

Hygieia
Group



Hygieia Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1650



2021 Interim Report



CONTENTS



Corporate Information	2
Management Discussion and Analysis	4
Corporate Governance and Other Information	7
Condensed Consolidated Statement of Comprehensive Income	12
Condensed Consolidated Statement of Financial Position	13
Condensed Consolidated Statement of Changes in Equity	14
Condensed Consolidated Statement of Cash Flows	15
Notes to the Condensed Consolidated Financial Statements	16
Definitions	30



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Toh Eng Kui (卓榮貴)
(*Chairman*)

Mr. Hong Rui Sheng (唐瑞聲)
(*Chief Executive Officer*)

Mr. Peh Poon Chew
(*Chief Operating Officer*)

Independent Non-executive Directors

Mr. Koh How Thim (高厚琛)

Mr. Tan Wu Hao (陳武豪)

Mr. Wong Yuk (王旭)

MEMBERS OF AUDIT COMMITTEE

Mr. Wong Yuk (王旭) (*Chairman*)

Mr. Koh How Thim (高厚琛)

Mr. Tan Wu Hao (陳武豪)

MEMBERS OF REMUNERATION COMMITTEE

Mr. Koh How Thim (高厚琛) (*Chairman*)

Mr. Tan Wu Hao (陳武豪)

Mr. Wong Yuk (王旭)

MEMBERS OF NOMINATION COMMITTEE

Mr. Tan Wu Hao (陳武豪) (*Chairman*)

Mr. Koh How Thim (高厚琛)

Mr. Wong Yuk (王旭)

COMPANY SECRETARY

Mr. Lau Chung Wai (劉仲緯) (*FCPA (Practising)*)

AUTHORISED REPRESENTATIVES

Mr. Hong Rui Sheng (唐瑞聲)

Mr. Lau Chung Wai (劉仲緯)

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
31st Floor, Gloucester Tower
The Landmark
11 Pedder Street Central
Hong Kong

COMPLIANCE ADVISER

Fortune Financial Capital Limited
4102-06, 41/F, Cosco Tower
183 Queen's Road Central
Hong Kong

PRINCIPAL BANKER

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

LEGAL ADVISERS

As to Hong Kong laws:

Morgan, Lewis & Bockius
Suites 1902-09, 19th Floor
Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

As to Cayman Islands laws:

Conyers Dill & Pearman
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands





REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

6 Tagore Drive
#B1-02
Tagore Building
Singapore 787623

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 629A, 6th Floor
Star House, No. 3 Salisbury Road
Tsim Sha Tsui, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

1650

COMPANY WEBSITE

www.hygieiagroup.com

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established general cleaning service provider in the environmental services industry headquartered in Singapore with operations in both Singapore and Thailand. The Group primarily provides general cleaning works for a variety of public and private venues including medical centres, shopping malls, commercial and industrial buildings, schools, hotels, private condominiums as well as public access areas in town councils in Singapore. In Thailand, the Group provides general cleaning works for private customers at private residences, offices and industrial buildings.

The Group has more than 25 years of experience in the environmental services industry, and with their L6-graded FM02 workhead for “Housekeeping, Cleansing, Desilting and Conservancy” services currently held by Eng Leng, the Group is able to tender for public sector service contracts of an unlimited contract value. As at 30 August 2021, Eng Leng was one of 37 registered contractors holding an L6-graded FM02 workhead among 448 contractors registered with the FM02 workhead. The Group has a quality management system accredited by their ISO 9001:2015 certification for the provision of cleaning and housekeeping services, and the Group has been recognised by the NEA through a Clean Mark silver award for delivering high cleaning standards.

As at 30 June 2021, the Group has 257 ongoing service contracts, excluding one-off contracts, with outstanding contract sums of approximately S\$52.7 million.

FUTURE PROSPECTS

In the second half of 2021, the Group will continue its vision to become an integrated service provider in the environmental services industry, and to provide consistent and quality cleaning services to customers. The management and staff will remain vigilant and nimble, look ahead and make necessary adjustments to remain a market leader in the environmental services industry in Singapore. The Group will strive to further entrench and increase its market presence in the industry.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2021, the Group’s total revenue was approximately S\$35.5 million, representing a decrease of approximately 1.5% from approximately S\$36.0 million as compared with the corresponding period of 2020. This decrease was primarily due to the more challenging and competitive environment arising from the prolonged COVID-19 pandemic situation.

Cost of Sales

For the six months ended 30 June 2021, the cost of sales was approximately S\$26.7 million, representing an increase of approximately 9.4% from approximately S\$24.4 million as compared with the corresponding period of 2020. Please refer to the section “Gross Profit and Gross Profit Margin” for the explanation of the increase.





Gross Profit and Gross Profit Margin

Gross profit decreased from approximately S\$11.6 million for the six months ended 30 June 2020 to approximately S\$8.8 million for the six months ended 30 June 2021. The gross profit margin decreased from 32.3% for the six months ended 30 June 2020 to 24.8% for the six months ended 30 June 2021, which was primarily due to a decline in receipts of certain one-off government grants from the Singapore Government to assist Singapore businesses in coping against the economic uncertainty due to COVID-19. For the six months ended 30 June 2021, the Group has recognised approximately S\$1.6 million of one-off government grants in total (30 June 2021: S\$6.0 million).

Administrative Expenses

Administrative expenses increased from approximately S\$3.2 million for the six months ended 30 June 2020 to approximately S\$3.8 million for the six months ended 30 June 2021, primarily due to the higher employee benefit expenses and professional fees incurred by the Group post-listing.

Income Tax Expense

The income tax expense and effective tax rate for the six months ended 30 June 2021 was approximately S\$0.6 million and 12.7% respectively, as compared with S\$0.5 million and 5.9% during the corresponding period of 2020. Such increase was mainly attributable to the lower receipts of certain one-off government grants that were not subjected to corporate income tax.

Profit after tax for the six months ended 30 June 2021

As a result of the above factors, the net profit of the Group was approximately S\$4.3 million for the six months ended 30 June 2021, a decrease of approximately 43.5% as compared with S\$7.6 million for the six months ended 30 June 2020.

Liquidity and Capital Resources

As at 30 June 2021, current assets of the Group amounted to approximately S\$51.0 million, including bank balances and cash of approximately S\$28.8 million and other current assets of approximately S\$22.2 million. Current liabilities of the Group amounted to approximately S\$11.2 million, including trade payables of approximately S\$7.3 million and other current liabilities of approximately S\$3.9 million. As at 30 June 2021, the current ratio (the current assets to current liabilities ratio) of the Group was 4.6, as compared with 3.6 as at 31 December 2020.

Gearing ratio is calculated by dividing net debt by total equity. Since the amount of cash and cash equivalents exceeded that of bank borrowings, the Group was at a net cash position as at 30 June 2021. Thus, the gearing ratio was not applicable (31 December 2020: N/A).

Capital Expenditures

Save as disclosed in this report, there was no other significant capital expenditure incurred during the six months ended 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2021.

Pledge of Assets

Assets pledged to secure the borrowings of the Group are disclosed in Note 15 to the condensed consolidated financial information of this report.

Future Plan for Material Investments and Capital Assets

Save as disclosed in this announcement, the Group did not have plans for material investments and capital assets as at 30 June 2021.

Significant Investments, Acquisitions and Disposals

Save as disclosed in this report, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor was there any plan authorised by the Board for other material investments or additions of capital assets during the six months ended 30 June 2021.

Foreign Exchange Risk Management

The functional currency of the Group is SGD. The majority of the Group's revenue and expenditures are denominated in SGD. The Group currently does not have any foreign currency hedging policies. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.





EVENTS AFTER THE REPORTING PERIOD

Up to the date of this report, there was no significant event relevant to the business or financial performance of the Group that has come to the attention of the Directors after the Reporting Period.

USE OF PROCEEDS FROM THE LISTING

Set out below are the details of the allocation of the Net Proceeds, the utilised and unutilised amounts of the Net Proceeds as at 30 June 2021:

	Approximate percentage of total amounts	Actual Net Proceeds S\$'000	Utilised amounts as at 30 June 2021 S\$'000	Unutilised amounts as at 30 June 2021 S\$'000	Estimated completion of utilisation
Acquisition of landscaping company	15.0%	1,774	—	1,774	31 Dec 2023
Purchase of waste disposal equipment	21.3%	2,520	150	2,370	31 Dec 2023
Hiring of waste disposal staff	20.7%	2,446	174	2,272	31 Dec 2023
Cash flow mismatch	20.6%	2,436	2,436	—	N/A
Hiring of sales and marketing staff	1.4%	166	38	128	31 Dec 2023
Hiring of safety officers	2.5%	296	—	296	31 Dec 2023
Purchase of software and systems	2.4%	284	40	244	31 Dec 2022
Leasing of automated machinery and equipment	6.1%	721	14	707	31 Dec 2023
General working capital	10.0%	1,182	1,182	—	N/A
Total	100%	11,825	4,034	7,791	

Note: As at 30 June 2021, the Group had not yet utilised the proceeds for leasing of automated machinery and equipment, purchase of waste disposal equipment and hiring of waste disposal staff and safety officers as planned. The slight delay in utilisation of the proceeds were due to the Group being in the process of identifying suitable project sites for implementation of the automated equipment and recruiting suitable candidates who fit its business needs to join the Group. Nevertheless, the Group expects to utilise the unutilised amounts of the net proceeds in the same manner as disclosed in the Prospectus. The Board will continuously monitor the utilisation of proceeds and keep shareholders and potential investors informed if there is any material change.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EMPLOYEE REMUNERATION AND RELATIONS

As at 30 June 2021, the Group had approximately 2,534 employees (2,621 as at 30 June 2020). The Group's employees (including foreign workers) are remunerated according to their work skills, job scope, responsibilities and performance. Employees are also entitled to a discretionary bonus depending on their respective performances. The duration for which foreign workers are typically employed depends on the period specified in their work permits, and their employment with the Group is subject to renewal based on their performance. The Group also provides housing and medical insurance coverage for their foreign workers as required by the Singapore Ministry of Manpower.

Pursuant to the terms and conditions of the Group's cleaning business license, the Group has in place a progressive wage plan for employees who are Singapore citizens and permanent residents of Singapore that specifies the basic wage payable to each class of cleaners that conforms to the wage levels specified by the Commissioner for Labour. The Group also participates in the mandatory provident fund for local and permanent resident employees in accordance with the Central Provident Fund Act (Chapter 36) of Singapore as amended, supplemented and/or otherwise modified from time to time, and has paid the relevant contributions accordingly.

The Group believes that we maintain a good working relationship with our employees, and the Group has not experienced any material labor disputes during the Reporting Period.

CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organisation which is open and accountable to the Shareholders. The Company has adopted the CG Code as its own code of corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the Corporate Governance Code during the Reporting Period. The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has also adopted the Model Code as its code of conduct regarding securities transactions by the Directors in July 2020.

Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding directors' securities transactions during the Reporting Period.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the Listing Rules. The Audit Committee comprises three members, namely, Mr. Wong Yuk, Mr. Koh How Thim and Mr. Tan Wu Hao, all of whom are independent non-executive Directors. Mr. Wong Yuk is the chairman of the Audit Committee.





The Audit Committee has reviewed the Company's unaudited condensed consolidated interim results for the Reporting Period and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made with no disagreement by the Audit Committee.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period and up to the date of this report.

PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long position in the Shares, underlying shares and debentures of the Company

Name of director	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding interest
Mr. Toh Eng Kui	Interest in a controlled corporation ⁽¹⁾	1,500,000,000	75%

Note:

- (1) TEK Assets Management Limited is owned as to 100% by Mr. Toh Eng Kui. Accordingly, Mr. Toh Eng Kui is deemed to be interested in all the Shares held by TEK Assets Management Limited under the SFO.

(ii) Long position in the Shares, underlying shares and debentures of associated corporations

EL Holding

Name of director	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding interest
Mr. Hong Rui Sheng	Beneficial owner	1	0.02%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Eng Leng Thailand

Name of director	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding interest
Mr. Toh Eng Kui	Beneficial owner	250	0.5%
Mr. Hong Rui Sheng	Beneficial owner	250	0.5%

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2021, none of the Directors or the chief executives of the Company had any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) and entities had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept by the Company under section 336 of the SFO:

Long position in the Shares, underlying shares and debentures of the Company

Name of director	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding interest
TEK Assets Management Limited	Beneficial owner	1,500,000,000	75%
Ms. Chua Seok Joo	Interest of spouse ⁽¹⁾	1,500,000,000	75%

Note:

- (1) Ms. Chua Seok Joo is the spouse of Mr. Toh Eng Kui and she is thus deemed to be interested in all the Shares held by Mr. Toh Eng Kui under the SFO.





Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2021, no other persons (other than a Director or chief executive of the Company) or entities had any interests or short positions in the Shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 8 June 2020 (the “Share Option Scheme”). Details of the Scheme are set forth in the section headed “Statutory and General Information – F. Share Option Scheme” in Appendix IV to the Prospectus. No option has been granted since then and during the Reporting Period. Therefore, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme during the Reporting Period.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2021 pending the publication of the announcement in relation to the audited annual results for the year ended 31 December 2020 by the Company and will remain suspended until the Company fulfils the guidance for the resumption of trading in the shares of the Company as set out by the Stock Exchange.

By Order of the Board
Hygieia Group Limited
Toh Eng Kui
Chairman

Hong Kong, 31 August 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2021 S\$'000 (Unaudited)	2020 S\$'000 (Unaudited)
Revenue	4	35,499	36,046
Cost of sales		<u>(26,708)</u>	<u>(24,419)</u>
Gross profit		8,791	11,627
Other income	5	95	1
Other (losses)/gains — net	6	(2)	(1)
Administrative expenses		<u>(3,811)</u>	<u>(3,222)</u>
Operating profit		5,073	8,405
Finance costs	8	<u>(124)</u>	<u>(288)</u>
Profit before income tax		4,949	8,117
Income tax expense	9	<u>(628)</u>	<u>(475)</u>
Profit for the period		<u>4,321</u>	<u>7,642</u>
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences		(3)	(1)
Item that may not be reclassified subsequently to profit or loss:			
Currency translation differences		<u>—</u>	<u>15</u>
Other comprehensive income, net of tax		<u>(3)</u>	<u>14</u>
Total comprehensive income		<u>4,318</u>	<u>7,656</u>
Profit for the period attributable to:			
Equity holders of the Company		4,328	7,675
Non-controlling interests		<u>(7)</u>	<u>(33)</u>
		<u>4,321</u>	<u>7,642</u>
Total comprehensive income for the period attributable to:			
Equity holders of the Company		4,325	7,674
Non-controlling interests		<u>(7)</u>	<u>(18)</u>
		<u>4,318</u>	<u>7,656</u>
Basic and diluted earnings per share for profit attributable to equity holder of the Company (Singapore cents)	10	<u>0.22</u>	<u>0.51</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2021 S\$'000 (Unaudited)	As at 31 December 2020 S\$'000 (Unaudited)
ASSETS			
Non-current assets			
Property, plant and equipment		3,040	3,106
Right-of-use assets		2,193	2,030
Deferred income tax assets		151	151
		5,384	5,287
Current assets			
Financial assets at fair value through profit or loss		—	1,434
Trade and other receivables, deposits and prepayments	12	22,165	24,702
Cash and cash equivalents	13	28,846	20,091
		51,011	46,227
Total assets		56,395	51,514
EQUITY			
Share capital	14	3,592	3,592
Share premium		13,173	13,173
Capital reserves		4,500	4,500
Other reserves		(98)	(98)
Currency translation reserve		5	8
Retained profits		16,998	12,670
		38,170	33,845
Non-controlling interests		22	29
Total equity		38,192	33,874
LIABILITIES			
Non-current liabilities			
Borrowings	15	6,719	4,553
Lease liabilities		291	168
		7,010	4,721
Current liabilities			
Trade and other payables	16	7,314	9,250
Borrowings	15	1,657	1,615
Lease liabilities		1,127	1,109
Current income tax liabilities		1,095	945
		11,193	12,919
Total liabilities		18,203	17,640
Total equity and liabilities		56,395	51,514

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Attributable to equity holders of the Company								
	Share capital	Share premium	Capital reserves	Other reserves	Retained profits	Currency translation reserve	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2021	3,592	13,173	4,500	(98)	12,670	8	33,845	29	33,874
Profit for the period	–	–	–	–	4,328	–	4,328	(7)	4,321
Other comprehensive income for the period	–	–	–	–	–	(3)	(3)	–	(3)
Total comprehensive income for the period	–	–	–	–	4,328	(3)	4,325	(7)	4,318
Balance at 30 June 2021	<u>3,592</u>	<u>13,173</u>	<u>4,500</u>	<u>(98)</u>	<u>16,998</u>	<u>5</u>	<u>38,170</u>	<u>22</u>	<u>38,192</u>

Note	Attributable to equity holders of the Company								
	Share capital	Capital reserves	Other reserves	Retained profits	Currency translation reserve	Total	Non-controlling interests	Total equity	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Balance at 1 January 2020	–	4,500	(98)	7,079	3	11,484	46	11,530	
Profit for the period	–	–	–	7,642	–	7,642	(33)	7,609	
Other comprehensive income for the period	–	–	–	–	(1)	(1)	15	14	
Total comprehensive income for the period	–	–	–	7,642	(1)	7,641	(18)	7,623	
Transactions with owners, recognised directly in equity									
Dividend paid	11	–	–	(4,500)	–	(4,500)	–	(4,500)	
Balance at 30 June 2020	<u>–</u>	<u>4,500</u>	<u>(98)</u>	<u>10,221</u>	<u>2</u>	<u>14,625</u>	<u>28</u>	<u>14,653</u>	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Six months ended 30 June	
	Note	2021 S\$'000 (Unaudited)	2020 S\$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		7,265	5,581
Income tax paid		(602)	—
		6,663	5,581
Cash flows from investing activities			
Purchase of property, plant and equipment		(500)	(203)
Interest received		15	1
Proceeds from disposal of financial assets at fair value through profit or loss		1,524	—
		1,039	(202)
Cash flows from financing activities			
Interest paid on:			
— Lease liabilities		(31)	(18)
— Other financing arrangement		(93)	(270)
Repayments of bank borrowings		(1,711)	(15,686)
Proceeds from bank borrowings		3,919	10,631
Lease payments for principal portion of lease liabilities		(1,030)	(787)
Dividends paid	11	—	(4,500)
		1,054	(10,630)
Net increase/(decrease) in cash and cash equivalents			
		8,756	(5,251)
Cash and cash equivalents at beginning of the period			
		20,091	12,549
Effects of currency translation on cash and cash equivalents		(1)	(1)
		28,846	7,297
Cash and cash equivalents at end of the period	13	28,846	7,297

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND REORGANISATION

1.1 General information

Hygieia Group Limited (“the Company”) was incorporated on 28 February 2019 in the Cayman Islands as an exempted Company with limited liability under the Companies Law (as revised) of the Cayman Islands. The address of the Company’s registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in the provision of cleaning services (the “Listing Business”). The principal place of business in Singapore of the Group is at 6 Tagore Drive, #B1-02, Singapore 787623. The unaudited condensed consolidated financial information are presented in thousands of Singapore Dollars (“S\$’000”), unless otherwise stated.

The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 3 July 2020.

2 BASIS OF PRESENTATION

The unaudited condensed interim financial information for the six months ended 30 June 2021 has been prepared in accordance with the International Accounting Standard (“IAS”) 34 “Interim financial reporting”. The unaudited condensed interim financial information should be read in conjunction with the unaudited annual results announcement for the year ended 31 December 2020.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Company’s combined financial statements for the year ended 31 December 2019 and unaudited annual results announcement for the year ended 31 December 2020, except as mentioned below.

3.1 Effect of adopting amendments to standards

The following are new amendments to existing standards and interpretations that are mandatory for the Group’s financial year beginning on 1 January 2021:

		Effective for accounting periods beginning on or after
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2	1 January 2021
IFRS 17	Insurance Contracts	1 January 2021

The adoption of these amendments and interpretations did not result in a significant impact on the Group’s financial performance and position. The Group has not applied any new standard, amendment or interpretation that is not effective for the current period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 REVENUE AND SEGMENT INFORMATION

The Company's executive directors monitor the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment.

The chief operating decision-maker has been identified as the executive directors of the Group. The executive directors consider the segment from a business perspective. The executive directors regard the Group's business as one single operating segment that qualifies as reportable segment under IFRS 8 and review the financial information accordingly for the purposes of allocating resources and assessing performance of the operating segment.

(a) Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2021	2020
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Provision of cleaning services	35,483	36,038
Sale of goods	16	8
	<u>35,499</u>	<u>36,046</u>
Timing of revenue recognition:		
Over time	35,483	36,038
Point in time	16	8
	<u>35,499</u>	<u>36,046</u>

The Group's revenue by geographical location is as follows:

	Six months ended 30 June	
	2021	2020
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Revenue contribution from:		
Singapore	34,812	35,411
Thailand	687	635
	<u>35,499</u>	<u>36,046</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 REVENUE AND SEGMENT INFORMATION – *continued*

(a) Disaggregation of revenue from contracts with customers – *continued*

For the six months ended 30 June 2021 and 2020, there were 1 and 1 customer, respectively, which individually contributed 10% or more of the Group's total revenue. The revenue contributed from this customer is as follows:

	Six months ended 30 June	
	2021 S\$'000 (Unaudited)	2020 S\$'000 (Unaudited)
Customer A	<u>7,898</u>	<u>7,027</u>

(b) The total of non-current assets excluding deferred tax assets by location are as follows:

	As at 30 June 2021 S\$'000 (Unaudited)	As at 31 December 2020 S\$'000 (Unaudited)
	Singapore	5,169
Thailand	<u>64</u>	<u>66</u>
	<u>5,233</u>	<u>5,136</u>

5 OTHER INCOME

	Six months ended 30 June	
	2021 S\$'000 (Unaudited)	2020 S\$'000 (Unaudited)
Interest income	15	1
Others	<u>80</u>	<u>—</u>
	<u>95</u>	<u>1</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6 OTHER LOSSES, NET

	Six months ended 30 June	
	2021 S\$'000 (Unaudited)	2020 S\$'000
Foreign exchange differences	—	1
Loss on disposal of property, plant and equipment	2	—
	<u>2</u>	<u>1</u>

7 EMPLOYEE BENEFIT EXPENSES (INCLUDING BENEFITS AND INTERESTS OF DIRECTORS)

(a) Employee benefit expenses during the periods are as follows:

	Six months ended 30 June	
	2021 S\$'000 (Unaudited)	2020 S\$'000 (Unaudited)
Directors:		
Wages and salaries	258	183
Employer's contribution to defined contribution plan	10	9
Fees	183	120
	<u>451</u>	<u>312</u>
Other employees:		
Wages and salaries	19,472	17,742
Employer's contribution to defined contribution plan	1,724	1,703
Other employee benefits	121	124
	<u>21,317</u>	<u>19,569</u>

Included in employee benefit expenses are government grants on employment credit that have been netted off against the wages and salaries amounting to S\$3,333,000 and S\$6,497,000 for the six months ended 30 June 2021 and 2020 respectively.

All the government grants have been credited against employee benefit expenses included in "cost of sales".

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8 FINANCE COSTS

	Six months ended 30 June	
	2021 S\$'000 (Unaudited)	2020 S\$'000 (Unaudited)
Loan interest	70	244
Interest on lease liabilities	31	19
Interest on hire purchase arrangement	23	25
	<u>124</u>	<u>288</u>

9 INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 S\$'000 (Unaudited)	2020 S\$'000 (Unaudited)
Current tax	<u>628</u>	<u>475</u>
	<u>628</u>	<u>475</u>

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Singapore profits tax has been provided at the rate of 17% on the estimated assessable profit for the year 2021 (2020:17%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holder of the Company by weighted average number of ordinary shares in issue during the respective periods.

	Six months ended 30 June	
	2021	2020
Profit attributable to the equity holders of the Company (S\$'000)	4,328	7,675
Weighted average number of ordinary shares in issue (in thousand)	2,000,000	1,500,000
Basic and diluted earnings per share (S\$ cents)	0.22	0.51

Diluted earnings per share were the same as the basic earnings per share as there were no potential dilutive ordinary shares during the respective periods.

11 DIVIDENDS

Dividend paid by the subsidiaries now comprising the Group to the then shareholder are as follows:

	Six months ended 30 June	
	2021 S\$'000 (Unaudited)	2020 S\$'000 (Unaudited)
<i>Ordinary dividends</i>		
Dividends declared and paid during the period	—	4,500

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2021 S\$'000 (Unaudited)	31 December 2020 S\$'000 (Unaudited)
Trade receivables from:		
— Non-related parties	14,608	13,292
Unbilled revenue:		
— Non-related parties	4,980	6,819
	<u>19,588</u>	<u>20,111</u>
Deposits	1,703	1,652
Prepayments	441	572
Other receivables from:		
— Non-related parties	433	2,367
	<u>2,577</u>	<u>4,591</u>
Total	<u><u>22,165</u></u>	<u><u>24,702</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS – *continued*

(a) Trade receivables

The Group generally grants credit terms to its customers ranging from 0–90 days. The ageing analysis of the Group's trade receivables based on invoice date is as follows:

	30 June 2021 S\$'000 (Unaudited)	31 December 2020 S\$'000 (Unaudited)
0 to 30 days	6,261	5,073
31 to 60 days	3,532	2,961
61 to 90 days	2,371	1,781
91 to 120 days	900	1,203
Over 120 days	1,544	2,274
	<u>14,608</u>	<u>13,292</u>

The carrying amounts of the Group's trade receivables are denominated in S\$.

Certain of the Group's trade receivables as at 30 June 2021 and 31 December 2020 were factored to banks on a recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it continued to recognise the full carrying amount of the trade receivables and has recognised the cash received on the transfer as secured accounts financing loans (Note 15). These financial assets were carried at amortised cost in the Group's condensed consolidated statements of financial position.

(b) Other receivables and deposits

As at 30 June 2021 and 31 December 2020, the carrying amounts of the other receivables and deposits are denominated in S\$ and approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13 CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents are denominated in the following currencies:

	30 June 2021 S\$'000 (Unaudited)	31 December 2020 S\$'000 (Unaudited)
Cash on hand	193	187
Cash at bank	<u>28,653</u>	<u>19,904</u>
	<u><u>28,846</u></u>	<u><u>20,091</u></u>

	30 June 2021 S\$'000 (Unaudited)	31 December 2020 S\$'000 (Unaudited)
S\$	25,804	19,708
Hong Kong Dollar ("HKD")	3,041	382
United States Dollar ("USD")	<u>1</u>	<u>1</u>
	<u><u>28,846</u></u>	<u><u>20,091</u></u>

14 SHARE CAPITAL

	No of shares	Share capital HK\$
Ordinary shares, issued and fully paid:		
Ordinary shares of HK\$0.01 each as at 31 December 2020	2,000,000,000	20,000
Ordinary shares of HK\$0.01 each as at 30 June 2021	2,000,000,000	20,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15 BORROWINGS

	30 June 2021 S\$'000 (Unaudited)	31 December 2020 S\$'000 (Unaudited)
Current (secured)		
Trade receivables financing (Note (a))	156	273
Term loans (Note (a))	1,198	1,012
Hire purchase loans (Note (b))	303	330
	1,657	1,615
Non-current (secured)		
Term loans (Note (a))	6,313	4,000
Hire purchase loans (Note (b))	406	553
	6,719	4,553
Total borrowings	8,376	6,168

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15 BORROWINGS – *continued*

The table below analyses the maturity profile of the Group's borrowings based on their scheduled repayment terms:

	Carrying amount S\$'000
As at 30 June 2021 (Unaudited)	
Less than one year	1,657
Between one to two years	1,950
Between two to five years	4,769
	<hr/>
	8,376
	<hr/> <hr/>
As at 31 December 2020 (Unaudited)	
Less than one year	1,615
Between one to two years	1,263
Between two to five years	3,290
	<hr/>
	6,168
	<hr/> <hr/>

(a) Trade receivables financing and term loans

(i) *Trade receivables financing*

Trade receivables financing relates to factoring of approved debts owing by certain customers. It bears an interest at 2.25% per annum over the bank's prevailing cost of funds ("COF").

As at 30 June 2021 and 31 December 2020, trade receivables financing amounting to S\$156,000 and S\$273,000 were secured by the Group's pledged trade receivables.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15 BORROWINGS — *continued*

(a) Trade receivables financing and term loans — *continued*

(ii) *Term loans*

Included in the borrowings are 5-year secured term loans of S\$5,000,000 (TL1) and S\$3,000,000 (TL2) which are repayable over 60 monthly instalments and 48 monthly instalments respectively. The term loans bear interest rates at 2.0% to 2.5% per annum.

The bank has imposed a requirement of maintaining certain financial ratios as part of the covenant clauses in the loan agreement.

At the balance sheet date, the fair value of the non-current borrowings approximates its fair value.

The above banking facilities are secured by the following:

- (i) Assignment over debtors allowed under trade receivables financing;
- (ii) Debenture incorporating a fixed and floating charge over all assets; and
- (iii) Corporate guarantee from Hygieia Group Limited.

(b) Hire purchase loans

The Group's certain cleaning equipment, motor vehicles and office equipment are under hire purchase arrangements with financial institutions. The legal titles of these assets are transferred to the Group after payment of all instalments by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16 TRADE AND OTHER PAYABLES

	30 June 2021 S\$'000 (Unaudited)	31 December 2020 S\$'000 (Unaudited)
Trade payables:		
– Third parties	1,564	1,429
	<u>1,564</u>	<u>1,429</u>
Other payables:		
– Third parties	1,776	1,246
– Amount due to a shareholder	78	83
– Accruals	381	1,840
– Accruals for subcontractor charges	–	25
– Accruals for employee benefit expenses	3,515	4,627
	<u>5,750</u>	<u>7,821</u>
	<u><u>7,314</u></u>	<u><u>9,250</u></u>

The ageing analysis of the Group's trade payables based on invoice dates as at 30 June 2021 and 31 December 2020 were as follows:

	30 June 2021 S\$'000 (Unaudited)	31 December 2020 S\$'000 (Unaudited)
0 to 30 days	761	575
31 to 60 days	320	392
61 to 90 days	371	306
Over 90 days	112	156
	<u>1,564</u>	<u>1,429</u>

The carrying amounts of the Group's trade and other payables are denominated in S\$ and approximate their fair value. Other payables to related parties are non-trade nature, unsecured, interest-free and repayable on demand.

The amount due to a shareholder is interest-free, unsecured and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, to joint control over the party or exercise significant influence over the other party in making financial and operation decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

Name of related party	Relationship with the Group
2k Services Pte Ltd	A company with a family member of a common key management personnel

(a) Related party transactions

The following material transactions occurred with related parties:

	Six months ended 30 June	
	2021 S\$'000 (Unaudited)	2020 S\$'000 (Unaudited)
Continuing transaction		
– Trade:		
Purchase of subcontracting services from an entity owned by a close family member of a director of an operating entity	<u>181</u>	<u>193</u>

(b) Key management compensation

The executive directors of the Group are regarded as key management. Details of the key management compensation are disclosed in note 7 to the condensed consolidated financial information.

DEFINITIONS

“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company from time to time
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Clean Mark”	the Clean Mark Accreditation Scheme, a scheme developed by, amongst others, NEA that recognises businesses that deliver high cleaning standards through the training of workers, use of equipment to improve work processes and fair employment practices
“Company”	Hygieia Group Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability on 28 February 2019
“COVID-19”	coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS coronavirus 2 or SARS-CoV-2) and is the cause of the 2019– 2020 coronavirus outbreak in various countries around the world, including Singapore
“Director”	the director(s) of the Company
“EL Holding”	EL Holding Co., Ltd., a limited liability company incorporated under the laws of the Kingdom of Thailand on 7 March 2019 and an indirect non-wholly owned subsidiary of the Company
“Eng Leng”	Eng Leng Contractors Pte Ltd, a private company limited by shares that was incorporated in Singapore on 27 June 1991 and is a wholly-owned subsidiary of the Company
“Eng Leng Thailand”	Eng Leng (Thailand) Co., Ltd., a limited liability company incorporated under the laws of the Kingdom of Thailand on 25 October 2016 and an indirect non-wholly owned subsidiary of the Company
“FM02”	one of the maintenance workheads classified under the CRS (as defined in the Prospectus), where the title of the FM02 workhead is “Housekeeping, Cleansing, Desilting & Conservancy Services” and it refers to the provision of cleaning and housekeeping services for offices, buildings, compounds, industrial and commercial complexes, desilting and cleansing of drains and grass cutting
“Group”	the Company and its subsidiaries





“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRSs”	International Financial Reporting Standards
“ISO 9001:2015”	a quality management system standard that is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement
“L6”	the highest financial grade for the FM02 workhead under the CRS (as defined in the Prospectus) in Singapore
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on 3 July 2020
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“NEA”	the National Environment Agency, a statutory body under the Singapore Ministry of the Environment and Water Resources which is responsible for improving and sustaining a clean and green environment in Singapore
“Net Proceeds”	net proceeds of approximately S\$11.8 million raised by the Company from the Listing
“Prospectus”	the prospectus of the Company dated 12 June 2020
“Reporting Period”	the six months ended 30 June 2021
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holder(s) of Shares
“Shares”	ordinary shares(s) with a nominal value HK\$0.01 each in the issued share capital of the Company

DEFINITIONS

“Singapore”	the Republic of Singapore
“Singapore Government”	the government of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$” or “SGD”	Singapore dollars, the lawful currency of Singapore
“Thailand”	the Kingdom of Thailand

