58	174	309
Loss allowance *(S$'000)*	–	–	–	51	51
At 31 December 2021					
Expected loss rate	0%	0%	0%	0%	
Receivable amount *(S$'000)*	47	35	4	52	138
Loss allowance *(S$'000)*	–	–	–	–	–
At 31 December 2020					
Expected loss rate	0%	0%	N/A	0%	
Receivable amount *(S$'000)*	123	34	–	48	205
Loss allowance *(S$'000)*	–	–	–	–	–

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 31 December			At 30 June
	2020	2021	2022	2023
	S$'000	*S$'000*	*S$'000*	*S$'000*
Accrued revenue	1	29	49	62
Deposits paid	14	11	38	149
Other receivable	10	1	6	2
Prepayments	2	3	12	2
	27	44	105	215

19. TRADE AND OTHER PAYABLES

	At 31 December			At 30 June
	2020	2021	2022	2023
	S$'000	*S$'000*	*S$'000*	*S$'000*
Trade payables	308	297	368	400
Other payables	–	18	5	5
Accruals	18	25	33	23
Contract liabilities	66	86	99	134
	392	426	505	562

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

	At 31 December			At 30 June
	2020	2021	2022	2023
	S$'000	*S$'000*	*S$'000*	*S$'000*
0 to 30 days	32	18	28	41
31 to 60 days	9	12	28	17
61 to 90 days	6	16	3	63
91 to 180 days	3	26	57	8
181 to 365 days	–	1	10	19
Over 365 days	258	224	242	252
	308	297	368	400

20. BANK BORROWINGS

	At 31 December			At 30 June
	2020	2021	2022	2023
	S$'000	*S$'000*	*S$'000*	*S$'000*
Secured bank borrowing	6,295	5,752	5,200	4,924

The borrowings are repayable as follows:

	At 31 December			At 30 June
	2020	2021	2022	2023
	S$'000	*S$'000*	*S$'000*	*S$'000*
On demand or within one year	6,295	5,752	5,200	4,924
Less: Amount due for settlement within 12 months (shown under current liabilities)	(6,295)	(5,752)	(5,200)	(4,924)
Amount due for settlement after 12 months	–	–	–	–

The bank borrowing is secured by a legal mortgage over the investment properties and joint and several personal guarantee of the directors of the Target Company.

The average effective interest rate of borrowings as at 30 June 2023, 31 December 2022, 31 December 2021 and 31 December 2020 were 1.55%; 1.55%; 1.55% and 1.22% respectively.

21. LEASE LIABILITIES

	Lease payments			
				At
	At 31 December			30 June
	2020	2021	2022	2023
	S$'000	*S$'000*	*S$'000*	*S$'000*
Within one year	69	69	28	71
In the second to fifth years, inclusive	97	28	–	283
After five years	–	–	–	986
	166	97	28	1,340
Less: Future finance charges	(8)	(3)	–	(474)
Present value of lease liabilities	158	94	28	866
Analysed as:				
– Non-current	95	28	–	795
– Current	63	66	28	71
	158	94	28	866

22. AMOUNT DUE TO DIRECTORS

The amounts are unsecured, interest-free and has no fixed repayment terms.

23. AMOUNT DUE TO SHAREHOLDERS

The amounts are unsecured, interest-free and has no fixed repayment terms.

24. SHARE CAPITAL

	Number of shares *'000*	Amount *S$'000*
Issued and fully paid ordinary shares:		
At 1 January 2020, 31 December 2020, 1 January 2021	100	100
Issuance of shares *(note)*	2,390	2,390
At 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	2,490	2,490

On 9 July 2021, the Target Company entered into a loan capitalisation agreement with the shareholders to subscribe for 2,390,000 ordinary shares of S$1 each in consideration of the settlement of the Target Company's loan of S$2,390,000 due to the shareholders.

The Target Company's objectives when managing capital are to safeguard the Target Company's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

25. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

During the year, loans due to shareholders of S$2,390,000 was settled by the allotment of 2,390,000 ordinary shares of S$1 each of the Target Company to the shareholders.

(b) Changes in liabilities arising from financing activities

The following table shows the Target Company's changes in liabilities arising from financing activities during the Relevant Periods:

	Bank borrowings	lease liabilities	Due to directors	Due to Shareholders	Total from activities
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
At 1 January 2020	6,528	219	340	2,490	9,577
Changes in cash flows	(404)	(69)	–	(100)	(573)
Non-cash changes					
– Interest charged	171	8	–	–	179
At 31 December 2020 and at 1 January 2021	6,295	158	340	2,390	9,183
Changes in cash flows	(636)	(69)	–	88	(617)
Non-cash changes					
– Interest charged	93	5	–	–	98
At 31 December 2021 and at 1 January 2022	5,752	94	340	2,478	8,664
Changes in cash flows	(643)	(68)	–	–	(711)
Non-cash changes					
– Interest charged	91	2	–	–	93
At 31 December 2022 and at 1 January 2023	5,200	28	340	2,478	8,046
Changes in cash flows	(314)	(34)	13	(32)	(367)
Non-cash changes					
– Addition	–	868	–	–	868
– Interest charged	38	4	–	–	42
At 30 June 2023	4,924	866	353	2,446	8,589
At 1 January 2022	5,752	94	340	2,478	8,664
Changes in cash flows (unaudited)	(310)	(34)	–	–	(344)
Non-cash changes (unaudited)					
– Interest charged	34	2	–	–	36
At 30 June 2022 (unaudited)	5,476	62	340	2,478	8,356

26. CONTINGENT LIABILITIES

At the end of each Reporting Periods, the Target Company did not have any significant contingent liabilities.

27. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in notes to the Historical Financial Information, the Target Company had the following transactions with its related parties during the Relevant Periods:

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(unaudited)	
Dormitory rental income received from related companies	61	151	429	161	418
Laundry charges income received from related companies	–	–	36	14	16
Rental of dormitory expenses paid to related company	–	–	9	2	50
Repair and maintenance expenses paid to a related company	–	–	9	–	2

A director, Ang Bang Yao, has control over the related company.

28. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 30 June 2023.

Set out below is the management discussion and analysis of the Target Group for the three financial years ended 31 December 2020, 2021 and 2022 and for the six months ended 30 June 2023 which is prepared based on the financial information of the Target Company as set out in Appendix II to this circular.

OVERVIEW

The Target Company is a company incorporated in Singapore and its principal activities are engineering design, consultancy activities and accommodation for foreign workers dormitory provider.

FINANCIAL REVIEW

Revenue

The Target Company's revenue was derived from the operating lease rental income and service income from laundry charges, maintenance services, parking charges and utilities charges, which amounted to approximately S$1.2 million, S$0.9 million, S$1.6 million and S$1.0 million for the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, respectively.

Depreciation of investment properties

For each of the financial years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, depreciation of investment properties of the Target Company remained stable at approximately S$0.4 million, S$0.4 million, S$0.4 million and S$0.2 million respectively.

Operating expenses

For each of the financial years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, the Target Company recorded operating expenses of approximately S$0.6 million, S$0.4 million, S$0.7 million and S$0.6 million, respectively.

Profit from operation

The profit from operation of the Target Company for each of the financial years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023 amounted to approximately S$156,000, S$50,000, S$433,000 and S$120,000, respectively.

(Loss)/profit before tax

The (loss)/profit before tax of the Target Company for the year ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023 amounted to approximately loss of S$23,000, loss of S$48,000, profit of S$340,000 and profit of S$78,000, respectively.

Income tax expense

For each of the financial years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, the Target Company recorded income tax expense of approximately S$46,000, S$42,000, S$109,000, and S$13,000, respectively.

(Loss)/profit and total comprehensive (expenses)/income for the years/periods

The Target Group recorded loss after tax of approximately S$69,000, S$90,000 for the years ended 31 December 2020 and 2021 respectively. For the financial year ended 31 December 2022 and the six months ended 30 June 2023, the Target Group recorded profit after tax of approximately S$231,000 and S$65,000 respectively.

SEGMENT INFORMATION

At the end of each the financial years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, the Target Company's operating segment is provision of dormitory services. Since this is the only one operating segment of the Target Company, no further analysis thereof is presented. The Target Company's operation and operating assets are located in Singapore. Accordingly, no geographical segment information is presented.

WORKING CAPITAL, FINANCIAL RESOURCES AND PLEDGE OF ASSETS

As at 31 December 2020, 2021 and 2022 and 30 June 2023, the current assets of the Target Company, comprising (i) trade receivables; (ii) other receivables, deposits and prepayments; and (iii) bank and cash balances, were approximately S$0.3 million, S$0.2 million, S$0.4 million and S$0.5 million respectively, and the current liabilities of the Target Company, comprising (i) trade and other receivables; (ii) bank borrowings; (iii) lease liabilities; (iv) amounts due to directors; (v) amount due to shareholders; and (vi) current tax liabilities were approximately S$9.5 million, S$6.8 million, S$6.3 million and S$6.1 million, respectively.

As at 31 December 2020, 2021 and 2022 and ended 30 June 2023, the Target Company recorded net current liabilities in the amount of approximately S$9.2 million, S$6.5 million, S$5.9 million and S$5.6 million, respectively.

Bank borrowing denominated in S$ amounted to S$6.3 million as at 31 December 2020, S$5.8 million as at 31 December 2021, S$5.2 million as at 31 December 2022 and S$4.9 million as at 30 June 2023, and the average effective interest rate of borrowings as at 31 December 2020, 31 December 2021 and 31 December 2022 and 30 June 2023 were 1.22%; 1.55%; 1.55%; 1.55% respectively. All bank borrowing were due within one year. The bank borrowing is secured by a legal mortgage over the investment properties and joint and several personal guarantee of the directors of the Target Company.

AMOUNT DUE TO DIRECTORS

Amount due to directors amounted to approximately S$340,000, S$340,000, S$340,000 and S$353,000 as at 31 December 2020, 2021 and 2022 and 30 June 2023, respectively. The amounts are unsecured, interest-free and has no fixed repayment terms.

AMOUNT DUE TO SHAREHOLDERS

Amount due to shareholders amounted to approximately S$2.39 million, S$88,000, S$88,000 and S$56,000 as at 31 December 2020, 2021 and 2022 and 30 June 2023, respectively. The amounts are unsecured, interest-free and has no fixed repayment terms. The loans due to shareholders of S$2.39 million was settled by the allotment of 2,390,000 ordinary shares of S$1 each of the Target Company to the shareholders.

CONTINGENT LIABILITIES

At the end of each the financial years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, the Target Company did not have any significant contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

The principal activities of the Target Company were conducted in Singapore and its income and expenses were denominated in Singapore dollar. In light of this, the Target Company was not exposed to material risks in relation to foreign exchange rate fluctuation and has not entered into any contracts to hedge its exposure to foreign currency risks.

EMPLOYEES REMUNERATION POLICIES

The Target Company's remuneration package is updated on an annual basis and appropriate adjustments are made with reference to prevailing conditions of the human resources market and the general outlook of the economy. The Target Company's employees are rewarded in tandem with their performance and experience. The Target Company recognises that the improvement of employees' technical knowledge, welfare and wellbeing is essential to attract and retain quality and dedicated employees in support of future growth of the Target Company.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

24 June 2024

The Board of Directors
Jinhai Medical Technology Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Jinhai Medical Technology Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 31 December 2023 and related notes (the "**Unaudited Pro Forma Financial Information**") as set out in Appendix IVA of 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 set out in Appendix IVA of the circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed acquisition of property on the Group's financial position as at 31 December 2023 as if the transaction had been taken place at 31 December 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements as included in the annual report for the year ended 31 December 2023, on which an audit report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 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 ("**AG**") 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 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 Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

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 a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2023 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled 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 event or transaction, and to obtain sufficient appropriate evidence about whether:

– The related pro forma adjustments give appropriate effect to those criteria; and

– The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the 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 properly 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 purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Yeung Hong Chun
Practising Certificate Number P07374

Hong Kong, 24 June 2024

APPENDIX IVA UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

(1) INTRODUCTION TO THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

The accompanying unaudited pro forma statement of assets and liabilities of the Group (the "**Unaudited Pro Forma Financial Information**") has been prepared to illustrate the effect of the acquisition of property (the "**Acquisition**"), assuming the transaction had been completed as at 31 December 2023, might have affected the financial position of the Group.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2023 as extracted from the annual report of the Group for the year ended 31 December 2023 after making certain pro forma adjustments resulting from the Acquisition.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position of the Group that would have been attained had the Acquisition actually occurred on 31 December 2023. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Group's future financial position.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I of the Circular and other financial information included elsewhere in the Circular.

APPENDIX IVA UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

(2) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP AS AT 31 DECEMBER 2023

	Audited consolidated financial statement of the Group as at 31 December 2023 *S$'000* *(Note 1)*	Pro forma adjustment *RMB'000* *(Note 2)*	Unaudited pro forma consolidated statement of assets and liabilities of the Group as at 31 December 2023 *RMB'000*
Non-current assets			
Property, plant and equipment	2,085	–	2,085
Right-of-use assets	4,344	–	4,344
Investment properties	12,512	11,086	23,598
Equity investment at fair value through other comprehensive income	558	–	558
Deferred tax assets	39	–	39
	19,538	11,086	30,624
Current assets			
Inventories	2,097	–	2,097
Trade receivables	5,531	–	5,531
Other receivables, deposits and prepayments	8,294	(1,018)	7,276
Investments at fair value through profit or loss	6,564	–	6,564
Bank and cash balances	20,196	(10,068)	10,128
	42,682	(11,086)	31,596
Current liabilities			
Trade and other payables	13,230	–	13,230
Contract liabilities	534	–	534
Bank and other borrowings	4,717	–	4,717
Lease liabilities	1,886	–	1,886
Current tax liabilities	885	–	885
	21,252	–	21,252
Net current assets	21,430	(11,086)	10,344
Total assets less current liabilities	40,968	–	40,968
Non-current liabilities			
Lease liabilities	3,478	–	3,478
	3,478	–	3,478
Net assets	37,490	–	37,490

APPENDIX IVA UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

(3) NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

(1) The Group's financial information is based upon the consolidated financial information of the Group for the year ended 31 December 2023, which has been derived from the Group's published annual report for the year then ended, dated 27 March 2024.

(2) The adjustment represents the transaction cost attribute to the Acquisition of approximately S$11,086,020 including S$10,180,000 of the acquisition consideration (the "**Consideration**") and S$906,000 as goods and services tax in Singapore. The Consideration is S$10,180,000 (excluding the goods and services tax payable), which was satisfied by the Purchaser in the following manner:

(a) a sum of S$1,018,000 was paid to Vendor's solicitor as stakeholder within 2 weeks from the date of signing of the Purchase Agreement (i.e. 17 May 2023);

(b) the remaining balance of S$9,162,000 was paid by the Purchaser to Vendor's solicitor as stakeholder on completion.

The property is to be held by the Group to earn rentals and/or for capital appreciation and hence is classified as investment properties, which is initially measured at cost and subsequently measured after initial measurement at depreciated cost (less any accumulated impairment losses).

(3) No other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2023. Unless otherwise stated, the adjustment above does not have a recurring effect.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.

中汇 ZHONGHUI

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

24 June 2024

The Board of Directors
Jinhai Medical Technology Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Jinhai Medical Technology Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2023 and related notes (the "**Unaudited Pro Forma Financial Information**") as set out in Appendix IVB of 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 set out in Appendix IVB of the circular.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed acquisition of the 100% interest in Neuhaus Engineering Pte. Ltd. on the Group's financial position as at 30 June 2023 as if the transaction had been taken place at 30 June 2023. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's condensed financial statements as included in the interim report for the six months ended 30 June 2023, on which no review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 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 ("**AG**") 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 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 Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

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 a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled 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 event or transaction, and to obtain sufficient appropriate evidence about whether:

– The related pro forma adjustments give appropriate effect to those criteria; and

– The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the 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 properly 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 purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Yeung Hong Chun
Practising Certificate Number P07374

Hong Kong, 24 June 2024

APPENDIX IVB UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

(1) INTRODUCTION TO THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

The accompanying unaudited pro forma statement of assets and liabilities of the Group (the "**Unaudited Pro Forma Financial Information**") has been prepared to illustrate the effect of the acquisition of Neuhaus Engineering Pte. Ltd. (the "**Acquisition**"), assuming the transaction had been completed as at 30 June 2023, might have affected the financial position of the Group.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2023 as extracted from the interim report of the Group for the six months ended 30 June 2023 and the audited statement of financial position of Neuhaus Engineering Pte. Ltd. as at 30 June 2023 as extracted from the Accountants' Report set out in Appendix II of the Circular after making certain pro forma adjustments resulting from the Acquisition.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position of the Group that would have been attained had the Acquisition actually occurred on 30 June 2023. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Group's future financial position.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I of the Circular, the financial information of Neuhaus Engineering Pte. Ltd. as set out in Appendix II of the Circular and other financial information included elsewhere in the Circular.

APPENDIX IVB UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

(2) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP AS AT 30 JUNE 2023

	Unaudited consolidated financial statement of the Group as at 30 June 2023	Audited financial statement of the Target Company as at 30 June 2023	Pro forma adjustments		Unaudited pro forma consolidated statement of assets and liabilities of the Group as at 30 June 2023
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Non-current assets					
Property, plant and equipment	4,039	14	–	–	4,053
Right-of-use assets	996	864	–	–	1,860
Investment properties	2,460	7,584	–	4,474	14,518
Deferred tax assets	159	–	–	–	159
	7,654	8,462	–	4,474	20,590
Current assets					
Inventories	2,513	–	–	–	2,513
Trade receivables	8,623	208	–	–	8,831
Other receivables, deposits and prepayments	7,072	215	–	(356)	6,931
Financial assets at fair value through profit or loss	7,261	–	–	–	7,261
Fixed bank deposit	934	–	–	–	934
Cash and cash equivalents	12,937	35	–	(6,555)	6,417
	39,340	458	–	(6,911)	32,887
Current liabilities					
Trade and other payables	14,865	562	–	–	15,427
Contract liabilities	963	–	–	–	963
Bank and other borrowings	934	4,924	–	–	5,858
Lease liabilities	3,102	71	–	–	3,173
Amount due to directors	–	353	(353)	–	–
Amount due to shareholders	–	56	(56)	–	–
Current tax liabilities	386	131	–	–	517
	20,250	6,097	(409)	–	25,938
Net current assets/(liabilities)	19,090	(5,639)	409	(6,911)	6,949
Total assets less current liabilities	26,744	2,823	409	(2,437)	27,539
Non-current liabilities					
Bank borrowing	934	–	–	–	934
Lease liabilities	367	795	–	–	1,162
	1,301	795	–	–	2,096
Net assets	25,443	2,028	409	(2,437)	25,443

APPENDIX IVB UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

(3) NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

(1) Figures are extracted from the consolidated financial statements of the Group as set out in the interim report of the Company for the six months ended 30 June 2023.

(2) Figures are extracted from the Target Company's statement of financial position as at 30 June 2023 included in the accountants' report of the Target Company as set out in Appendix II to the Circular.

(3) Pursuant to the Share Transfer Agreement, there is the clause of "free from encumbrances", the amount due to directors and shareholders will be waived when completion took place.

(4) Pursuant to the Share Transfer Agreement, the original consideration for the acquisition was S$11,880,000, which was intended to be settled in the following manner:

(a) S$356,400, being 3% of the consideration, shall be payable by the purchaser to the vendors' solicitors as an exclusivity fee on the date of signing the memorandum of understanding dated 27 March 2023 (the "**Deposit**"); and

(b) S$11,523,600, being the 97% balance of the consideration, shall be payable by the purchaser on the completion date.

The above assumed that the property was free from encumbrance when completion took place. Prior to completion, the purchaser and the vendors further agreed that, instead of vendors settling the mortgage of the property out of their own funds on completion, the purchaser would refinance the outstanding mortgage itself. Hence, the final consideration of the acquisition was adjusted downward to S$6,911,000, after taking into account of, amongst others, the outstanding amount of mortgage of the property.

The Target Company owned investment property for provision of dormitory and did not have any staff, relating to strategic management, operational and resource management processes. Under Hong Kong Financial Reporting Standards, the acquisition was accounted for as an acquisition of assets and liabilities as the Target Company proposed to be acquired by the Company does not constitute a business.

According to paragraph 2(b) of HKFRS 3 (revised), HKFRS 3 (revised) applies to a transaction or other event that meets the definition of a business combination. This HKFRS does not apply to the acquisition of an asset or a group of assets that does not constitute a business. In such cases the acquirer shall identify and recognise the individual identifiable assets acquired and liabilities assumed. The cost of the acquisition shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

On consolidation of the Target Company by the Company, the excess of investment cost of S$6,911,000 in the Target Company over the net liabilities recognised at fair value of the Target Company is S$5,147,000.

	S$'000
Transaction consideration	6,911
Add: Target Company's assets and liabilities except for investment properties, amount due to directors and amount due to shareholders	5,147
Cost allocated to the investment properties	12,058

For the purpose of preparation of this unaudited pro forma consolidated statement of financial position, S$4,474,000 was allocated to investment properties. The allocation of the assets is as follows:

Individual identifiable assets

	Investment properties *S$'000*
At cost	7,584
Cost adjustment	4,474
Cost allocated to investment properties	12,058

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this Composite Document received from Ravia Global Appraisal Advisory Limited, an independent valuer, in connection with their opinion of values as at 30 April 2024 of the property held by the Group.

RAVIA GLOBAL
APPRAISAL
ADVISORY LIMITED

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Wan Chai, Hong Kong.
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F: (852) 3007 8501
W: www.raviagroup.com
E: general@raviagroup.com

24 June 2024

Jinhai Medical Technology Limited
Room 2503
Cosco Tower
183 Queen's Road Central
Sheung Wan, Hong Kong

Dear Sirs/Madams,

Re: Property Valuation of Properties in Singapore

In accordance with the instructions of Jinhai Medical Technology Limited (the "**Company**", and together with its subsidiaries, the "**Group**") to value the properties held by the Group in Singapore, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the properties as at 30 April 2024 (the "**Date of Valuation**") for the purpose of incorporation in the circular dated 24 June 2024 jointly issued by the Company.

1. BASIS OF VALUATION

Our valuation of property is our opinion of the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

We have valued the properties by the direct comparison approach assuming sale of the property in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

3. TITLE INVESTIGATION

We have carried out title searches at the Singapore Land Authority. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us.

4. VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the property in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the property.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, site/ floor areas, ages of buildings and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of the property. No structural survey has been made in respect of the property. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site / floor areas of the property under consideration but we have assumed that the site / floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors.

7. REMARKS

In accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents and neither the whole, nor any part of this report may be included in any published documents or statement nor published in any way without our prior written approval of the form and context in which it may appear.

Unless otherwise stated, all monetary amounts stated in our valuation is in Singapore Dollars (“**SGD**”).

Our Summary of Values and Valuation Certificate is attached herewith.

Yours faithfully,
For and on behalf of
RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

Nancy Chan	**Dr. Alan Lee**
Bsc (Hons) Surveying	**PhD(BA) MFin BCom(Property)**
MHKIS MRICS RPS(GP) MCRIEA	**MHKIS RPS(GP) AAPI CPV CPV(Business)**
Associate Director	*Director*

Ms. Nancy Chan is Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and a member of Royal Institute of Surveyors. She has over 14 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region.

Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 17 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region, European countries and American countries.

VALUATION CERTIFICATE

Property held by the Group for owner occupation purposes in Singapore.

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 April 2024
1.	5 Neythal Road Singapore 628572 Lot No. MK6-444P	The property comprises 2-storey detached factory which was completed in about 1970. The property has a total gross floor area of approximately 8,624.8 sq.m. (or about 92,837.35 sq. ft.). The property is held under leasehold estate for a term of 60 years from 15 March 1969.	As advised by the Group, the property was owner occupied as at the Date of Valuation.	SGD10,070,000

Notes:

1. The registered owner of the property is KT&T Engineers and Constructors Pte. Ltd. vide instrument transfer IJ/271833 registered on 6 February 2024.

2. The property situates in Southwest region of Singapore. The vicinity of the property is predominated by various factory workshop developments. The nearest MRT stations are Boon Lay MRT station and Pioneer MRT station situates about few bus stops away from the property. According to the Singapore Master Plan 2019, the property falls in an area zoned "Business 2".

3. The inspection was performed by Chris Tang, who is a chartered surveyor with over 20 years experience, on June 2024.

VALUATION CERTIFICATE

Property occupied by the Group in Singapore

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 April 2024
2.	10 Kian Teck Crescent Singapore 628876 State Land Lot No. MK6-2677K	The property comprises a parcel of land with a site area of approximately 3,051 sq. m. (or about 32,841 sq. ft.) with 3-storey factory with Dormitory erected thereon which were completed in about 1990. The total gross floor area of the property including 300 beds is approximately 4,389 sq. m. (or about 47,243 sq. ft.). The property is held under leasehold estate 19 years commencing from 1 June 2023.	As advised by the Group, the property is currently tenanted to multiple tenants at $131,000 per month.	SGD12,100,000

Notes:

1. The registered owner of the property is Neuhaus Engineering Pte. Ltd. vide instrument transfer IJ/164118T registered on 3 January 2024.

2. The property situates in Southwest region of Singapore. The vicinity of the property is predominated by various factory workshop developments. The nearest MRT station is Pioneer MRT station situates about few bus stops away from the property. According to the Singapore Master Plan 2019, the property falls in an area zoned "Business 2".

3. The inspection was performed by Chris Tang, who is a chartered surveyor with over 20 years experience, on June 2024.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors and chief executives' interests and short positions in shares, underlying shares and debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") which were required, 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 which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules ("**Model Code**"), to be notified to the Company and the Stock Exchange were as follows:

Long position in the Shares of the Company:

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

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.

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 *(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 is the sole director of Full Fortune.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required 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 which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(ii) Substantial Shareholders' interests and short positions in the Shares and underlying Shares

As at the Latest Practicable Date, so far as is known to the Directors or the chief executive of the Company, the following persons had, or were deemed to have, interests or short positions in the Shares or underlying Shares of the Company as recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position in the Shares of the Company:

Name of Shareholder(s)	Capacity/ Nature of interest	Number of Shares interested	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. Ms. Jiang Xiahong is the wife 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 the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no other person had interests or short positions in the Shares or underlying Shares of the Company which were recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not determinable by the relevant member within one year without payment of compensation other than statutory compensation.

4. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any material litigations or claims and no litigations or claims of material importance were pending or threatened by or against any member of the Group.

5. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date:

(i) none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and

(ii) none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and was significant in relation to any business of the Group.

6. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group.

7. MATERIAL CONTRACTS

The following agreements (not being in the ordinary course of business of the Group) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date that are or may be material:

(1) The Property Purchase Agreement; and

(2) The Share Transfer Agreement.

8. GENERAL

(a) The company secretary of the Company is Ms. Cheng Yuen, who is a qualified fellow member of the Hong Kong Institute of Certified Public Accountants.

(b) The registered office of the Company is at Vistra (Cayman) Limited P. O. Box 31119 Grand Pavilion, Hibiscus Way 802 West Bay Road, Grand Cayman KY1-1205 Cayman Islands.

(c) The head office and principal place of business in Hong Kong of the Company is at Room 2503, Cosco Tower 183 Queen's Road Central Sheung Wan, Hong Kong.

(d) The address of the Company's branch share registrar and transfer office in Hong Kong is Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.

(e) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

9. EXPERT AND CONSENT

The following are the qualifications of the experts whose name, opinion and/or report are contained in this circular:

Name	Qualifications
Ravia Global Appraisal Advisory Limited	Professional surveyor and valuer
ZHONGHUI ANDA CPA Limited	Certified public accountants

Each of the experts named above has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, advice, opinion and/or references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts (i) has no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) has no direct or indirect interest in any assets which had been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group; and (iii) had given and had not withdrawn its consent to the issue of this circular with the inclusion of its letter, opinions and/or reports and the reference to its name included herein in the form and context in which they respectively appear.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.jin-hai.com.hk) for 14 days from the date of this circular:

(a) the material contract referred to in the paragraph headed "7. MATERIAL CONTRACTS" in this appendix;

(b) the report from ZHONGHUI ANDA CPA Limited on the Unaudited Pro Forma Financial Information of the Group, the text of which is set out in Appendix IVA and IVB to this circular;

(c) the property valuation report from Ravia Global Appraisal Advisory Limited, the text of which is set out in Appendix V to this circular;

(d) the written consents from the experts as referred to under the section headed "9. EXPERT AND CONSENT" in this appendix; and

(e) this circular.