



今海國際集團控股有限公司

Jinhai International Group Holdings Limited

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

Stock Code: 2225

INTERIM
REPORT 2021



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Yang Fu Kang (*Deputy Chairman*)
Mr. Li Yunping
Mr. Wang Huasheng
Mr. Jiang Jiangyu
(resigned on 6 August 2021)

Independent Non-executive Directors

Mr. Yan Jianjun
Mr. Fan Yimin
Mr. Chai Chi Man

Audit Committee

Mr. Yan Jianjun (*Chairman*)
Mr. Yang Fu Kang
Mr. Wang Huasheng
Mr. Fan Yimin
Mr. Chai Chi Man

Nomination Committee

Mr. Chen Guobao (*Chairman*)
Mr. Li Yunping
Mr. Yan Jianjun
Mr. Fan Yimin
Mr. Chai Chi Man

Remuneration Committee

Mr. Yan Jianjun (*Chairman*)
Mr. Wang Zhenfei
Mr. Fan Yimin
Mr. Chai Chi Man
Mr. Jiang Jiangyu
(resigned on 6 August 2021)

COMPANY SECRETARY

Mr. Wong Man Yiu

AUTHORISED REPRESENTATIVES

Mr. Wang Zhenfei
Mr. Wong Man Yiu

INDEPENDENT AUDITOR

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

LEGAL ADVISER

As to Hong Kong law
Wan & Tang
Solicitors of Hong Kong
23/F, Somptueux Central
52 Wellington Street
Central, Hong Kong

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

31 Sungei Kadut Avenue
Singapore 729660

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

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

DBS Bank Ltd

12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

OCBC Bank Ltd

65 Chulia Street
OCBC Centre
Singapore 049513

United Overseas Bank Limited

1 Tampines Central 1
#02-03 UOB Tampines Centre
Singapore 529539

LISTING INFORMATION

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

COMPANY WEBSITE

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
		S\$	S\$
		(Unaudited)	(Unaudited)
Notes			
		9,646,384	13,822,745
		(6,793,445)	(9,330,985)
		2,852,939	4,491,760
		1,016,013	1,504,846
		(9,710)	(9,160)
		(3,834,288)	(5,138,960)
		810,018	690,510
		(59,459)	(155,982)
		775,513	1,383,014
		(38,432)	(235,114)
		737,081	1,147,900
		17,951	–
		755,032	1,147,900
		0.06 cent	0.09 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		As at	
		30 June 2021	31 December 2020
		S\$ (Unaudited)	S\$ (Audited)
Notes			
Non-current assets			
	Property, plant and equipment	914,941	1,429,207
	Right-of-use assets	1,097,338	2,858,451
	Investment property	975,792	2,438,956
	Deferred tax assets	206,100	206,100
	Other receivables	33,181	33,181
		3,227,352	6,965,895
Current assets			
	Inventories	65,388	–
	Trade receivables	1,640,425	2,281,692
11	Other receivables, deposits and prepayments	3,476,156	4,425,544
	Financial assets at fair value through profit or loss	5,770,717	7,137,155
	Bank balances and cash	20,087,768	18,602,537
		31,040,454	32,446,928
Current liabilities			
	Trade and other payables	5,217,590	7,551,236
12	Contract liabilities	465,923	466,696
	Lease liabilities	1,745,167	4,795,025
	Income tax payable	161,335	353,570
		7,590,015	13,166,527
Net current assets			
		23,450,439	19,280,401

		As at	
		30 June	31 December
		2021	2020
		S\$	S\$
Notes		(Unaudited)	(Audited)
Non-current liabilities			
	Lease liabilities	385,164	708,701
	Deferred tax liabilities	47,170	47,170
		432,334	755,871
Net assets			
		26,245,457	25,490,425
Capital and reserves			
	Share capital	2,142,414	2,142,414
	Share premium	14,958,400	14,958,400
	Merger reserves	1,350,000	1,350,000
	Currency translation reserves	42,919	24,968
	Accumulated profits	7,751,724	7,014,643
		26,245,457	25,490,425

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Equity attributable to owners of the Company					
	Share capital S\$	Share premium S\$	Merger reserves S\$	Currency translation reserves S\$	Accumulated profits S\$	Total equity S\$
At 1 January 2020	2,142,414	14,958,400	1,350,000	-	5,751,564	24,202,378
Profit representing total comprehensive income for the period	-	-	-	-	1,147,900	1,147,900
At 30 June 2020 (unaudited)	2,142,414	14,958,400	1,350,000	-	6,899,464	25,350,278
At 1 January 2021	2,142,414	14,958,400	1,350,000	24,968	7,014,643	25,490,425
Profit for the Period	-	-	-	-	737,081	737,081
Other comprehensive income for the Period	-	-	-	17,951	-	17,951
Total comprehensive income for the Period	-	-	-	17,951	737,081	755,032
At 30 June 2021 (unaudited)	2,142,414	14,958,400	1,350,000	42,919	7,751,724	26,245,457

Note:

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Cash Flows from Operating Activities		
Profit before taxation	775,513	1,383,014
Adjustments for:		
Depreciation of property, plant and equipment	430,089	525,919
Depreciation of right-of-use assets	1,139,851	1,059,108
Depreciation of investment properties	1,463,163	782,886
Finance costs	59,459	155,982
Dividend income	(74,468)	(1,900)
Net change in fair value of financial assets measured at fair value through profit or loss ("FVTPL")	(79,233)	600
Gain on disposal of property, plant and equipment, net	(275,009)	–
Gain on disposal of financial assets measured at FVTPL	(120,734)	–
Gain on lease modification	(34,279)	–
Unrealised foreign exchange loss/(gain)	171,922	(564,802)
Operating profit before working capital changes	3,456,274	3,340,807
Change in inventories	(65,388)	–
Change in trade receivables	641,267	4,959,485
Change in other receivables, deposits and prepayments	949,389	159,516
Change in contract assets	–	(39,992)
Change in trade and other payables	(2,333,646)	(1,904,694)
Change in contract liabilities	(773)	(116,727)
Cash generated from operations	2,647,123	6,398,395
Income tax (paid)/refund	(230,667)	29,056
Net cash generated from operating activities	2,416,456	6,427,451

	Six months ended 30 June	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Cash Flows from Investing Activities		
Purchase of financial assets at FVTPL	(5,285,368)	–
Purchase of property, plant and equipment	(5,065)	(50,110)
Proceeds from disposal of property, plant and equipment	364,251	–
Proceeds from disposal of financial assets measured at FVTPL	6,851,773	–
Dividends received from financial assets measured at FVTPL	74,468	1,900
Net cash generated from/(used in) investing activities	2,000,059	(48,210)
Cash Flows from Financing Activities		
Interest paid	(59,459)	(155,982)
Repayment of lease liabilities	(2,710,912)	(1,760,181)
Net cash used in financing activities	(2,770,371)	(1,916,163)
Net increase in cash and cash equivalents	1,646,144	4,463,078
Cash and cash equivalents at beginning of the period	18,602,537	21,660,275
Effect of foreign exchange rate changes on cash and cash equivalents	(160,913)	564,802
Cash and cash equivalents at end of the Period	20,087,768	26,688,155

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. GENERAL

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

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

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

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

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

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

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

4. REVENUE AND SEGMENT INFORMATION

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

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

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

	Six months ended 30 June	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Revenue recognised over time:		
Provision of manpower outsourcing and ancillary services	6,830,862	10,116,687
Provision of dormitory services	2,169,864	3,019,792
Provision of construction ancillary services	455,907	481,816
Provision of IT services	169,950	204,450
Sale of medical products	19,801	–
	9,646,384	13,822,745

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 respective periods.

Geographical information

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

5. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Government grants (<i>Note a</i>)	813,012	1,261,999
Dividend income from equity investments	74,468	1,900
Forfeiture of customer deposits	–	5,180
Work injury/workmen compensation claims	27,964	146,927
Sub-leasing income	81,816	80,012
Others	18,753	8,828
	1,016,013	1,504,846

Note:

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

During the periods ended 30 June 2021 and 2020, the Group received respective grants of S\$672,779 and S\$928,038 under JSS which provides wage support to employers to help them retain local employees (Singapore Citizens and Permanent Residents) during the period of economic uncertainty caused by COVID-19 pandemic.

During the periods ended 30 June 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% wage increases for 2020 and 2021, respectively, given to Singapore citizen employees earning a gross monthly wage of S\$5,000 or below.

During the period ended 30 June 2020, the Group received grants of 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.

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

6. OTHER GAINS

	Six months ended 30 June	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	275,009	–
Gain on disposal of financial assets at fair value through profit or loss	120,734	–
Gain on lease modification	34,279	–
Changes in fair value of financial assets at fair value through profit or loss	79,233	(600)
Foreign exchange gain, net	300,763	691,110
	810,018	690,510

7. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	430,089	525,919
Depreciation of right-of-use assets	1,139,851	1,059,107
Depreciation of investment property	1,463,163	782,885
Workers and staff costs		
– Salaries, wages and other benefits	4,090,994	8,253,727
– Contribution to retirement benefit plans	359,867	426,234
– Foreign worker levy (Note)	1,355,422	415,833
Total workers and staff costs	5,806,283	9,095,794
Gross rental income from investment property	2,169,864	3,019,792
Less: direct operating expenses incurred for investment property that generated rental income during the period	(1,875,881)	(1,175,707)
	293,983	1,844,085

Note:

During the period ended 30 June 2020, the Singapore government provided employers with monthly levy rebates and full waiver for levies due from April to June 2020 in order to help ease labour costs.

8. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (30 June 2020: 17%) on the estimated assessable profits arising from Singapore.

Tax expense comprises:

Current tax – Singapore corporate income tax (“CIT”)

Six months ended 30 June	
2021	2020
S\$	S\$
(Unaudited)	(Unaudited)
38,432	235,114

9. DIVIDEND

No dividend was paid or declared by the Company for the six months ended 30 June 2021 and 2020.

10. EARNINGS PER SHARE

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

Profit attributable to the owners of the Company
for the purpose of basic earnings per share (S\$)
Weighted average number of ordinary shares
for the purpose of basic earnings per share
Basic and diluted earnings per share (S\$ cents)

Six months ended 30 June	
2021	2020
(Unaudited)	(Unaudited)
737,081	1,147,900
1,230,000,000	1,230,000,000
0.06	0.09

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

Diluted earnings per share is the same as the basic earnings per share because the Group had no dilutive securities that are convertible into shares during the periods ended 30 June 2021 and 2020.

11. TRADE RECEIVABLES

Trade receivables
Less: loss allowance

30 June	31 December
2021	2020
S\$	S\$
(Unaudited)	(Audited)
3,131,854	3,773,120
(1,491,429)	(1,491,428)
1,640,425	2,281,692

11. TRADE RECEIVABLES *(Continued)*

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

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

	30 June 2021 S\$ (Unaudited)	31 December 2020 S\$ (Audited)
Not past due	859,553	927,125
1 to 30 days	665,449	1,237,789
31 to 60 days	87,621	53,705
61 to 90 days	715	10,624
91 to 180 days	56	25,859
181 to 365 days	10,834	21,224
>365 days	16,197	5,366
	1,640,425	2,281,692

12. TRADE AND OTHER PAYABLES

	30 June 2021 S\$ (Unaudited)	31 December 2020 S\$ (Audited)
Trade payables	245,797	1,258,891
Accrued operating expenses	2,675,043	3,257,594
Other payables		
Goods and services tax payables	908,723	977,525
Customer deposits received	948,366	1,044,826
Deferred income	194,154	775,999
Others	245,507	236,401
	5,217,590	7,551,236

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 six months ended 30 June 2021 (the “**Period**” or “**1H2021**”) under review, the Group recorded revenue of approximately S\$9.6 million, a significant decrease of approximately 30.2% over the corresponding period in 2020 (“**1H2020**”) while gross profit decreased from approximately S\$4.5 million in 1H2020 to approximately S\$2.9 million in 1H2021 as the construction industry in Singapore continues to face disruptions due to the COVID-19 pandemic. While the government has taken measures to manage the spread of coronavirus, operating situation has not returned to pre-COVID period as the pace of work resumption has been slow due to manpower shortage and deployment challenges.

Based on advance estimates from the Ministry of Trade and Industry Singapore released on 14 July 2021, the Singapore economy grew by 14.3% on a year-on-year basis in the second quarter of 2021. The construction sector expanded by 98.8% on a year-on-year basis in the second quarter of 2021. The sharp upturn was due to low base effects as the previous lockdown measures had resulted in a stoppage of most construction activities in the second quarter of last year. In absolute terms, the value-added of the sector remained 31.6% below its pre-pandemic level.

Against this backdrop, the Group expects operating conditions in the construction sector to remain challenging in 2021.

As announced on 2 March 2021, Jinhai Technology Development (Ningbo) Co., Ltd.* (今海科技發展(寧波)有限公司) (“**Jinhai Technology**”), a wholly-owned subsidiary of the Company, entered into the articles of association (the “**JV Articles**”) with Mr. Liu Lei (劉鏞先生) and Ms. Yu Haibo (俞海波女士), pursuant to which the parties agreed to establish Shanghai Jinhai Medical Technology Company Limited* (上海今海醫療科技有限公司) (“**Jinhai Medical**”), with registered capital of RMB30,000,000. Considering the expected growing demand for quality medical services, which has been particularly emphasised during the pandemic, the Board considers that the formation of 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.

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

FINANCIAL REVIEW

Revenue

The Group's revenue decreased from approximately S\$13.8 million for 1H2020 to approximately S\$9.6 million for 1H2021. The following table sets forth a breakdown of the revenue for 1H2021 and 1H2020 as indicated:

	1H2021 S\$ (Unaudited)	1H2020 S\$ (Unaudited)	Increase/ (Decrease) by S\$
Manpower outsourcing and ancillary services	6,830,862	10,116,687	(3,285,825)
Dormitory services	2,169,864	3,019,792	(849,928)
Construction ancillary services	455,907	481,816	(25,909)
IT services	169,950	204,450	(34,500)
Sale of medical products	19,801	–	19,801
	9,646,384	13,822,745	(4,176,361)

Revenue from manpower outsourcing and ancillary services decreased from approximately S\$10.1 million in 1H2020 to approximately S\$6.8 million in 1H2021, representing a decrease of approximately 32.5%. This was mainly attributable to the decrease in construction activities during 1H2021, as the pace of work resumption has been slow since 2020 amid ongoing manpower shortage arising from tighter border measures, disruptions in manpower deployment due to the workers' movement control, and additional safe management measures implemented at the worksites.

Revenue from dormitory services decreased from approximately S\$3.0 million in 1H2020 to approximately S\$2.2 million in 1H2021 mainly due to lower occupancy rate. Whilst the Group continues to search for a suitable dormitory for acquisition, given the previous lockdown in Singapore, changes to regulations affecting workers dormitory capacity to combat COVID-19 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.

The decrease in revenue from IT services was mainly due to a decrease in the number of maintenance and support days required by our sole IT customer during 1H2021.

Revenue from sale of medical products relates to the provision of minimally invasive surgery solutions by producing, selling and distributing, amongst others, 4K, 3D and fluorescent ultra high-resolution endoscope products.

Gross profit and gross profit margin

The Group's gross profit decreased from approximately S\$4.5 million in 1H2020 to approximately S\$2.9 million in 1H2021, while gross profit margin decreased from approximately 32.5% in 1H2020 to approximately 29.6% in 1H2021. This was mainly due to (i) the decrease in construction activities as discussed above, (ii) a decrease in foreign workers' levy rebates provided by the Singapore government, and (iii) the absence of rental waiver during the Period.

Other income

Other income decreased from approximately S\$1.5 million in 1H2020 to approximately S\$1.0 million in 1H2021 mainly due to tapering off of government assistance as the economy gradually re-opens.

Administrative expenses

Administrative expenses decreased from approximately S\$5.1 million in 1H2020 to approximately S\$3.8 million in 1H2021 mainly due to long-term workforce reduction and implementation of other cost saving strategies as a result of the economic and operational impacts of COVID-19.

Other gains

Other gains increased by approximately S\$0.12 million in 1H2021 mainly due to (i) gain on disposal of property, plant and equipment and (ii) changes in fair value and gain on disposal equity investments, partially offset by a decrease in net foreign exchange gain on revaluation of bank balances denominated in Hong Kong dollar ("HK\$"), which appreciated against Singapore dollar ("S\$") in 1H2021.

Income tax expense

Income tax expense decreased from S\$0.23 million in 1H2020 to S\$38,000 in 1H2021, mainly due to lower taxable profits recorded during the Period.

Profit for the Period

Despite the disruption in business activities due to COVID-19, the Group recorded a profit of approximately S\$0.74 million in 1H2021 (1H2020: S\$1.15 million) largely attributed to various non-recurring COVID-19 support schemes extended by the Singapore government, gain on disposal of equity investments, plant and equipment, and stricter cost management measures implemented by the Group.

DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the Period to the shareholders of the Company (the “**Shareholders**”) (1H2020: S\$Nil).

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

Liquidity

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

Treasury policy

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

Use of proceeds from the Share Offer

The net proceeds from the Listing were approximately HK\$82.6 million (equivalent to approximately S\$14.1 million) (after deducting underwriting fees and Listing expenses).

The below table sets out the proposed applications of the net proceeds from the Listing Date to 30 June 2021:

Intended use of Net Proceeds	Original allocation HK\$' million	Revised	Revised	Utilised	Unutilised	Expected timeline for fully utilising the Unutilised Net Proceeds
		allocation as at 16 October 2020 HK\$' million	allocation as at 2 March 2021 HK\$' million	amount of Net Proceeds as at 30 June 2021 HK\$' million	amount of Net Proceeds as at 30 June 2021 HK\$' million	
For partly financing the acquisition of an additional foreign worker dormitory at an estimated consideration of HK\$162.0 million	77.1	61.3	46.6	–	46.6	By the end of June 2024 (Note 4)
For financing the acquisition of 10 additional lorries	5.5	3.7	3.7	1.8	1.9	By the end of June 2022 (Note 5)
For financing the investment in securities	–	10.0 (Note 1)	10.0	10.0	–	N/A
For repaying the loan	–	5.8 (Note 2)	–	N/A	N/A	N/A
For injection of registered capital in Jinhai Medical	–	–	20.5	–	20.5 (Note 3)	By the end of October 2023 (Note 6)
Total	82.6	80.8	80.8	11.8	69.0	

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 the acquisition (the "**Acquisition**") of Shanghai Yunzhichu Information Technology Company Limited* (上海雲之初信息科技有限公司). Pursuant to the announcement of the Company dated 12 November 2020, the Acquisition was terminated due to certain preconditions of the Acquisition could not be fulfilled, hence, the use of the Net Proceeds for repaying the Loan was delayed.

Note 3:

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

Note 4:

As stated in the Announcements, the Company has been ongoingly and actively searching for suitable foreign worker dormitories. However, the Singapore property market has been volatile and maintained at a relatively high level as compared to 2018. Hence, the Company has maintained a cautious approach and attempted to look for properties that are worth its value and would withstand possible downturn in the property market. In the event that it successfully acquires the additional foreign worker dormitory, the Company will comply with the 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.

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.

Cash and cash equivalents

As at 30 June 2021, the Group had cash and cash equivalents of approximately S\$20.1 million, of which approximately 31.1% was denominated in S\$ and approximately 67.5% was denominated in HK\$ which were placed in major licensed banks in Singapore and Hong Kong, respectively. Cash and cash equivalents denominated in United States dollars (“**US\$**”) and Chinese Renminbi (“**RMB**”) were immaterial.

Borrowings and gearing ratio

As at 30 June 2021, the Group had an aggregate of current and non-current lease liabilities of approximately S\$2.1 million as compared to approximately S\$5.5 million as at 31 December 2020. The decrease was due to repayment of lease liabilities during the Period.

The Group's gearing ratio as at 30 June 2021 was approximately 8.1% (as at 31 December 2020: approximately 21.6%). Gearing ratio is calculated by dividing total borrowings (comprising lease liabilities) by total equity as at the end of the respective year and multiplied by 100%.

As at 30 June 2021 and 31 December 2020, the Group had unutilised banking facilities of approximately S\$527,639 available for cash drawdown.

Foreign exchange exposure

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

However, the Group retains a large portion of the proceeds from the Share Offer in HK\$ which contributed to an unrealised foreign exchange gain of approximately S\$0.3 million as HK\$ strengthened against S\$ in 1H2021.

Charges on the Group's assets and contingent liabilities

As at 30 June 2021, certain lease liabilities were secured by the charge over leased assets with an aggregate net book value of approximately S\$0.31 million (as at 31 December 2020: S\$0.39 million).

The Group did not have any material contingent liabilities as at 30 June 2021.

Capital expenditures and capital commitments

The Group's capital expenditures principally consisted of expenditures on motor vehicles, computer and equipment, furniture and fittings. The Group recorded capital expenditures for the purchases of property, plant and equipment in the amounts of approximately Nil and S\$50,000 for 1H2021 and 1H2020 respectively.

The Group did not have any capital commitments as at 30 June 2021.

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

For details regarding the formation of Jinhai Medical as discussed above, please refer to the announcement of the Company dated 2 March 2021. Save as disclosed in this interim report, there were no material acquisitions and disposal of subsidiaries, associates and joint ventures for 1H2021.

The Group held investments in quoted equity shares at fair value of approximately S\$5.8 million and S\$7.1 million, respectively as at 30 June 2021 and 31 December 2020.

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

Off-balance sheet transactions

As at 30 June 2021, the Group did not enter into any material off-balance sheet transaction.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2021, the Group had 445 employees (as at 31 December 2020: 541), 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\$4.1 million and S\$8.7 million for 1H2021 and 1H2020 respectively.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest rate risk

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

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

Foreign currency risk

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

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

Credit risk

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

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

Liquidity risk

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

Fair value risk

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

Equity price risk

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2021, the interests and short positions of the directors (the "Directors") and chief executives of Jinhai International Group Holdings Limited (the "Company", together with its subsidiaries the "Group") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

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

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

Note:

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

Save as disclosed above, as at 30 June 2021, so far as was known to the Directors and chief executives of the Company, none of the Directors and the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2021, so far as is known to the Directors, the following persons and entity, other than the Directors and the chief executive of the Company, had interests or short positions in the shares or underlying shares as recorded in the register of the Company required to be kept under Section 336 of the SFO:

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

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

Note:

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

Save as disclosed above, as at 30 June 2021, so far as is known by or otherwise notified to the Directors, no other persons or entity (other than the Directors or the chief executive of the Company) had interests and short positions in the shares and underlying shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has not adopted any share option scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

CHANGES IN DIRECTORS' INFORMATION

Changes in information on Directors since the date of the Annual Report 2020 of the Company and up to the date of this interim report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

Mr. Jiang Jiangyu resigned as non-executive Director and member of the remuneration committee of the Company with effect from 6 August 2021.

For further details, please refer to the announcement of the Company dated 6 August 2021.

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

SIGNIFICANT EVENTS AFTER THE PERIOD

Save as disclosed in this interim report, the Directors confirm that no significant event that affected the Group has occurred after 30 June 2021 and up to the date of this interim report.

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

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

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

REVIEW BY AUDIT COMMITTEE

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

On behalf of the Board
Jinhai International Group Holdings Limited
Chen Guobao
Chairman of the Board and Executive Director

Hong Kong, 30 August 2021