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Jinhai Medical Technology Limited

今海醫療科技股份有限公司

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

(Stock Code: 2225)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Jinhai Medical Technology Limited (formerly known as Jinhai International Group Holdings Limited) (the “**Company**”), together with its subsidiaries (collectively referred to as “**the Group**”) announces the unaudited condensed results of the Group for the six months ended 30 June 2024 (the “**Period**” or “**1H2024**”), together with the unaudited comparative figures for the corresponding period in 2023 (“**1H2023**”) and certain comparative figures as at 31 December 2023. The issued shares of the Company (the “**Shares**”) have been listed on the Main Board of the Stock Exchange on 17 October 2017 (the “**Listing Date**” and the “**Listing**”, respectively).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 S\$’000 (Unaudited)	2023 S\$’000 (Unaudited)
Revenue	4	25,937	11,983
Cost of sales and services		(18,515)	(6,934)
Gross profit		7,422	5,049
Other income, gains and losses, net	5	873	399
Selling expenses		(214)	(7)
Administrative expenses		(13,675)	(4,801)
Finance costs	6	(347)	(48)
(Loss)/profit before tax		(5,941)	592
Income tax expense	7	(12)	(6)
(Loss)/profit for the period	8	(5,953)	586

		Six months ended 30 June	
		2024	2023
<i>Note</i>		<i>S\$'000</i>	<i>S\$'000</i>
		(Unaudited)	(Unaudited)
Other comprehensive expense after tax:			
<i>Items that may be reclassified to profit or loss:</i>			
	Exchange differences on translating foreign operations	<u>(293)</u>	<u>(201)</u>
	Other comprehensive expense for the period, net of tax	<u>(293)</u>	<u>(201)</u>
	Total comprehensive (expense)/income for the period	<u><u>(6,246)</u></u>	<u><u>385</u></u>
(Loss)/profit for the period attributable to:			
	– Owners of the Company	(6,043)	940
	– Non-controlling interests	<u>90</u>	<u>(354)</u>
		<u><u>(5,953)</u></u>	<u><u>586</u></u>
Total comprehensive (expense)/income for the period attributable to:			
	– Owners of the Company	(6,335)	805
	– Non-controlling interests	<u>89</u>	<u>(420)</u>
		<u><u>(6,246)</u></u>	<u><u>385</u></u>
		<i>Singapore cent</i>	<i>Singapore cent</i>
(Loss)/earnings per share			
	– Basic and diluted	<u><u>10</u></u> (0.47)	<u><u>0.08</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	30 June 2024 S\$'000 (Unaudited)	31 December 2023 S\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		2,280	2,085
Right-of-use assets		3,768	4,344
Investment properties	11	21,057	12,512
Equity investment at fair value through other comprehensive income		558	558
Deferred tax assets		39	39
		<u>27,702</u>	<u>19,538</u>
Current assets			
Inventories		2,730	2,097
Trade receivables	12	7,661	5,531
Other receivables, deposits and prepayments		9,081	8,294
Investments at fair value through profit or loss		4,504	6,564
Bank and cash balances		13,173	20,196
		<u>37,149</u>	<u>42,682</u>
TOTAL ASSETS		<u>64,851</u>	<u>62,220</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		2,252	2,252
Reserves		35,340	35,222
		<u>37,592</u>	<u>37,474</u>
Equity attributable to owners of the Company		37,592	37,474
Non-controlling interests		105	16
		<u>37,697</u>	<u>37,490</u>
Total equity		<u>37,697</u>	<u>37,490</u>

		30 June	31 December
		2024	2023
	<i>Note</i>	S\$'000	S\$'000
		(Unaudited)	(Audited)
Liabilities			
Non-current liabilities			
Lease liabilities		<u>3,053</u>	<u>3,478</u>
Current liabilities			
Trade and other payables	<i>13</i>	13,431	13,230
Contract liabilities		1,902	534
Bank borrowings		7,466	4,717
Lease liabilities		783	1,886
Current tax liabilities		<u>519</u>	<u>885</u>
		<u>24,101</u>	<u>21,252</u>
Total liabilities		<u>27,154</u>	<u>24,730</u>
Net current assets		<u>13,048</u>	<u>21,430</u>
NET ASSETS		<u>37,697</u>	<u>37,490</u>
TOTAL EQUITY AND LIABILITIES		<u>64,851</u>	<u>62,220</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is P.O. Box 31119, Grand Pavillion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The address of its principal place of business in Hong Kong was Room 2503, COSCO Tower, Grand Millennium Plaza, 183 Queen's Road Central, Sheung Wan, Hong Kong. Subsequently, the address of its principal place of business of the Company in Hong Kong changed to 3rd Floor, GF Tower, 81 Lockhart Road, Wan Chai, Hong Kong with effect from 8 July 2024. The address of the headquarters and principal place of business in the Republic of Singapore ("**Singapore**") is 31 Sungei Kadut Avenue, Singapore 729660. The Company's shares are listed on the Main Board of the Stock Exchange.

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

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

These condensed consolidated financial statements should be read in conjunction with the 2023 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2023.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards ("**IFRSs**") issued by the IASB that are relevant to its operations and effective for its accounting period beginning on 1 January 2024. IFRSs comprise International Financial Reporting Standards ("**IFRS**"); International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

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 provision of minimally invasive surgery solution and medical products and relative service in the Mainland China during the period.

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, comprising 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 products relating to provision of minimally invasive surgery solution and medical and related services fee and the respective profit or loss 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 and products, major customers and geographical information are presented in accordance with IFRS 8 Operating Segments.

Disaggregation of revenue from contracts with customers:

	Six months ended 30 June	
	2024 <i>S\$’000</i> (Unaudited)	2023 <i>S\$’000</i> (Unaudited)
Geographical markets		
– Singapore	13,505	11,587
– Mainland China	12,432	396
	25,937	11,983
Recognised over time		
– Services		
– Provision of manpower outsourcing and ancillary services	7,634	7,540
– Provision of dormitory services	5,611	3,649
– Provision of construction ancillary services	140	171
– Provision of IT services	250	227
	13,635	11,587
Recognised at a point in time		
– Products		
– Provision of minimally invasive surgery solution and medical products and related service fee	12,302	396
	25,937	11,983

Major customers

Revenue of the Group which individually accounted for 10% or more of the Group's total revenue is shown below:

	Six months ended 30 June	
	2024 S\$'000 (Unaudited)	2023 S\$'000 (Unaudited)
Customer A	11,806	#

#: The amount of revenue was less than 10% of the total revenue for the relevant period.

Non-current assets (including property, plant and equipment, right-of-use assets and investment properties) located at:

	30 June 2024 S\$'000 (Unaudited)	31 December 2023 S\$'000 (Audited)
	– Singapore	22,066
– Mainland China	3,906	4,192
– Hong Kong	1,133	1,362

5. OTHER INCOME, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2024 S\$'000 (Unaudited)	2023 S\$'000 (Unaudited)
Government grants	34	123
Dividend income from listed equity investments	45	54
Interest revenue	11	9
Forfeiture of customer deposits	5	6
Work injury/workmen compensation claims	50	79
Sub-leasing income	183	91
Changes in fair value of investments at fair value through profit or loss, net	32	(392)
Gain on disposal of investments at fair value through profit or loss	7	20
Gain on foreign exchange, net	449	63
Others	57	346
	873	399

6. FINANCE COSTS

	Six months ended 30 June	
	2024 S\$'000 (Unaudited)	2023 S\$'000 (Unaudited)
Interest on:		
– Lease liabilities	220	40
– Bank borrowings	127	8
	<u>347</u>	<u>48</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 S\$'000 (Unaudited)	2023 S\$'000 (Unaudited)
Current tax		
– Enterprise income tax of the People's Republic of China (the "PRC")		
– Provision for the period	12	6
	<u>12</u>	<u>6</u>

No provision for Singapore corporate income tax is recognised since the Group has no assessable profit in Singapore during the period.

The income tax provision of the Group in respect of operations in the PRC was calculated at the tax rate of 25% (six months ended 30 June 2023: 25%) on the estimated assessable profit for the six months ended 30 June 2024, based on existing legislation, interpretation and practices in respect thereof.

8. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period is stated after charging the following:

	Six months ended 30 June	
	2024 S\$'000 (Unaudited)	2023 S\$'000 (Unaudited)
Depreciation of property, plant and equipment	55	214
Depreciation of right-of-use assets	1,531	429
Depreciation of investment properties	1,103	1,484
Direct operating expenses of investment properties that generated rental income	1,363	1,936
Cost of inventories sold	11,916	123
Staff costs including directors' emoluments		
– Salaries, wages and other benefits	5,107	4,132
– Contributions to defined contribution plans	298	301
– Foreign worker levy	1,787	1,828
– Equity-settled share-based payments	6,453	–
	<u>13,645</u>	<u>6,261</u>

9. DIVIDEND

No dividend was paid or declared by the Company for the six months ended 30 June 2024 and 2023.

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following:

	Six months ended 30 June	
	2024	2023
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
<u>(Loss)/earnings</u>		
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share	<u>(6,043)</u>	<u>940</u>
	'000	'000
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	<u>1,292,500</u>	<u>1,230,000</u>

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2024 and 2023.

11. INVESTMENT PROPERTIES

During the six months ended 30 June 2024, the Group acquired investment properties of S\$10,515,000 (six months ended 30 June 2023: Nil).

12. TRADE RECEIVABLES

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

	30 June	31 December
	2024	2023
	S\$'000	S\$'000
	(Unaudited)	(Audited)
Not due	2,524	3,458
1 day to 30 days	1,575	785
31 days to 60 days	2,593	1,272
Over 60 days	969	16
	<u>7,661</u>	<u>5,531</u>

13. TRADE AND OTHER PAYABLES

	30 June 2024 S\$'000 (Unaudited)	31 December 2023 S\$'000 (Audited)
Trade payables	6,996	5,462
Accrued operating expense	1,903	2,371
GST and VAT payables	1,156	2,073
Customer deposits received	2,782	2,717
Accrued directors' emoluments	146	130
Other payables	448	477
	<hr/> 13,431 <hr/>	<hr/> 13,230 <hr/>

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

	30 June 2024 S\$'000 (Unaudited)	31 December 2023 S\$'000 (Audited)
Within 30 days	6,821	5,068
31 days to 90 days	39	145
Over 90 days	136	249
	<hr/> 6,996 <hr/>	<hr/> 5,462 <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS


BUSINESS REVIEW AND OUTLOOK

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

As part of the Board’s reassessment of our business focus and strategic direction, the Board recognizes our focus towards the business of provision of minimally surgery solutions and medical products and related services in China, and the potential for growth that this area bring to our Group in the long term. The Group’s effort in this area has been demonstrated by the significant increase in the revenue contributed by the provision of minimally invasive surgery solutions products segment.

Change of Company Name and Proposed Adoption of Company logo

On 20 December 2023, the shareholders of the Company passed the resolutions on the change of the company name to “Jinhai Medical Technology Limited” (今海醫療科技股份有限公司) at the extraordinary general meeting was held. The Board believes that the new English name and dual foreign name better reflect the direction in which the Group’s medical business is developing and future outlook. Accordingly, the change of the company name would better align the Company with current and future business direction, better position with present and future customers, and foster the long-term branding of our Group, which would in turn, enable the Company to better create long-term value for the shareholders of the Company (the “Shareholders”).

In connection with the change of Company name, the Company is also undergoing certain activities on rebranding of its corporate image by way of, amongst others, adopting a new company logo “ 今海医疗”. It is expected that the new logo will be gradually used and printed on the relevant corporate documents of the Company, including but not limited to the Company’s promotional materials, interim and annual reports, announcements and circulars. It is also expected that the adoption of the Company’s logo will not affect any of the rights of the existing shareholders of the Company. All of the Company’s existing share certificates in issue will continue to be effective as documents of title to such Company’s shares and be valid for trading, settlement, registration and delivery purposes. Accordingly, there will not be any arrangement for free exchange of the existing share certificates for new share certificates as a result of the adoption of logo of the Company.

For the six months ended 30 June 2024 under review, the Group recorded revenue of S\$25.9 million, an increase of 116.4% over the previous period while gross profit increased from S\$5.0 million in 1H2023 to S\$7.4 million in 1H2024. Such increase in revenue and gross profit is mainly attributable to the continuous effort of the Group to develop new products and distribution channels for provision of minimally invasive surgery solutions and medical products and related services.

According to Mordor Intelligence, the China minimally invasive surgery devices market size is estimated at USD1.56 billion in 2024, and is expected to reach USD2.45 billion by 2029, growing at a CAGR of 9.45% during the forecast period (2024-2029)^{note}.

In addition to the growing market size of the China minimally invasive surgery solutions products, with the aging population, the improved living standards and the economic growth of China, the demand of quality medical services, and in turn the relevant medical devices has steadily increased.

In view of the positive market feedback demonstrated by the significant increase in the segment revenue from the provision of minimally invasive surgery solutions products segment, and the aforementioned driving factors, the Group will continue to develop and enhance its competitiveness in the increasingly fierce market competition by (a) strengthening its development capabilities; (b) expanding its distribution network; (c) developing of new products; and (d) promoting resource integration so as to strengthen our position in the medical industry.

In view of the financial resources required for the business development, the Board considers to explore different ways of funds raising in the capital market in Hong Kong and/or other places from time to time and as necessary and appropriate.

FINANCIAL REVIEW

Revenue

The Group's revenue increased from S\$12.0 million for 1H2023 to S\$25.9 million for 1H2024. The following table sets forth a breakdown of the revenue for 1H2024 and 1H2023 as indicated:

	1H2024 <i>S\$'000</i> (Unaudited)	1H2023 <i>S\$'000</i> (Unaudited)	Increase/ (Decrease) by %
Minimally invasive surgery solution and medical products and related service fee	12,302	396	3,006.6
Manpower outsourcing and ancillary services	7,634	7,540	1.2
Dormitory services	5,611	3,649	53.8
Construction ancillary services	140	171	(18.1)
IT services	250	227	10.1
	<u>25,937</u>	<u>11,983</u>	116.4

Revenue from minimally invasive surgery solutions and medical products and related service fee increased from S\$0.4 million in 1H2023 to S\$12.3 million in 1H2024. The increase was mainly due to growth in minimally surgery solutions business in China by launching new products and active development of the Group's distribution channel.

Note: Source: <https://www.mordorintelligence.com/industry-reports/china-minimally-invasive-surgery-devices-market>.

Revenue from manpower outsourcing and ancillary services was relatively stable at S\$7.5 million and S\$7.6 million in 1H2023 and 1H2024, respectively.

Revenue from dormitory services increased from S\$3.6 million in 1H2023 to S\$5.6 million in 1H2024 mainly due to the increase in the charge out rate in view of the high market demand during 1H2024.

Revenue from construction ancillary services and the revenue from IT services was relatively stable at S\$0.1 million and S\$0.3 million in 1H2024 and S\$0.2 million and S\$0.2 million respectively in 1H2023.

Gross profit and gross profit margin

The Group's gross profit increased from S\$5.0 million in 1H2023 to S\$7.4 million in 1H2024, while gross profit margin decreased from 42.1% in 1H2023 to 28.6% in 1H2024. This was mainly due to the increase in revenue from minimally invasive surgery solution and medical products and related service fee, while the gross profit margin from this segment is relatively lower than the other segments.

Other income, gains and losses, net

Net other income and gains increased from S\$0.4 million in 1H2023 to S\$0.9 million in 1H2024 mainly due to the change in fair value of investments and gain on foreign exchange.

Administrative expenses

Administrative expenses increased from S\$4.8 million in 1H2023 to S\$13.7 million in 1H2024. This was mainly due to the increase in (i) salaries, wages and other benefits of S\$1.0 million as a result of full resumption of work after COVID-19; (ii) depreciation of right-of-use assets of S\$1.1 million; and (iii) equity-settled share-based payments of S\$6.5 million in relation to the grant of share options on 9 January 2024.

Income tax expense

Income tax expense slightly increased from S\$6,000 in 1H2023 to S\$12,000 in 1H2024.

Loss/profit for the period

As a result of the foregoing, the Group recorded a loss attributable to the owners of the Company of S\$6.0 million in 1H2024 (1H2023: profit of S\$0.9 million), which was largely attributed to the decrease in gross profit margin, and the increase in administrative expenses as explained above.

DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the Period to the Shareholders (1H2023: 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 and other fund raising exercises.

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 Listing

The net proceeds from the Listing (the "Net Proceeds") were HK\$82.6 million (equivalent to S\$14.1 million) (after deducting underwriting fees and Listing expenses). The table below sets out the proposed applications of the Net Proceeds from the Listing Date to June 2024:

Intended use of Net Proceeds	Original allocation HK\$' million	Revised allocation as at 16 October 2020 HK\$' million	Revised allocation as at 2 March 2021 HK\$' million	Utilised amount of Net Proceeds as at 30 June 2024 HK\$' million	Unutilised amount of Net Proceeds as at 30 June 2024 HK\$' million	Unutilised amount of Net Proceeds as at the date of this announcement HK\$' million	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	–	–	N/A
For financing the acquisition of 10 additional lorries	5.5	3.7	3.7	1.8	1.9	1.9	By the end of December 2024 (Note 4)
For financing the investment in Securities	–	10.0 (Note 1)	10.0	10.0	–	–	N/A
For repayment the loan	–	5.8 (Note 2)	–	N/A	N/A	N/A	N/A
For injection of registered capital in Jinhai Medical	–	–	20.5 (Note 3)	20.5	–	–	N/A
Total	82.6	80.8	80.8	78.9	1.9	1.9	

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 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 due to certain preconditions of the Acquisition could not be fulfilled, hence, the use of the Net Proceeds for repaying the Loan was then delayed.

Note 3:

Despite actively exploring suitable dormitory for acquisition, the previous lockdown and market condition of Singapore due to novel Coronavirus, the identification of the additional foreign worker dormitory has been delayed. In order to generate a better return and enhance the long term growth of the Company, the Company re-allocated the unutilised Net Proceeds from (i) the acquisition of additional foreign worker dormitory and (ii) repaying the Loan in the amount of 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.

Note 4:

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 December 2024. The Company considers if it is necessary for further postponement of such investment in due course.

Use of proceeds from the Placing

The net proceeds from the issue of new shares under the general mandate on 18 October 2023 (the “**Placing**”) were HK\$99 million (after deducting the relevant professional expenses). The table below sets out the proposed applications of the net proceeds from the date of completion to 30 June 2024:

Intended use of net proceeds	Original allocation <i>HK\$' million</i>	Utilised amount of net proceeds as at 30 June 2024 <i>HK\$' million</i>	Unutilised amount of net proceeds as at 30 June 2024 <i>HK\$' million</i>	Unutilised amount of net proceeds as at the date of this announcement <i>HK\$' million</i>	Expected timeline for fully utilising the unutilised net proceeds
For the expansion of business in the medical industry	69.0	41.1	27.9	27.9	By the end of December 2024
For the expansion of business in manpower outsourcing and ancillary services	15.0	1.2	13.8	13.8	By the end of December 2024
For the general working capital of the Group	15.0	15.0	–	–	N/A
Total	<u>99.0</u>	<u>57.3</u>	<u>41.7</u>	<u>41.7</u>	

Cash and cash equivalents

As at 30 June 2024, the Group had cash and cash equivalents of S\$13.2 million, of which 0.8% was denominated in S\$, 71.1% was denominated in RMB and 27.5% was denominated in HK\$ which were placed in major licensed banks in Singapore, China and Hong Kong, respectively. Cash and cash equivalents denominated in United States dollars (“**US\$**”) was 0.6%.

Borrowings and gearing ratio

As at 30 June 2024, the Group had an aggregate of current and non-current borrowings and lease liabilities of S\$11.3 million as compared to S\$10.1 million as at 31 December 2023. Such increase was mainly due to drawdown of borrowing during the Period.

The Group’s gearing ratio as at 30 June 2024 was 30.0% (as at 31 December 2023: 26.9%). Gearing ratio was calculated by dividing total borrowings (comprising bank borrowings and lease liabilities) by total equity as at the end of the respective period and multiplied by 100%.

As at 30 June 2024 the Group had unutilised banking facilities of S\$3.0 million available for cash drawdown (as at 31 December 2023: S\$2.5 million).

Foreign exchange exposure

The Group operates mainly in Singapore and the PRC. The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities.

However, the Group retains a large portion of the proceeds from the Placing in HK\$ and operation in the PRC which result in exchange differences on translating foreign operations of S\$0.3 million and net gain on foreign exchange of S\$0.4 million in 1H2024.

Charges on the Group's assets and contingent liabilities

As at 30 June 2024, certain lease liabilities and bank borrowings were secured by the charge over leased assets with an aggregate net book value of nil and S\$21.0 million respectively (as at 31 December 2023: S\$0.01 million and S\$4.7 million respectively).

The Group did not have any material contingent liabilities as at 30 June 2024 and 31 December 2023.

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 S\$0.3 million and S\$0.1 million for 1H2024 and 1H2023 respectively.

The Group did not have any capital commitments as at 30 June 2024 and 31 December 2023.

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

On 20 October 2023, Nichefield Pte. Ltd. ("**Nichefield**"), a company established in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company (as purchaser) entered into the share transfer agreement with three vendors, pursuant to which the vendors conditionally agreed to sell 40%, 35% and 25% of their respective interests in Neuhaus Engineering Pte. Ltd. (the "**Target Company**") (in aggregate representing the entire issued shares of the Target Company), and Nichefield conditionally agreed to acquire 100% interests of the Target Company. Prior to the completion, the entire issued shares of the Target Company were legally and beneficially owned by the vendors in aggregate. Upon completion as of 30 November 2023, the Target Company became an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company began to consolidate into the financial statements of the Group. For further details, please refer to the announcement of the Company dated 9 April 2024 and the circular of the Company dated 24 June 2024.

On 17 May 2023, KT&T Engineers and Constructors Pte. Ltd., a wholly owned subsidiary of the Company, entered into the property purchase agreement with Eng Lee Engineering Pte Ltd, a company incorporated in Singapore, which was under liquidation, in relation to the acquisition of 5 Neythal Road Singapore 628572 by KT&T Engineers and Constructors Pte. Ltd. for an aggregate consideration of S\$10,180,000 (equivalent to HK\$59,172,411) (excluding the goods and services tax payable). The aforementioned acquisition was completed on 31 January 2024. For further details, please refer to the announcement of the Company dated 9 April 2024 and the circular of the Company dated 24 June 2024.

Save as disclosed above, there were no material acquisitions and disposal of subsidiaries, associates and joint ventures for 1H2024.

The Group held listed equity investments and listed fund investments of S\$4.5 million and S\$6.6 million, as at 30 June 2024 and 31 December 2023 respectively.

The economic outlook and financial market in Singapore remain uncertain due to the rising inflation and interest rates. In view of these uncertainties and the existing market conditions, the Group decided to adopt a more proactive 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 2024, the Group did not enter into any material off-balance sheet transaction.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2024, the Group had 508 employees (as at 31 December 2023: 694), 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 S\$13.6 million and S\$6.3 million for 1H2024 and 1H2023 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, equity investments at fair value through other comprehensive income, investments 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.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") pursuant to an ordinary resolution passed by the shareholders at the extraordinary general meeting of the Company on 29 December 2023.

The purposes of the Share Option Scheme are (i) to provide Eligible Participants (as defined below) with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole; (ii) to motivate Eligible Participants to contribute to the success of the Group's operations; and (iii) to provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Eligible Participants.

Eligible participants of the Share Option Scheme include: (a) director(s) and employee(s) of the Company or any of its subsidiaries (including persons who are granted Options, share options or awards as an inducement to enter into employment contracts with the Company or any of its subsidiaries) (the “**Employee Participants**”); (b) person(s) who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to person(s) who work for the Company as independent contractors (including advisers, consultants, contractors, suppliers, agents, entities providing research, development or other technological support and service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity (the “**Service Providers**”); and (c) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company objectivity (the “**Related Entity Participants**”) (collectively “**Eligible Participants**”).

The remaining life of the Share Option Scheme is 10 years.

When the Share Option Scheme was approved by the shareholders of the Company on 29 December 2023, it was also approved that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other Share Option Scheme adopted by the Group must not in aggregate exceed 10% of the Shares in issue as at the date of the extraordinary general meeting, i.e. 1,292,500,000 Shares (the “**Scheme Mandate Limit**”). The Company may renew the Scheme Mandate Limit with shareholders’ approval provided that each such renewal may not exceed 10% of the Shares in issue as at the date of the shareholders’ approval.

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued Shares of the Company for the time being.

The vesting period for options shall not be less than 12 months.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each grantee, which period must expire no later than 10 years from the date of grant (subject to acceptance) of the option.

The right to exercise an option is not subject to or conditional upon the achievement of any performance target unless otherwise stated in the grant letter which is to be made by the Company to the participant of the Share Option Scheme upon granting of the option.

The subscription price for the Shares under the Share Option Scheme will be a price determined by the Board in its discretion on the date of grant, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

Further details of the Share Option Scheme are set out in the circular of the Company dated 9 December 2023.

On 9 January 2024 (the “**Date of Grant**”), the Company granted a total of 128,603,750 share options (the “**Share Options**”) under the Share Option Scheme to entitle the holder(s) thereof to subscribe for a total of 128,603,750 Shares. The details of such grant of the Share Options are set out as follows:

Grantee: 71,087,500 Options were granted to Mr. Liu Lei (劉鐳), a director and general manager of Jinhai Medical and chief technical officer of the Group, 6,462,500 Options were granted to Mr. Wang Zhenfei (王振飛), an executive Director and chief executive officer of the Group and 51,053,750 Options were granted to eight other full-time employees of the Group. As at 30 June 2024, 128,603,750 Share Options were outstanding:

Name of Grantee	Capacity	Number of Share Options granted
Mr. Liu Lei	Director and general manager of Jinhai Medical and chief technical officer of the Group	71,087,500
Mr. Wang Zhenfei	Executive Director and chief executive officer of the Group	6,462,500
Eight full-time employees		<u>51,053,750</u>
Total		<u><u>128,603,750</u></u>

Exercise price of Share Options granted: HK\$2.54 per Share, which represents the highest of (i) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days (as defined in the Listing Rules) immediately preceding the Date of Grant, being HK\$2.46; (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant, being HK\$2.54; and (iii) the nominal value of HK\$0.01 per Share.

Exercise period of the Share Options: The Share Options shall be valid for 10 years from the Date of Grant and lapse at the expiry of such period.

Vesting Period of Options: The Share Options shall be vested and become exercisable in three tranches as set out in the table below (upon fulfilment of any additional vesting condition(s), such as performance target as specified below).

Tranche	Vesting Date	Percentage of Options to be vested
First	30 April 2025	20%
Second	30 April 2026	30%
Third	30 April 2027	50%

Performance Target: The vesting of each tranche of the Share Options to the grantees is subject to satisfaction of the performance targets for the full fiscal year immediately before the vesting date of each tranche to be determined by the Board based on the internal assessment system of the Group.

Since the grantees are all full-time employees of the Group, the assessment will be based on the grantee's overall performance, performance of the team or department that the grantee belongs to and the performance of the Group.

Clawback Mechanism: As set out in the Share Option Scheme, the Options granted or conditionally granted are subject to, among others, (i) clawback mechanism at the discretion of the Board (and the Remuneration Committee, in the case of grant of Options to Directors and senior management of the Group) in the event of misconduct (such as: (a) any material misstatements or omissions in the Company's financial statements by a Grantee; (b) any violation by a Grantee of confidentiality or non-competition obligations owed to the Group, or any leakage by such Grantee of the Group's trade secrets, intellectual property or proprietary information; (c) any termination of employment contracts by a Grantee without notice or payment in lieu of notice; (d) any conviction of any criminal offence by a Grantee involving integrity or honesty; or (e) any conduct of a Grantee that has material adverse effect to the reputation or interests of the Group); and (ii) lapse of Options upon occurrence of certain events as stipulated in the Share Option Scheme, including but not limited to cessation of employment of the Grantees.

Financial Assistance: There is no arrangement for the Group to provide any financial assistance to the grantees to facilitate the subscription of Shares under the Share Option Scheme.

The number of Shares that may be issued in respect of the share options granted under the Scheme during the six months ended 30 June 2024 divided by the weighted average number of shares in issue for the six months ended 30 June 2024 is 0.1.

A total of 128,603,750 Share Options were granted on 9 January 2024 under the Share Option Scheme. During the Reporting Period, no Share Options have been lapsed and as at 30 June 2024, 128,603,750 Share Options were outstanding. For further details, please refer to the interim report for the Period to be published by the Company.

SIGNIFICANT EVENTS AFTER THE PERIOD

Save as disclosed in this interim results announcement, the Directors confirm that no significant event that affected the Group has occurred after 30 June 2024 and up to the date of this interim results announcement.

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 for Securities Transaction by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to 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 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 C1 to the Listing Rules (the “**CG Code**”) as its own code of corporate governance except for the following:

The Company has complied with all applicable code provisions in all material respects 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.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The interim results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.jin-hai.com.hk. The interim report of the Company for the Period containing all information required by the Listing Rules will be available to the shareholders and published on the 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 Medical Technology Limited
Chen Guobao
Chairman of the Board and Executive Director

Hong Kong, 30 August 2024

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