今海國際集團控股有限公司

Jinhai International Group Holdings Limited

(Formerly known as Kakiko Group Limited)

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

Stock code: 2225

INTERIM REPORT 2020

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Yang Fu Kang *(Deputy Chairman)*
Mr. Li Yunping
Mr. Wang Huasheng
Mr. Jiang Jiangyu

Independent Non-executive Directors

Mr. Yan Jianjun
Mr. Fan Yimin
Mr. Chai Chi Man
(appointed on 1 July 2020)
Mr. Lau Kwok Fai Patrick
(resigned on 1 July 2020)

Audit Committee

Mr. Yan Jianjun *(Chairman)*
Mr. Yang Fu Kang
Mr. Wang Huasheng
Mr. Fan Yimin
Mr. Chai Chi Man
(appointed on 1 July 2020)
Mr. Lau Kwok Fai Patrick
(resigned on 1 July 2020)

Nomination Committee

Mr. Chen Guobao *(Chairman)*
Mr. Li Yunping
Mr. Yan Jianjun
Mr. Fan Yimin
Mr. Chai Chi Man
(appointed on 1 July 2020)
Mr. Lau Kwok Fai Patrick
(resigned on 1 July 2020)

Remuneration Committee

Mr. Yan Jianjun *(Chairman)*
Mr. Wang Zhenfei
Mr. Jiang Jiangyu
Mr. Fan Yimin
Mr. Chai Chi Man
(appointed on 1 July 2020)
Mr. Lau Kwok Fai Patrick
(resigned on 1 July 2020)

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

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

21B Senoko Loop
Singapore 758171

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
29/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 2020

	Notes	Six months ended 30 June 2020 S$ (Unaudited)	 2019 S$ (Unaudited)
Revenue	4	**13,822,745**	25,361,949
Cost of services		**(9,330,985)**	(19,699,945)
Gross profit		**4,491,760**	5,662,004
Other income	5	**1,504,846**	1,131,555
Selling expenses		**(9,160)**	(21,797)
Administrative expenses		**(5,138,960)**	(5,989,176)
Other gains	6	**690,510**	350,563
Finance costs		**(155,982)**	(297,606)
Profit before taxation	7	**1,383,014**	835,543
Income tax expense	8	**(235,114)**	(142,042)
Profit after taxation, representing total comprehensive income for the Period		**1,147,900**	693,501
Earnings per share			
Basic and diluted	10	**0.09 cent**	0.06 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 S$ (Unaudited)	31 December 2019 S$ (Audited)
		As at	
Non-current assets			
Property, plant and equipment		**1,984,135**	2,459,944
Right-of-use assets		**3,403,395**	4,494,213
Investment property		**3,915,231**	5,424,867
Other receivables		**3,277**	6,377
Deferred tax assets		**172,100**	172,100
		9,478,138	12,557,501
Current assets			
Trade receivables	11	**1,475,527**	6,435,012
Other receivables, deposits and prepayments		**1,710,883**	1,867,299
Contract assets		**40,868**	876
Financial assets at fair value through profit or loss		**81,800**	82,400
Income tax receivable		**7,497**	41,215
Bank balances and cash		**26,688,155**	21,660,275
		30,004,730	30,087,077
Current liabilities			
Trade and other payables	12	**5,367,595**	7,272,289
Contract liabilities		**493,537**	610,264
Lease liabilities		**5,235,257**	5,094,761
Income tax payable		**607,378**	376,926
		11,703,767	13,354,240
Net current assets		**18,300,963**	16,732,837

	Notes	As at 30 June 2020 S$ (Unaudited)	31 December 2019 S$ (Audited)
Non-current liabilities			
Lease liabilities		**2,336,723**	4,995,860
Deferred tax liabilities		**92,100**	92,100
		2,428,823	5,087,960
Net assets		**25,350,278**	24,202,378
Capital and reserves			
Share capital	13	**2,142,414**	2,142,414
Share premium		**14,958,400**	14,958,400
Merger reserves		**1,350,000**	1,350,000
Accumulated profits		**6,899,464**	5,751,564
		25,350,278	24,202,378

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company				
	Share capital	**Share premium**	**Merger reserves (Note)**	**Accumulated profits**	**Total**
	S$	S$	S$	S$	S$
At 1 January 2019	2,142,414	14,958,400	1,350,000	6,437,346	24,888,160
Profit representing total comprehensive income for the period	–	–	–	693,501	693,501
At 30 June 2019 (unaudited)	2,142,414	14,958,400	1,350,000	7,130,847	25,581,661
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**

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 2020

	Six months ended 30 June	
	2020	2019
	S$	S$
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before taxation	**1,383,014**	835,543
Adjustments for:		
Depreciation of property, plant and equipment	**525,919**	485,896
Depreciation of investment property	**782,886**	1,472,239
Depreciation of right-of-use assets	**1,059,108**	1,074,555
Finance costs	**155,982**	297,606
Interest income	**–**	(635,268)
Dividend income	**(1,900)**	(1,400)
Loss/(gain) on fair value movement on financial assets measured at fair value through profit or loss ("FVTPL")	**600**	(181,568)
Gain on disposal of financial assets measured at FVTPL	**–**	(3,206)
Unrealised foreign exchange (gain)/loss	**(564,802)**	121,996
Reversal of impairment loss recognised on trade and other receivables	**–**	(309,774)
Operating profit before working capital changes	**3,340,807**	3,156,619
Movements in working capital:		
Change in trade receivables	**4,959,485**	272,128
Change in other receivables, deposits and prepayments	**159,516**	2,078,009
Change in contract assets	**(39,992)**	(6,204)
Change in trade and other payables	**(1,904,694)**	(593,127)
Change in contract liabilities	**(116,727)**	34,232
Cash generated from operations	**6,398,395**	4,941,657
Income taxes refund/(paid)	**29,056**	(34,436)
Net cash generated from operating activities	**6,427,451**	4,907,221

	Six months ended 30 June	
	2020	2019
	S$	S$
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Additions to investment property	**–**	(3,150)
Purchase of property, plant and equipment	**(50,110)**	(238,215)
Proceeds from disposal of financial assets measured at FVTPL	**–**	3,077,045
Interest received	**–**	84,290
Dividends received from financial assets measured at FVTPL	**1,900**	1,400
Net cash (used in)/generated from investing activities	**(48,210)**	2,921,370
Cash flows from financing activities		
Interest paid	**(155,982)**	(297,606)
Principal repayment of lease liabilities	**(1,760,181)**	(2,303,748)
Cash used in financing activities	**(1,916,163)**	(2,601,354)
Net increase in cash and cash equivalents	**4,463,078**	5,227,237
Cash and cash equivalents at beginning of the period	**21,660,275**	15,995,300
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	**564,802**	(121,996)
Cash and cash equivalents at end of the period	**26,688,155**	21,100,541

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 Company and its subsidiaries (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 21B Senoko Loop, Singapore 758171. 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.

The unaudited consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

The unaudited consolidated financial statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019 ("**Annual Report 2019**"). The accounting policies and methods of computation used in the preparation of these unaudited consolidated financial statements are consistent with those used in Annual Report 2019.

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 January 2020, the Group adopted all the new and revised 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.

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	
	2020	2019
	S$	S$
	(Unaudited)	(Unaudited)
Revenue recognised over time:		
Provision of manpower outsourcing and ancillary services	**10,116,687**	21,804,489
Provision of dormitory services	**3,019,792**	2,768,876
Provision of IT services	**204,450**	415,500
Provision of construction ancillary services	**481,816**	373,084
	13,822,745	25,361,949

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. All revenues are derived from Singapore based on the location of services delivered and the Group's property, plant and equipment are all located in Singapore.

5. OTHER INCOME

	Six months ended 30 June	
	2020	2019
	S$	S$
	(Unaudited)	(Unaudited)
Government grants *(Note a)*	**1,261,999**	277,584
Dividend income from equity investments	**1,900**	1,400
Interest income *(Note b)*	**–**	635,268
Forfeiture of customer deposits	**5,180**	7,400
Work injury/workmen compensation claims	**146,927**	94,943
Sub-leasing income	**80,012**	100,479
Others	**8,828**	14,481
	1,504,846	1,131,555

Notes:

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

During the periods ended 30 June 2020 and 2019, respective grants of S$116,463 and S$129,811 under WCS were received. Under this credit scheme, the Singapore Government provides assistance to Singapore-registered businesses by way of co-funding 20% and 10% of wage increases for 2019 and 2020, respectively, given to Singapore citizen employees earning a gross monthly wage of S$5,000 or below.

During the periods ended 30 June 2020 and 2019, the Group received respective grants of S$145,995 and S$68,991 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.

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

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.

b. In 1H2019, included in the interest income was deemed interest of S$550,978 from receivables arising from the one-off profit sharing agreement with Mines & Mineral Resources Co. Ltd ("**Mines & Mineral**"), a third party counterparty in Myanmar, and the termination of convertible bonds issued by Mines & Mineral which was converted to a receivable in 2018.

6. OTHER GAINS

	Six months ended 30 June	
	2020	2019
	S$	S$
	(Unaudited)	(Unaudited)
Gain on disposal of equity investments	**–**	3,206
Changes in fair value of financial assets at fair value through profit or loss	**(600)**	181,568
Foreign exchange gain/(loss), net	**691,110**	(143,985)
Reversal of impairment loss recognised on trade and other receivables	**–**	309,774
	690,510	350,563

7. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2020	2019
	S$	S$
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**525,919**	485,896
Depreciation of right-of-use assets	**1,059,108**	1,074,555
Depreciation of investment property	**782,886**	1,472,239
Workers and staff costs		
– Salaries, wages and other benefits	**8,253,727**	11,474,855
– Contribution to retirement benefit plans	**426,234**	550,914
– Foreign worker levy (Note)	**415,833**	6,801,621
Total workers and staff costs	**9,095,794**	18,827,390
Gross rental income from investment property	**3,019,792**	2,768,876
Less: direct operating expenses incurred for investment property that generated rental income during the period	**(1,175,707)**	(2,006,149)
	1,844,085	762,727

Note:

To help ease labour costs, the Singapore government provided employers with 3 rounds of levy rebate of S$750 for each work permit holder employed as at 29 February 2020, 1 May 2020 and 1 June 2020, and waived levy payable in April, May and June 2020.

8. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (30 June 2019: 17%) on the estimated assessable profits arising from Singapore.

	Six months ended 30 June	
	2020	2019
	S$	S$
	(Unaudited)	(Unaudited)
Tax expense comprises:		
Current tax – Singapore corporate income tax ("**CIT**")	**235,114**	142,042

9. DIVIDEND

No dividend was paid or declared by the Company for the six months ended 30 June 2020 and 2019.

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company for the purpose of basic earnings per share *(S$)*	**1,147,900**	693,501
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,230,000,000**	1,230,000,000
Basic and diluted earnings per share *(S$ cents)*	**0.09**	0.06

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

Diluted earnings per share is the same as the basic earnings per share because the Group had no dilutive securities that are convertible into shares during the periods ended 30 June 2020 and 2019.

11. TRADE RECEIVABLES

	30 June 2020	31 December 2019
	S$	S$
	(Unaudited)	(Audited)
Trade receivables	**3,702,599**	8,665,617
Less: loss allowance	**(2,227,072)**	(2,230,605)
	1,475,527	6,435,012

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.

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

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 2020 S$ (Unaudited)	31 December 2019 S$ (Audited)
Not past due	**5,578**	2,727,601
1 to 30 days	**509,102**	3,234,757
31 to 60 days	**575,573**	364,155
61 to 90 days	**249,927**	45,844
91 to 180 days	**53,687**	40,100
181 to 365 days	**82,243**	22,760
>365 days	**(583)**	(205)
	1,475,527	6,435,012

12. TRADE AND OTHER PAYABLES

	30 June 2020 S$ (Unaudited)	31 December 2019 S$ (Audited)
Trade payables	**746,355**	616,415
Accrued operating expenses	**2,432,694**	3,746,643
Other payables		
Goods and services tax payables	**729,790**	1,447,454
Customer deposits received	**1,216,006**	1,178,606
Deferred income	**7,582**	48,003
Others	**235,168**	235,168
	5,367,595	7,272,289

12. TRADE AND OTHER PAYABLES *(Continued)*

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

	30 June 2020 S$ (Unaudited)	31 December 2019 S$ (Audited)
Within 30 days	372,116	436,417
31 days to 90 days	289,841	109,062
Over 90 days	84,398	70,936
	746,355	616,415

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

13. SHARE CAPITAL

	Number of shares	Par value HK$	Share capital HK$
Authorised:			
At 1 January 2019 (audited), 31 December 2019 (audited) and 30 June 2020 (unaudited)	2,000,000,000	0.01	20,000,000

	Number of shares	Share capital S$
Issued and fully paid ordinary shares:		
At 1 January 2019 (audited), 31 December 2019 (audited) and 30 June 2020 (unaudited)	1,230,000,000	2,142,414

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

For the six months ended 30 June 2020 (the "**Period**") under review, the Group recorded revenue of approximately S$13.8 million, a significant decrease of approximately 45.5% over the previous period, due to the Circuit Breaker ("**CB**") measures that were implemented by the Singapore government from 7 April to 1 June 2020 ("**CB period**") to slow the spread of COVID-19. This resulted in the suspension of non-essential services and closure of most workplace premises. Gross profit decreased to approximately S$4.5 million in 1H2020 from approximately S$5.7 million in 1H2019.

The COVID-19 pandemic has severely affected the construction industry in Singapore. Apart from certain essential activities, all construction activities, including those of the Group's, were suspended in April 2020 under CB measures to contain the outbreak. While a controlled restart of some construction activities has since been permitted, the pace of resumption has been slow as a substantial proportion of the foreign construction workforce is still under quarantine. In addition, the Group is required to comply with government measures prior to resuming work, and conducting regular swab tests on its workers after resumption. It expects to incur additional costs to comply with these requirements going forward. Along with the uncertainty and other challenges brought about by the pandemic, the Group expects its performance in the remaining months of 2020 to be affected.

The Group is taking proactive steps to conserve cash by implementing stricter cost management measures and deferring capital expenditure, where sensible. The Group continues to closely monitor and manage the COVID-19 situation and will make further announcements in the event of material changes.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased from approximately S$25.4 million for 1H2019 to approximately S$13.8 million for 1H2020. The following table sets forth a breakdown of the revenue for 1H2020 and 1H2019 as indicated:

	1H2020 S$ (Unaudited)	1H2019 S$ (Unaudited)	Increase/ (Decrease) by S$
Manpower outsourcing and ancillary services	**10,116,687**	21,804,489	(11,687,802)
Dormitory services	**3,019,792**	2,768,876	250,916
Construction ancillary services	**481,816**	373,084	108,732
IT services	**204,450**	415,500	(211,050)
	13,822,745	25,361,949	(11,539,204)

Revenue from manpower outsourcing and ancillary services decreased from approximately S$21.8 million in 1H2019 to approximately S$10.1 million in 1H2020, representing a decrease of approximately 53.6%. This is attributable to the decrease in construction activities during 1H2020, in particular, since the commencement of the CB period on 7 April 2020, where the construction activities were suspended, hence minimal revenue recognised since then.

Revenue from dormitory services remained broadly stable at approximately S$3.0 million and S$2.8 million for 1H2020 and 1H2019 respectively. Given the occupancy rate of our dormitory, the current capacity of our dormitory is insufficient to capture further business opportunities. Whilst the Group is actively exploring a suitable dormitory for acquisition, 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 that will suit its business needs, subject to the market conditions.

Revenue from construction ancillary services in 1H2020 increased by approximately S$0.1 million as compared to that in 1H2019. This was mainly due to an increase in sales from warehousing services due to additional industrial space rented out.

The decrease in revenue from IT services from approximately S$0.4 million in 1H2019 to approximately S$0.2 million in 1H2020 was mainly due to a decrease in the number of maintenance and support days required by our sole IT customer during the CB period.

Gross profit and gross profit margin

The Group's gross profit decreased from approximately S$5.7 million for 1H2019 to approximately S$4.5 million for 1H2020. It was mainly due to the decrease in construction activities as discussed above. Despite that, the gross profit margin increased from approximately 22.3% for 1H2019 to approximately 32.5% for 1H2020, due primarily to (i) foreign workers' levy waiver in certain months and levy rebates provided by the Singapore government to partially support the upkeep and well-being of foreign workers, (ii) rental waiver granted by landlords and the government, and (iii) stricter cost management measures implemented by the Group.

Other income

Other income increased from approximately S$1.1 million in 1H2019 to approximately S$1.5 million in 1H2020 mainly due to government grants received under COVID-19 Jobs Support Scheme which provides wage support to help employers retain local employees.

Administrative expenses

Administrative expenses decreased from approximately S$5.9 million in 1H2019 to approximately S$5.1 million in 1H2020 mainly due to long-term workforce reduction and implementation of other cost saving strategies as a result of the economic and operational impacts of the COVID-19. There were additional costs incurred in the prior period for the provision of services relating to the unconditional mandatory cash offer by Guotai Junan Securities (Hong Kong) Limited for and on behalf of Full Fortune International Co., Ltd to acquire the issued shares of the Company (the "**Offer**") and the related costs incurred for the translation, typesetting and delivery of the composite document relating to the Offer. For details, please refer to the announcements of the Company dated 31 May 2019 and 19 July 2019, and the composite document of the Company dated 28 June 2019.

Other gains

Other gains increased by approximately S$0.34 million in 1H2020 due mainly to net foreign exchange gain on revaluation of bank balances denominated in Hong Kong dollar ("**HK$**"), which appreciated against Singapore dollar ("**S$**") in 1H2020.

Income tax expense

Income tax expense increased from S$0.14 million in 1H2019 to S$0.23 million in 1H2020, mainly due to higher profits recorded in 1H2020.

Profit for the period

Despite the disruption in business activities due to COVID-19, the Group recorded a profit of approximately S$1.15 million in 1H2020 (1H2019: S$0.69 million) largely attributed to various COVID-19 jobs support schemes rolled out by the Singapore government 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**") (1H2019: 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), out of which approximately S$0.3 million has been utilised for the acquisition of three new lorries in 2018.

The below table sets out the proposed applications of the net proceeds from the Listing Date to 30 June 2020:

Use of net proceeds as disclosed in the Prospectus (Note 1)	Amount of the net Proceeds for each intended usage HK$' million	Amount of the utilised net proceeds as at 30 June 2020 HK$' million	Total unutilised net proceeds from the Listing Date to 30 June 2020 HK$' million	Expected timeline for the use of the unutilised net proceeds (Note 2): for the year ending 31 December 2020 HK$' million	for the six months ending 30 June 2021 HK$' million
(1) For partly financing the acquisition of an additional foreign worker dormitory at an estimated consideration of HK$162.0 million	77.1	Nil	77.1	Please refer to the paragraph headed "Expected timeline for use of the unutilised net proceeds" below.	
(2) For financing the acquisition of 10 additional lorries	5.5	1.8	3.7	1.7	2.0
Total	82.6	1.8	80.8		

Notes:

1. Further details were set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus dated 4 October 2017.

2. The expected timeline for utilising the remaining net proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

Expected timeline for use of the unutilised net proceeds

As at 30 June 2020, the unutilised net proceeds of approximately HK$80.8 million has been placed as deposits into licensed banks in Hong Kong. The unutilised net proceeds will be expected to be used according to the intentions previously disclosed in the Prospectus, with further details as elaborated below:

- As for the acquisition of an additional foreign worker dormitory, the unutilised portion amounted to approximately HK$77.1 million as at 30 June 2020. Whilst the Company is actively exploring suitable dormitory for acquisition, 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 Company hopes it will locate a reasonably priced property over the next 12 months that will suit its business needs, subject to the market conditions at the material time.

- As for the acquisition of 10 additional lorries, the unutilised portion amounted to approximately HK$3.7 million as at 30 June 2020. The Company also takes a cautious approach in acquiring additional lorries by taking into account of, amongst others, the estimated demand for foreign workers in Singapore and the utilisation rate of the lorries owned by the Company. The Company expects to utilise approximately HK$1.7 million for financing the acquisition of 3 additional lorries by 31 December 2020 and the remaining of approximately HK$2.0 million for financing the acquisition of 4 additional lorries by 30 June 2021.

Borrowings and gearing ratio

As at 30 June 2020, the Group had an aggregate of current and non-current lease liabilities of approximately S$7.6 million as compared to approximately S$10.1 million as at 31 December 2019. The decrease was due to repayment of lease liabilities during the Period.

The Group's gearing ratio as at 30 June 2020 was approximately 29.9% (as at 31 December 2019: approximately 41.7%). 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 2020 and 31 December 2019, the Group had unutilised banking facilities of approximately S$527,639 available for cash drawdown.

Cash and cash equivalents

As at 30 June 2020, the Group had cash and cash equivalents of approximately S$26.7 million, of which approximately 39.7% was denominated in S$ and approximately 60.3% 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$**") were immaterial.

Foreign exchange exposure

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

However, the Group retains a large portion of the proceeds from the Share Offer in HK$ which contributed to an unrealised foreign exchange gain of approximately S$0.7 million as HK$ strengthened against S$ in 1H2020.

Charges on the Group's assets and contingent liabilities

As at 30 June 2020, certain lease liabilities were secured by the charge over leased assets with an aggregate net book value of approximately S$0.46 million (as at 31 December 2019: S$0.53 million).

The Group did not have any material contingent liabilities as at 30 June 2020.

Capital expenditures and capital commitments

The Group's capital expenditures principally consisted of expenditures on motor vehicles, computer and equipment, furniture and fittings. The Group recorded capital expenditures for the purchases of property, plant and equipment in the amounts of approximately S$50,000 and S$0.24 million for 1H2020 and 1H2019 respectively.

The Group did not have any capital commitments as at 30 June 2020.

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

There were no material acquisitions and disposal of subsidiaries, associates and joint ventures for 1H2020.

During 1H2019, the Group disposed of a portion of its investment in quoted equity shares. The proceeds from the disposal were approximately S$1.5 million.

Off-balance sheet transactions

As at 30 June 2020, the Group did not enter into any material off-balance sheet transaction.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2020, the Group had 1,468 employees (as at 31 December 2019: 1,650), 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$8.7 million and S$12.0 million for 1H2020 and 1H2019 respectively.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest rate risk

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

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

Foreign currency risk

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

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

Credit risk

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out a 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.

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 2020, the interests and short positions of the directors (the "**Directors**") and chief executives of Jinhai International Group Holdings Limited (the "**Company**") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules, were as follows:

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

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

Note:

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

Save as disclosed above, as at 30 June 2020, 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 2020, 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 2020, 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 2019 of the Company and up to the date of this interim report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

Mr. Chai Chi Man is appointed as independent non-executive Director and members of the audit committee, nomination committee and remuneration committee of the Company with effect from 1 July 2020.

Mr. Lau Kwok Fai Patrick resigned as independent non-executive Director and members of the audit committee, nomination committee and remuneration committee of the Company with effect from 1 July 2020.

For further details, please refer to the announcement of the Company dated 2 July 2020.

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 2020 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, 25 August 2020