

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Jinhai International Group Holdings Limited

今海國際集團控股有限公司

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

(Stock Code: 2225)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Jinhai International Group Holdings Limited (the “**Company**”, together with its subsidiaries, “**the Group**” or “**Our Group**” or “**we**”) announces the audited consolidated results of the Group for the year ended 31 December 2021 (the “**Year**” or “**FY2021**”). The issued shares of the Company (the “**Shares**”) were listed on the Main Board of the Stock Exchange on 17 October 2017 (the “**Listing Date**” and the “**Listing**”, respectively).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 S\$	2020 S\$
Revenue	4	21,416,453	22,471,557
Cost of services		(13,656,186)	(13,616,695)
Gross profit		7,760,267	8,854,862
Other income	5	1,897,773	3,188,216
Selling expenses		(17,969)	(19,284)
Administrative expenses		(8,717,435)	(10,594,896)
Other gains and losses	6	(820,351)	310,548
Finance costs	7	(132,313)	(313,721)
(Loss)/profit before taxation	8	(30,028)	1,425,725
Income tax expense	9	(491,001)	(162,646)
(Loss)/profit after taxation		(521,029)	1,263,079
Non-controlling interests		251,625	–
(Loss)/profit after non-controlling interest		(269,404)	1,263,079
Other comprehensive income, after tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences arising from foreign operations		171,706	24,968
Total comprehensive (loss)/income for the year		(97,698)	1,288,047
		<i>Cents</i>	<i>Cents</i>
(Loss)/earnings per share			
Basic and diluted	11	(0.02)	0.10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	<i>Notes</i>	2021 <i>S\$</i>	2020 <i>S\$</i>
Non-current assets			
Property, plant and equipment		1,044,941	1,429,207
Right-of-use assets		785,060	2,858,451
Investment property		1,008,863	2,438,956
Other receivables		33,181	33,181
Deferred tax assets		203,600	206,100
		<u>3,075,645</u>	<u>6,965,895</u>
Current assets			
Trade receivables	<i>12</i>	1,464,816	2,281,692
Other receivables, deposits and prepayments		4,866,141	4,425,544
Financial assets at fair value through profit or loss	<i>13</i>	8,735,795	7,137,155
Income tax receivable		46,169	–
Inventories		873,637	–
Bank balances and cash		14,637,357	18,602,537
		<u>30,623,915</u>	<u>32,446,928</u>
Current liabilities			
Trade and other payables	<i>14</i>	6,072,244	7,551,236
Contract liabilities		112,950	466,696
Lease liabilities		1,539,093	4,795,025
Income tax payable		509,556	353,570
		<u>8,233,843</u>	<u>13,166,527</u>
Net current assets		<u>22,390,072</u>	<u>19,280,401</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED
AS AT 31 DECEMBER 2021

	<i>Notes</i>	2021 <i>S\$</i>	2020 <i>S\$</i>
Non-current liabilities			
Lease liabilities		329,332	708,701
Deferred tax liabilities		20,250	47,170
		<u>349,582</u>	<u>755,871</u>
Net assets		<u>25,116,135</u>	<u>25,490,425</u>
Capital and reserves			
Share capital	<i>15</i>	2,142,414	2,142,414
Share premium		14,958,400	14,958,400
Merger reserves		1,350,000	1,350,000
Currency translation reserve		171,706	24,968
Non-controlling interests		(251,625)	–
Accumulated profits		6,745,240	7,014,643
		<u>25,116,135</u>	<u>25,490,425</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 14 February 2017. The immediate and ultimate holding company of the Group is Full Fortune International Co., Ltd. The ultimate controlling party is Mr. Chen Guobao, who is also the Chairman and executive Director of the Company. The registered office of the Company is at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The Company was registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “**Hong Kong Companies Ordinance**”) on 29 September 2017 and its principal place of business in Hong Kong is at Room 2503, Cosco Tower, 183 Queen’s Road Central, Sheung Wan, Hong Kong. The headquarters and principal place of business of the Company in Singapore is at 31 Sungei Kadut Avenue, Singapore 729660. The issued Shares have been listed on the Main Board of the Stock Exchange with effect from 17 October 2017.

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

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

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

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

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

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 January 2021, the Group adopted all the new and revised International Financial Reporting Standards (the “**IFRSs**”), Interpretations of IFRS (“**INT IFRS**”) and amendments to IFRSs that are effective and relevant to its operations. The adoption of these new/revised IFRSs and INT IFRSs does not result in significant changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior periods.

At the date of authorisation of these consolidated financial statements, the Group has not adopted the new and revised IFRSs, INT IFRSs and amendments to IFRSs that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised IFRSs pronouncements in future periods will not have a material impact on the Group’s financial statements in the period of their initial application.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the consideration specified in contracts with customers for the provision of manpower outsourcing and ancillary services, dormitory services, IT services and construction ancillary services, solely derived in Singapore and sale of medical products in the Mainland China during the Year.

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

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

	2021	2020
	S\$	S\$
Revenue recognised over time:		
Provision of manpower outsourcing and ancillary services	13,827,548	15,210,414
Provision of dormitory services	4,789,450	5,891,605
Provision of IT services	567,035	362,265
Provision of construction ancillary services	674,137	1,007,273
Provision of minimally invasive surgery solution products	1,558,283	–
	<u>21,416,453</u>	<u>22,471,557</u>

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

Major customers

There was no individual customer that contributed over 10% of total revenue of the Group during the financial years ended 31 December 2021 and 2020.

Geographical information

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

An analysis of the Group’s revenue for the Year by geographical areas is as follows:

	2021	2020
	S\$	S\$
Revenue recognised from:		
Singapore	19,858,170	22,471,557
China	1,558,283	–
	<u>21,416,453</u>	<u>22,471,557</u>

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

	2021 S\$	2020 S\$
Property, plant and equipment located at:		
Singapore	463,742	1,429,207
China	581,199	–
	<u>1,044,941</u>	<u>1,429,207</u>

5. OTHER INCOME

	2021 S\$	2020 S\$
Government grants (<i>Note (a)</i>)	1,288,350	2,725,492
Dividend income from equity investments	173,791	31,077
Interest income	1,405	25
Forfeiture of customer deposits	94,880	44,560
Work injury/workmen compensation claims	101,323	207,024
Sub-leasing income	168,477	124,185
Others	69,547	55,853
	<u>1,897,773</u>	<u>3,188,216</u>

Notes:

- (a) Government grants mainly include COVID-19 Jobs Support Scheme (“JSS”), Wages Credit Scheme (“WCS”), Workforce Training and Upgrading Scheme (“WTU”), and the retrofitting grants.

During the financial year ended 31 December 2021, the Group received grants of S\$992,095 under JSS, respectively. JSS provides wage support to employers to help them retain local employees (Singapore Citizens and Permanent Residents) during the period of economic uncertainty caused by COVID-19 pandemic.

During the financial years ended 31 December 2021 and 2020, respective grants of S\$110,661 and S\$116,463 under WCS were received. Under this credit scheme, the Singapore Government provides assistance to Singapore-registered businesses by way of co-funding 15% of wage increases in 2021 and 15% of wage increases in 2020 given to Singapore citizen employees earning a gross monthly wage of up to S\$5,000.

During the financial years ended 31 December 2021 and 2020, the Group received respective grants of S\$Nil and S\$145,995 under the WTU which co-funds up to 90% of the costs of selected skills assessment and training courses to upgrade the skills of workforce in the built environment.

6. OTHER GAINS AND LOSSES

	2021 S\$	2020 S\$
Gain arising on disposal of property, plant and equipment	228,651	139,252
Gain on disposal of financial assets at fair value through profit or loss	243,613	8,606
Gain on lease modification	34,279	–
Changes in fair value of financial assets at fair value through profit or loss	(1,049,084)	444,645
Foreign exchange gain/(loss), net	183,550	(244,028)
Impairment loss recognised on trade and other receivables	(446,206)	(91,278)
Reversal of/(impairment loss) on property, plant and equipment	(14,195)	16,186
Reversal of/(impairment loss) on right-of-use assets	–	19,019
Tax and surcharges	(959)	–
Write-back of payables	–	18,146
	<u>(820,351)</u>	<u>310,548</u>

7. FINANCE COSTS

	2021 S\$	2020 S\$
Interest on margin financing	19,776	32,547
Interest on lease liabilities	112,537	281,174
	<u>132,313</u>	<u>313,721</u>

8. (LOSS)/PROFIT BEFORE TAXATION

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

	2021 S\$	2020 S\$
Depreciation of property, plant and equipment	817,198	1,017,286
Depreciation of right-of-use assets	4,490,263	1,870,972
Depreciation of investment property	2,943,125	2,016,911
Auditor's remuneration	185,000	175,000
Other auditor's remuneration	85,350	23,680
Directors' remuneration	1,208,050	1,208,050
Workers and other staff costs		
– Salaries, wages and other benefits	9,049,392	12,588,767
– Contribution to retirement benefit plans	540,701	785,189
– Foreign worker levy (<i>Note</i>)	1,976,747	(1,133,136)
Total workers and other staff costs	<u>11,566,840</u>	<u>12,240,820</u>
Gross rental income from investment property	4,789,450	5,891,605
Less: direct operating expenses incurred for investment property that generated rental income during the year	<u>(3,825,664)</u>	<u>(3,231,907)</u>
	<u>963,786</u>	<u>2,659,698</u>

9. INCOME TAX EXPENSES

	2021	2020
	S\$	S\$
Tax expense comprises:		
Current tax – Singapore corporate income tax (“CIT”)	516,815	242,100
Under provision for current tax in prior years	7,746	(524)
Deferred tax	(46,890)	(64,260)
(Over)/under provision for deferred tax in prior years	13,330	(14,670)
	<u>491,001</u>	<u>162,646</u>

The taxation for the Year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021	2020
	S\$	S\$
(Loss)/profit before taxation	<u>(30,028)</u>	<u>1,425,725</u>
Tax at applicable tax rate of 17%	(5,105)	242,373
Tax effect of expenses not deductible for tax purpose	959,531	244,370
Tax effect of income not taxable for tax purpose	(523,617)	(549,871)
Effect of tax concessions and partial tax exemption	(34,115)	(59,272)
Effect of previously unrecognised and unused tax losses	(142,865)	(139,794)
Effect of unused tax losses not recognised as deferred tax assets	30,089	101,118
Effect of different tax rates of subsidiaries operating in other jurisdiction	188,557	339,126
Overprovision of current tax in prior years	7,746	(524)
Over/(under) provision of deferred tax in prior years	13,330	(14,670)
Others	(2,550)	(210)
Taxation for the year	<u>491,001</u>	<u>162,646</u>

10. DIVIDEND

No dividend was paid or declared by the Company for the years ended 31 December 2021 and 2020.

11. (LOSS)/EARNINGS PER SHARE

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

	2021	2020
(Loss)/profit attributable to the owners of the Company for the purpose of calculating basic (loss)/earnings per share (<i>S\$</i>)	(269,404)	1,263,079
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	1,230,000,000	1,230,000,000
Basic and diluted (loss)/earnings per share (<i>S\$ cents</i>)	<u>(0.02)</u>	<u>0.10</u>

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

Diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share because the Group had no dilutive securities that are convertible into shares during the years ended 31 December 2021 and 2020.

12. TRADE RECEIVABLES

	As at 31 December	
	2021	2020
	<i>S\$</i>	<i>S\$</i>
Trade receivables	2,531,865	3,773,120
Less: loss allowance	<u>(1,067,049)</u>	<u>(1,491,428)</u>
	<u>1,464,816</u>	<u>2,281,692</u>

The credit terms to customers range from 3 to 30 days from the invoice date for trade receivables. The following is an analysis of trade receivables net of loss allowance presented based on due date at the end of each reporting period:

	As at 31 December	
	2021	2020
	<i>S\$</i>	<i>S\$</i>
Not due	867,767	927,125
1 to 30 days	499,476	1,237,789
31 days to 60 days	97,540	53,705
61 days to 90 days	46	10,624
91 days to 180 days	179	25,859
181 days to 365 days	(533)	21,224
Over 365 days	<u>341</u>	<u>5,366</u>
	<u>1,464,816</u>	<u>2,281,692</u>

12. TRADE RECEIVABLES – CONTINUED

The Group does not charge interest or hold any collateral over these balances.

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on individual basis. Limits attributed to customers are reviewed once a year.

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation technique or significant assumptions made during the current reporting period.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

31 December 2021	Trade receivables – days past due							Total
	Not past due	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	>365 days	
	\$	\$	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.2%	0.6%	61.9%	99.9%	99.9%	0%	99.9%	
Estimated total gross carrying amount at default	869,871	502,378	255,997	119,781	143,483	(533)	640,888	2,531,865
Lifetime ECL	(2,106)	(2,902)	(158,456)	(119,735)	(143,303)	-	(640,547)	(1,067,049)
								<u>1,464,816</u>

31 December 2020	Trade receivables – days past due							Total
	Not past due	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	>365 days	
	\$	\$	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.7%	0.7%	6.4%	13.8%	10.4%	41.7%	99.6%	
Estimated total gross carrying amount at default	934,096	1,246,086	57,366	12,327	28,856	36,374	1,458,015	3,773,120
Lifetime ECL	(6,971)	(8,297)	(3,661)	(1,703)	(2,997)	(15,150)	(1,452,649)	(1,491,428)
								<u>2,281,692</u>

12. TRADE RECEIVABLES – CONTINUED

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

	Lifetime ECL – not credit-impaired	Lifetime ECL – credit- impaired	Total
	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>
At 1 January 2020	65,586	2,165,019	2,230,605
Transfer to credit-impaired	(65,586)	65,586	–
Unclaimed credit notes written off	–	(814,613)	(814,613)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	20,632	54,804	75,436
	<hr/>	<hr/>	<hr/>
At 31 December 2020	20,632	1,470,796	1,491,428
Transfer to credit-impaired	(20,632)	20,632	–
Amount written off	–	(823,348)	(823,348)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	283,199	115,770	398,969
	<hr/>	<hr/>	<hr/>
At 31 December 2021	<u>283,199</u>	<u>783,850</u>	<u>1,067,049</u>

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2021	2020
	<i>S\$</i>	<i>S\$</i>
Quoted equity shares	<u>8,735,795</u>	<u>7,137,155</u>

The investments in quoted equity securities offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

14. TRADE AND OTHER PAYABLES

	As at 31 December	
	2021	2020
	S\$	S\$
Trade payables	263,732	1,258,891
Accrued operating expenses	2,392,700	3,257,594
Other payables		
Advance received	1,086,162	–
Goods and services tax payables	826,009	977,525
Customer deposits received	1,183,971	1,044,826
Deferred grant income	–	775,999
Others	319,670	236,401
	<u>6,072,244</u>	<u>7,551,236</u>

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

	As at 31 December	
	2021	2020
	S\$	S\$
Within 30 days	153,367	567,838
31 days to 90 days	22,192	160,399
Over 90 days	88,173	530,654
	<u>263,732</u>	<u>1,258,891</u>

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

15. SHARE CAPITAL

	Number of shares	Per value HK\$	Share capital HK\$
Authorised: At 1 January 2020, 31 December 2020 and 31 December 2021	<u>2,000,000,000</u>	<u>0.01</u>	<u>20,000,000</u>
		Number of shares	Share capital S\$
Issued and fully paid ordinary shares: At 1 January 2020, 31 December 2020 and 31 December 2021		<u>1,230,000,000</u>	<u>2,142,414</u>

16. SHARE PREMIUM

Share premium represents the excess of the consideration for the shares issued over the aggregate par value.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

For the Year under review, the Group recorded revenue of approximately S\$21.4 million, a drop of approximately 4.7% over the previous year, due to the COVID-19 measures that were implemented by the Singapore government in the suspension of non-essential services and closure of most worksites. Following the easing of the restrictions, the pace of work resumption has been slow amid manpower disruption from the workers’ movement control, additional safe management measures at the worksites and other regulations. These have collectively impacted our manpower supply business and weighed down the segment’s performance.

Based on advanced estimates from the Ministry of Trade and Industry Singapore released on 3 January 2022, the Singapore economy grew by 7.2% in 2021, rebounding from 5.4% contraction in 2020. The construction sector grew by 2% on a year-on-year basis in the fourth quarter, slower than 66.3% growth in the preceding quarter. In absolute terms, the value-added of the sector remained 26% below its pre-COVID (i.e., fourth quarter of 2019) level, as activity at construction worksites continued to be weighted down by labour shortages due to border restrictions on the entry of migrant workers. On a quarter-on-quarter seasonally-adjusted basis, the sector contracted by 4.4% in the fourth quarter, a reversal from the 4.9% growth in the previous quarter.

However, the Group expects the construction industry to remain challenging on the back of a competitive environment and labour shortage. The pace of resumption of the construction activity has been slow and is expected to continue to be limited by manpower deployment challenges and higher cost and time resources needed to comply with safe management measures. The Group is taking proactive steps to conserve cash by implementing stricter cost management measures, where sensible, and continues to closely monitor and manage the COVID-19 situation and will make further announcements as and when appropriate.

As disclosed in the announcement of the Company dated 2 March 2021 and supplemental announcement of the Company dated 16 April 2021, Jinhai Technology Development (Ningbo) Co., Ltd., (今海科技發展(寧波)有限公司) (“**Jinhai Technology**”), a wholly-owned subsidiary of the Company, entered into the articles of association (the “**JV Articles**”) with Mr. Liu Lei (劉鐳先生) and Ms. Yu Haibo (俞海波女士), pursuant to which the parties agreed to establish Shanghai Jinhai Medical Technology Company Limited (上海今海醫療科技有限公司) (“**Jinhai Medical**”), with registered capital of RMB30,000,000. Considering the expected growing demand for quality medical services, which has been particularly emphasized during the pandemic, the Board considers that the formation of Jinhai Medical represents an opportunity to allow the Group to tap into the medical solutions industry so as to further expand its customer base and source of revenue. The Board believes that by investing in the new business, not only will potentially enormous commercial value be generated but also more medical solutions markets in other countries and connections can be reached and built in the long run.

In addition to diversification of businesses of the Group, the Board considers to expand its existing business into the Asia Pacific Region, including China. The Board also considers to provide value-added services, such as skills training and quality improvement to the labour forces on top of the manpower outsourcing services.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased from approximately S\$22.5 million for FY2020 to approximately S\$21.4 million for FY2021. The following table sets forth a breakdown of the revenue for FY2021 and FY2020 as indicated:

	FY2021	FY2020	(Decreased)/ Increased by
	S\$	S\$	S\$
Manpower outsourcing and ancillary services	13,827,548	15,210,414	(1,382,866)
Dormitory services	4,789,450	5,891,605	(1,102,155)
Construction ancillary services	674,137	1,007,273	(333,136)
IT services	567,035	362,265	204,770
Minimally invasive surgery solution products	1,558,283	–	1,558,283
	<u>21,416,453</u>	<u>22,471,557</u>	<u>(1,055,104)</u>

Revenue from manpower outsourcing and ancillary services decreased from approximately S\$15.2 million in FY2020 to approximately S\$13.8 million in FY2021, representing a decrease of approximately 9.1%. This was mainly attributable to the decrease in construction activities during FY2021, where the construction activities were suspended and slow resumption of activities following the ease of restrictions, hence reduced revenue recognised since then.

Revenue from dormitory services decreased from approximately S\$5.9 million in FY2020 to approximately S\$4.8 million in FY2021 mainly due to the previous lockdown of the city, changes to regulations affecting workers dormitory capacity to combat Covid infection and the market condition. The identification of the additional foreign worker dormitory has been delayed. The Board took a cautious approach by scouting for a property that is worth its value and would also withstand any possible downturn in the property market to ensure shareholders' value are adequately protected. The Group hopes it will locate a reasonably priced property over the next 12 months that will suit its business needs, subject to the market conditions.

Revenue from construction ancillary services in FY2021 decreased by approximately S\$0.3 million as compared to that in FY2020. This was mainly due to a decrease in sales from warehousing services due to less industrial space rented out.

The increase in revenue from IT services from approximately S\$0.36 million in FY2020 to approximately S\$0.57 million in FY2021 was mainly due to an increase in the number of maintenance and support days required by our sole IT customer.

Revenue from minimally invasive surgery solution products of approximately S\$1.6 million in FY2021 was contributed by the Group's subsidiaries in China. The revenue was the result of business diversify into China market during the COVID-19 period in order to balance revenue dependent in mainly Singapore market.

Gross profit and gross profit margin

The Group's gross profit decreased from approximately S\$8.9 million in FY2020 to approximately S\$7.8 million in FY2021. This was mainly due to the decrease in construction activities as discussed above. The gross profit margin decreased from approximately 39.4% in FY2020 to approximately 36.2% in FY2021, due primarily to termination of rental waiver grant by government.

Other income

Other income decreased from approximately S\$3.2 million in FY2020 to approximately S\$1.9 million in FY2021 mainly due to the termination of government grants received, namely, Jobs Support Scheme which provides wage support to help employers retain local employees.

Administrative expenses

Administrative expenses decreased by approximately S\$1.9 million mainly due to workforce reduction and implementation of other cost saving strategies as a result of the economic and operational impacts of the COVID-19.

Other gains and losses

Other loss of approximately S\$0.82 million in FY2021 as compared to other gain of approximately S\$0.31 million in FY2020 was mainly due to (i) loss on fair value movement of equity instruments designated at fair value through profit or loss approximately S\$1.0 million; (ii) gain on disposal of property, plant and equipment due to reduction in workforce approximately S\$0.2 million; (iii) gain on disposal of equity investments approximately S\$0.2 million; (iv) impairment loss recognized on trade and other receivables approximately S\$0.5 million; and (v) gain on foreign exchange approximately S\$0.2 million.

Finance costs

Finance costs decreased by approximately S\$0.18 million due to reduction in lease liabilities.

Income tax expense

The Group recorded an income tax expense of approximately S\$0.49 million in FY2021 as compared to approximately S\$0.16 million in FY2020.

(Loss)/profit for the year

The Group recorded a loss of approximately S\$0.27 million in FY2021 (FY2020: profit of S\$1.26 million) largely attributed to the disruption in business activities during the COVID-19 period. The Group has implemented a stricter cost management measures and started a new business line in China in order to diversify the business risk.

(Loss)/earnings per share

The basic loss per share was 0.02 Singapore cent for the Year (FY2020: earnings per share of 0.10 Singapore cent) and the calculation is based on the loss attributable to owners of the Company of approximately S\$0.27 million (FY2020: profit of S\$1.26 million) and the weighted average number of 1,230,000,000 ordinary Shares in issue during the Year.

Diluted (loss)/earnings per share was the same as the basic (loss)/earnings per share because the Group had no dilutive potential Shares during FY2021 and FY2020.

DIVIDEND

The Board did not recommend distribution of any dividend to the shareholders of the Company (the “Shareholders”) for FY2021 (FY2020: nil).

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

Liquidity

The Group generally meets its working capital requirements from its internally generated funds and maintained a healthy financial position. Upon the Listing, the source of funds of the Group had been a combination of internally generated funds and net proceeds from the Listing.

Treasury policy

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

Use of proceeds from Listing

The net proceeds from the Listing were approximately HK\$82.6 million (equivalent to approximately \$14.1 million) (after deducting underwriting fees and Listing expenses). The table below sets out the proposed applications of the net proceeds from the Listing Date to December 2021:

Intended use of Net Proceeds	Original allocation <i>HK\$' million</i>	Revised allocation as at 16 October 2020 <i>HK\$' million</i>	Revised allocation as at 2 March 2021 <i>HK\$' million</i>	Utilised amount of Net Proceeds as at 31 December 2021 <i>HK\$' million</i>	Unutilised amount of Net Proceeds as at 31 December 2021 <i>HK\$' million</i>	Unutilised amount of Net Proceeds as at the date of Annual Report <i>HK\$' million</i>	Expected timeline for fully utilising the Unutilised Net Proceeds
For partly financing the acquisition of an additional foreign worker dormitory at an estimated consideration of HK\$162.0 million	77.1	61.3	46.6	–	46.6	46.6	By the end of June 2024 <i>(Note 4)</i>
For financing the acquisition of 10 additional lorries	5.5	3.7	3.7	1.8	3.7	3.7	By the end of June 2022 <i>(Note 5)</i>
For financing the investment in securities	–	10.0 <i>(Note 1)</i>	10.0	10.0	–	–	N/A
For repayment the loan	–	5.8 <i>(Note 2)</i>	–	N/A	N/A	N/A	N/A
For injection of registered capital In Jinhai Medical	–	–	20.5 <i>(Note 3)</i>	12.0	8.5	8.5	By the end of October 2023 <i>(Note 6)</i>
Total	82.6	80.8	80.8	23.8	58.8	58.8	

Note 1:

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

Note 2:

Pursuant to the October 2020 Announcement, Mr. Chen Guobao, a controlling shareholder and chairman of the Company advanced the Loan to the Company for acquisition (the “**Acquisition**”) of Shanghai Yunzhichu Information Technology Company Limited* (上海雲之初資訊科技有限公司). Pursuant to the announcement of the Company date 12 November 2020, the Acquisition was terminated because certain preconditions of the Acquisition could not be fulfilled, hence, the use of the Net Proceeds for repaying the Loan was delayed.

Note 3:

Despite actively exploring suitable dormitory for acquisition, the previous lockdown and market condition of Singapore due to Covid-19, the identification of the additional foreign worker dormitory has been delayed. In order to generate a better return and enhance the long term growth of the Company, the Company re-allocated the unutilised Net Proceeds from (i) the acquisition of additional foreign worker dormitory and (ii) repaying the Loan in the amount of approximately HK\$14.7 million and HK\$5.8 million, respectively, towards the formation of the joint venture company. For details, please refer to the announcement of the Company dated 2 March 2021 and 16 April 2021 (the “**Announcements**”).

Note 4:

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

Note 5:

As the business performance of the Group’s segment under provision of manpower outsourcing and ancillary services has been declining since 2019, the immediate need for additional lorries has decreased. Hence, the Group postponed the expected time of utilisation of the remaining net proceeds for such use by the end of June 2022. The Company considers if it is necessary for further postponement of such investment.

Note 6:

As stated in the Announcements, the business of Jinhai Medical is at preparatory stage. The Company expects that the capital expenditure as stated in the Announcements shall be incurred gradually within 30 months from April 2021 depending on the status of obtaining the required business certificates and the business conditions of Jinhai Medical. During FY2021, the Company invested RMB10.0 million into Jinhai Medical as part of its share capital.

Borrowings and gearing ratio

As at 31 December 2021, the Group had an aggregate of current and non-current lease liabilities of approximately S\$1.9 million as compared to lease liabilities of approximately S\$5.5 million as at 31 December 2020. The decrease was due to repayment of lease liabilities and termination of a lease property arising in FY2021.

The Group’s gearing ratio as at 31 December 2021 was approximately 7.3% (as at 31 December 2020: approximately 21.6%). Gearing ratio is calculated by dividing total borrowings (comprising lease liabilities and finance lease obligations) by total equity as at the end of the respective year and multiplied by 100%.

As at 31 December 2021, the Group had unutilised banking facilities of approximately S\$527,639 available for cash drawdown (as at 31 December 2020: S\$527,639).

Cash and cash equivalents

As at 31 December 2021, the Group had cash and cash equivalents of approximately S\$14.6 million, of which approximately 36.9% was denominated in S\$, approximately 33.1% denominated in RMB and approximately 30.0% was denominated in HK\$ which were placed in major licensed banks in Singapore, China and Hong Kong, respectively. Cash and cash equivalents denominated in United States dollar (“US\$”) were immaterial.

Foreign exchange exposure

The Group transacts mainly in S\$, which is the functional currency of all the entities in the Group. However, the Group retains a large portion of the proceeds from the Listing in HK\$ and RMB which contributed to an unrealised foreign exchange gain of approximately S\$0.22 million as HK\$ strengthen against S\$ in FY2021.

Charges on the Group’s assets and contingent liabilities

As at 31 December 2021, certain lease liabilities were secured by the charge over leased assets with an aggregate net book value of approximately S\$0.22 million (as at 31 December 2020: S\$0.39 million).

The Group did not have any material contingent liabilities as at 31 December 2021 and 2020.

Capital expenditures and capital commitments

The Group’s capital expenditures principally consisted of expenditures on motor vehicles, computer and equipment, furniture and fittings. The Group recorded capital expenditures for the purchases of property, plant and equipment and additions to right-of-use assets in the amounts of approximately S\$0.35 million and S\$0.74 million for FY2021 and FY2020, respectively.

The Group did not have any capital commitments as at 31 December 2021 and 2020.

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

Save as disclosed in this announcement, there were no significant investments held, material acquisitions and disposal of subsidiaries, associates and joint ventures for FY2021 and FY2020.

The Group held investments in quoted equity shares at fair value of approximately S\$8.7 million and S\$7.1 million, respectively as at 31 December 2021 and 2020.

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

Off-balance sheet transactions

As at 31 December 2021, the Group did not enter into any material off-balance sheet transaction.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2021, the Group had approximately 360 employees (as at 31 December 2020: 551), including foreign workers.

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

The Group incurred workers and staff costs (including the Directors and chief executive's remuneration, and other staff's salaries, wages and other benefits) of approximately S\$12.8 million and S\$13.4 million for FY2021 and FY2020 respectively.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest rate risk

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

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

Foreign currency risk

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

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

Credit risk

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

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

Liquidity risk

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

Fair value risk

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

Equity price risk

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

SIGNIFICANT EVENTS AFTER THE YEAR

The Directors confirm that no significant event that affected the Group has occurred after 31 December 2021 and up to the date of this announcement.

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its code of conduct governing Directors’ securities transactions. In response to a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Model Code during the Year. The Model Code also applies to other specified senior management of the Group in respect of their dealings in the Company’s securities.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the audited annual results for the Year and discussed with the management and the auditor of the Company and is of the view that the consolidated financial statements for the Year have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the Year have been compared by the Group's auditors, Foo Kon Tan LLP ("FKT"), to the amounts set out in the Group's audited Consolidated Financial Statements for the Year and the amounts were found to be in agreement. The work performed by FKT in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by FKT on this announcement.

SUFFICIENCY OF PUBLIC FLOAT

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

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.jin-hai.com.hk. The annual report of the Company for the Year containing all information required by the Listing Rules will be dispatched to shareholders and published on above websites in due course.

APPRECIATION

The Board would like to express its gratitude to all the Group's customers, management and staff and business partners as well as the Shareholders for their continuous support.

By order of the Board
Jinhai International Group Holdings Limited
Chen Guobao
Chairman of the Board and Executive Director

Hong Kong, 30 March 2022

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