

**Hygieia  
Group**



# Hygieia Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1650



**2020**  
Annual  
Report



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors\*

Mr. Toh Eng Kui  
Mr. Peh Poon Chew  
Ms. Toh Lek Siew

*(appointed with effect from 2 June 2022)*

#### Independent Non-Executive Directors

Mr. Koh How Thim  
Mr. Tan Wu Hao  
Mr. Wong Yuk

#### AUTHORISED REPRESENTATIVES\*

Mr. Toh Eng Kui  
*(appointed with effect from 2 June 2022)*  
Mr. Lau Chung Wai

#### COMPANY SECRETARY

Mr. Lau Chung Wai

#### AUDIT COMMITTEE

Mr. Wong Yuk *(Chairman)*  
Mr. Koh How Thim  
Mr. Tan Wu Hao

\* Mr. Hong Rui Sheng, a former executive Director and an authorised representative, resigned with effect from 1 July 2022.

### REMUNERATION COMMITTEE

Mr. Koh How Thim *(Chairman)*  
Mr. Wong Yuk  
Mr. Tan Wu Hao

### NOMINATION COMMITTEE

Mr. Tan Wu Hao *(Chairman)*  
Mr. Wong Yuk  
Mr. Koh How Thim

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

6 Tagore Drive  
#B1-02  
Tagore Building  
Singapore 787623

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1102, 11th Floor,  
Brill Plaza  
No. 84 To Kwa Wan Road  
To Kwa Wan, Kowloon  
Hong Kong

## **AUDITOR**

**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

## **LEGAL ADVISORS AS TO HONG KONG LAW**

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

## **CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE**

**Conyers Trust Company (Cayman) Limited**  
Cricket Square, Hutchins Drive, PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

**Tricor Investor Services Limited**  
17/F., Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## **PRINCIPAL BANKERS**

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

## **STOCK CODE**

1650

## **COMPANY WEBSITE**

<http://www.hygieiagroup.com/>

## CHAIRMAN'S STATEMENT

Dear Shareholders.

On behalf of the board of directors (the "**Board**") of Hygieia Group Limited (the "**Company**"), I am pleased to present to all shareholders the comprehensive results and annual report of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020.

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 3 July 2020, marking an important milestone for the Group's competitive edge and capital strength.

Although 2020 was a challenging year whereby COVID-19 significantly disrupted many business operations around the world and adversely impacted the overall global economy, the Group has been able to take advantage of the initiatives introduced by the Singapore Government to minimise the effects of COVID-19 on their businesses and financial position.

Going forward, 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 so that the Group could 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 Group will strive to further entrench and increase its market presence in the industry.

I would like to take this opportunity to acknowledge the continuous support from all of our shareholders, clients, business partners and suppliers. On behalf of the Group, I hereby express my heartfelt gratitude to the members of the Board and all our employees for their contributions to the Group.

*Chairman*

**Toh Eng Kui**

Singapore

## FOUR-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and equity of the Group for the last four financial years, as extracted from the published financial statements, is set out as below:

### RESULTS

	Year ended 31 December			
	2020 S\$'000	2019 S\$'000	2018 S\$'000	2017 S\$'000
Revenue	<b>72,611</b>	76,374	72,440	56,332
Profit before income tax	<b>9,133</b>	3,789	7,515	5,823
Profit for the year	<b>8,782</b>	2,654	6,564	5,174
Total comprehensive income attributable to: Owners of the Company	<b>8,802</b>	2,639	6,615	5,211

### ASSETS, LIABILITIES AND EQUITY

	As at 31 December			
	2020 S\$'000	2019 S\$'000	2018 S\$'000	2017 S\$'000
Total Assets	<b>50,159</b>	36,305	37,020	27,240
Total Liabilities	<b>17,575</b>	24,775	22,554	14,012
Equity:				
Equity attributable to owners of the Company	<b>32,551</b>	11,484	14,443	13,156

# 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 25 April 2022, Eng Leng was one of 38 registered contractors holding an L6-graded FM02 workhead among 457 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 31 December 2020, the Group has 245 ongoing service contracts, excluding one-off contracts, with outstanding contract sums of approximately S\$62.8 million.

In 2020, the Company continued its strategy to become an integrated service provider in the environmental services industry and provided consistent and quality cleaning services to customers. Following their business strategies, the Company further entrenched and increased its market presence in the environmental services industry with a view towards positioning themselves as a regional integrated service provider.

During 2020, COVID-19 significantly disrupted many business operations around the world and adversely impacted the overall global economy. In relation to the operations of the Group, the Singapore Government announced measures to reduce the risk of local transmission of COVID-19, including travel restrictions, safety distancing measures and closure of physical workplace premises. During the Circuit Breaker Period, entities which carried out Essential Services were permitted to continue operations from their premises and were required to submit details of their plans to operate with enhanced safe distancing measures in place (“**Continued Operation Plans**”) to the Ministry of Trade and Industry to obtain the necessary permissions. The categories of Essential Services included, but were not limited to, water, waste and environment, which included, amongst others, environmental hygiene monitoring and public cleansing services. The Group submitted their Continued Operation Plans for both Eng Leng and Titan accordingly under the aforementioned category and specified the provision of cleaning operations as a cleaning services provider as an Essential Service. The Ministry of Trade and Industry approved the Continued Operation Plans for both Eng Leng and Titan, which allowed the Group to continue their operations during the Circuit Breaker Period. Given that both Eng Leng and Titan had been permitted to operate throughout the Circuit Breaker Period, the Group has continued with their cleaning operations since the implementation of Phase 1. As such, since 7 April 2020, the Group has continued with their cleaning operations as listed in their Continued Operation Plans under both their private and public service contracts, with safe distancing measures in place.

With effect from 19 June 2020, the Control Order Regulations were amended to implement a revised set of measures in order to facilitate the transition from Phase 1 to Phase 2, whereby most businesses and social activities were allowed to resume so long as certain social distancing measures were kept in place. The Singapore government had further announced the transition from Phase 2 to Phase 3 to support a further resumption of activities from 28 December 2020, subject to the adherence to certain safe management measures.

In light of the foregoing, despite the contraction of Singapore's 2020 gross domestic product by 5.8% and the Control Order Regulations, the Group has been able to take advantage of the initiatives introduced by the Singapore Government to minimise the effects of COVID-19 on their businesses and financial position. As disclosed in the Prospectus, the outbreak of COVID-19 in Singapore was expected to have negative impacts on Singapore macro economy. As such, the Group experienced a decrease in overall revenue for the year ending 31 December 2020. The Group is also constantly evaluating their prospects in the environmental services industry to ensure sustainability and continuity in their business operations and will make use of their competitive strengths to strive for the continued success of the Group for the new year.

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 3 July 2020, marking an important milestone for the Group's competitive edge and capital strength. It also represents investors' recognition of the Group's consistent and quality cleaning services provided to its customers, which will be the drivers of the Group's future growth.

### FUTURE PROSPECTS

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 year ended 31 December 2020, the Group's total revenue was approximately S\$72.6 million, representing a decrease of approximately 4.9% from approximately S\$76.4 million as compared with the year ended 2019. This decrease was primarily due to the reduced demand of cleaning services arising from the restrictions placed and reduced operations to control the outbreak of COVID-19 in Singapore during the Circuit Breaker Period.

#### Cost of Sales

For the year ended 31 December 2020, the cost of sales was approximately S\$50.5 million, representing a decrease of approximately 19.1% from approximately S\$62.4 million as compared with the year ended 31 December 2019. Please refer to the section "Gross Profit and Gross Profit Margin" for the explanation of the decrease.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross Profit and Gross Profit Margin

Gross profit increased from approximately S\$14.0 million for the year ended 31 December 2019 to approximately S\$22.2 million for the year ended 31 December 2020. The gross profit margin increased to 30.5% for the year ended 31 December 2020 from 18.3% for the year ended 31 December 2019, which was primarily due to the receipts of certain one-off government grants from the Singapore government in 2020 to assist Singapore businesses in coping against the economic uncertainty due to COVID-19. For the year ended 31 December 2020, the Group has recognised approximately S\$9.8 million of one-off government grants in total.

### Other Expenses

#### *Administrative and Listing Expenses*

Administrative and Listing expenses increased from approximately S\$9.6 million for the year ended 31 December 2019 to approximately S\$12.5 million for the year ended 31 December 2020, primarily due to the increase in employee benefit expenses incurred and professional fees incurred after the Listing.

#### *Finance Costs*

Finance costs decreased from approximately S\$0.7 million for the year ended 31 December 2019 to S\$0.4 million for the year ended 31 December 2020, primarily due to the Group's reduced utilisation of short-term financing during the second half of FY2020.

#### *Income Tax Expense*

The income tax expense and effective tax rate for the year ended 31 December 2020 was approximately S\$0.4 million and 3.8% respectively, as compared with S\$1.1 million and 30.0% during the year ended 31 December 2019. Such decrease was mainly attributable to the receipts of certain one-off government grants that were not subject to corporate income tax and lower non-deductible expenses during the Reporting Period.

#### *Profit after tax for the year ended 31 December 2020*

As a result of the above factors, the net profit of the Group was approximately S\$8.8 million for the year ended 31 December 2020, an increase of approximately 230.9% as compared with S\$2.7 million for the year ended 31 December 2019.

### Liquidity and Capital Resources

As at 31 December 2020, the current assets of the Group amounted to approximately S\$45.8 million, including cash and cash equivalents of approximately S\$20.1 million and trade and other receivables, deposits and prepayments of approximately S\$23.2 million. Current liabilities of the Group amounted to approximately S\$12.9 million, including trade and other payables of approximately S\$9.2 million and other current tax liabilities of approximately S\$0.9 million. As at 31 December 2020, the current ratio (the current assets to current liabilities ratio) of the Group was 3.6, as compared with 1.3 as at 31 December 2019.

Net debt to equity 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 31 December 2020. Thus, the net debt to equity ratio was not applicable (31 December 2019: 8.0%).

### Capital Expenditures

Save as disclosed in this annual report, there were no other significant capital expenditure incurred during the year ended 31 December 2020.

### Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2020.

### Pledge of Assets

The banking facilities of the Group are secured by the following:

- (i) First legal mortgage over the freehold properties of the Group;
- (ii) Assignment over debtors allowed under trade receivables financing;
- (iii) Debenture incorporating a fixed and floating charge over all assets; and
- (iv) Corporate guarantee provided by the Company.

### Future Plan for Material Investments and Capital Assets

Save as disclosed in this annual report, the Group did not have plans for material investments and capital assets as at 31 December 2020.

### Significant Investments, Acquisitions and Disposals

Save as disclosed in this annual 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 year ended 31 December 2020.

### 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.

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

As of the date of this report, the Company has three executive Directors and three independent non-executive Directors. Their biographical details are set out below.

### EXECUTIVE DIRECTORS

**Mr. Toh Eng Kui (卓榮貴先生)**, aged 62, founded our Group in June 1991 and was appointed a director of Eng Leng at its founding. He was appointed as a Director on 28 February 2019 and re-designated as an executive Director and Chairman of our Board on 31 May 2019. Mr. Toh has close to four decades of entrepreneurial experience in the cleaning and construction industry. In October 1981, after completing his two years of national service in the Singapore Civil Defence Force, Mr. Toh founded Eng Leng Sub-Contractor as a sole proprietorship engaged in construction-related industry. A decade later, Mr. Toh incorporated Eng Leng, marking the founding of our Group. Mr. Toh is responsible for overseeing, identifying, developing and directing the implementation of business strategies of our Group to achieve our Group's vision and business objectives. He works with customers, suppliers, officials of government departments and regulatory bodies as well as creates and maintains links with other trade and professional associations. Under his leadership, Mr. Toh grew our Group from start-up almost three decades ago to become one of the leading service providers of cleaning solutions in Singapore today that employs over 2,500 employees.

Mr. Toh completed his secondary school education in December 1976 at Serangoon Secondary School in Singapore. Save as being the brother of Ms. Toh, our senior management, Mr. Toh does not have any relationship with other Directors and senior management.

**Mr. Peh Poon Chew**, aged 69, was appointed as a director of Eng Leng in August 2002 and a director of Titan in September 2010. He was appointed as a Director on 28 February 2019 and re-designated as an executive Director and chief operating officer of our Group on 31 May 2019. He joined our Group in June 2002 as operations director and is responsible for leading the operations department and providing guidance and management experience in operations management, including contracts start-up and run in and liaising with customers and suppliers. He is also responsible for interviewing and deploying cleaners, attending to complaints/feedback as well as conducting audit checks and controlling area operations. Mr. Peh has close to four decades of experience in the cleaning industry. Between October 1978 and prior to joining Eng Leng in January 2001, Mr. Peh established and/or acted as a director in several cleaning business engaged in a variety of cleaning services including general cleaning, sewage treatment, laundry and dry cleaning. Between July 1980 and May 2002, Mr. Peh worked for A&P Maintenance Service P/L as an operations director. He was responsible for, among others, to handle start-up of contracts, recruitment of cleaners, attend to complaints or meetings, conduct audit checks and reporting monthly to the managing director.

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

**Ms. Toh Lek Siew (卓麗秋女士)**, aged 55, was appointed as an executive Director on 2 June 2022. She is also the administrative and human resources director of our Group. She has over 25 years of experience in the administrative aspects of the cleaning industry. Ms. Toh started her career when she joined Eng Leng since its founding in June 1991 as a general clerk, in February 2008 as finance and administration director of Eng Leng and was responsible for all finance and administration matters of our Group, overseeing the financial management and reporting activities of our Group, monitoring the day-to-day financial operations within the Group, analysing market trend for business opportunities as well as ways to improve profitability. She also ensures the business meets all its statutory and compliance obligations including statutory accounting and tax issues and maintains office services by organising office operations and procedures and approving supply procurement. On 1 April 2019, she was re-designated as the administrative and human resources director of our Group. Ms. Toh completed the GCE “O” Level Certificate in Singapore in December 1985. She is the sister of Mr. Toh.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Koh How Thim (高厚琛先生)**, aged 63, was appointed as an independent non-executive Director on 18 December 2019 and is the chairman of our remuneration committee. From August 2018 to March 2020, Mr. Koh was an independent director of Jasper Investments Limited, a company listed on the Singapore Stock Exchange (stock code: FQ7) (“**Jasper**”). Jasper is engaged in the provision of transportation services in the North Asian region, specifically catering to the infrastructure industry. Between September 2015 and December 2017, Mr. Koh was a Vice-Principal of Fairfield Methodist School (Secondary), a government autonomous secondary school in Singapore where he was responsible for the operations of the school which include finance, school facilities management, management of vendors/suppliers, procurement, parents school relationship, students’ discipline, safety and security of the school.

From November 2009 to January 2015, Mr. Koh was the executive director (finance) of JEP Holdings Limited (“**JEP**”), a company listed on the Singapore Stock Exchange (stock code: 1J4). JEP is a leading solution provider of precision machining and engineering services with over 30 years of operating history and a primary focus on the aerospace industry. Mr. Koh was responsible for the management of the finance and accounting operations, risk and control management, and corporate affairs of JEP.

Over the course of his professional career, Mr. Koh has accumulated experience in business functions such as financial management, compliance, treasury services, foreign exchange trading and has extensive business exposure across various industry sectors such as transportation, precision machining and engineering, oil and gas, aerospace, electronics, analytical laboratory instrument manufacturing, and banking. Before to joining JEP, Mr. Koh worked with a number of multinational financial institutions including acting as the head of compliance for Falcon Private Bank Ltd (formerly known as AIG Private Bank Ltd.) from October 2008 to November 2009 and the office manager of Union Bancaire Privee, a Swiss boutique bank.

Mr. Koh obtained the following academic qualifications: (a) Master of Business Administration degree from University of Leicester, U.K. in July 1993; (b) Bachelor of Arts (Accounting/Finance) Degree from Northumbria University, U.K. in April 2007; (c) Post Graduate Diploma in Human Resource Management, University of Luton, U.K. in October 1997; (d) Advanced Diploma in Business Administration, Association of Business Executives, U.K. in June 1990; and (e) Diploma in Business Administration, Association of Business Executives, U.K. in June 1990. He was admitted as a member of the Singapore Institute of Directors since July 2007.

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Tan Wu Hao (陳武豪先生)**, aged 36, was appointed as an independent non-executive Director on 18 December 2019 and is the chairman of our nomination committee. He has over eight years of experience managing businesses in the interior fit-out and addition & alteration industries. Since 2011, Mr. Tan has joined his family business, Sunray Woodcraft Construction Pte Ltd (“**Sunray**”), after graduation and is currently the second generation driving the family business. His involvement in the company began at a very young age during his school holidays, started off in the business from the factory grounds and slowly progressed into projects involvement and elevated to management. Some of the iconic projects that he worked on are Marina Bay Sands, Resort World Sentosa, Pan Pacific Hotel, Shangri-La Hotel, Equarius Hotel, Chijmes building, SGX Office and Raffles Hotel. Among his achievements, Mr. Tan spearheaded the company’s expansion into new markets like Myanmar, China, Macau, Indonesia and Malaysia, with a long term vision and successfully grown Sunray’s brand abroad. Mr. Tan is instrumental in overseeing several key projects that were recognised with industry awards such as the BCA Green Mark Award and Architectural Heritage Award. With his entrepreneurial spirit, Mr. Tan also established a technology start up to develop a software application which provides technology, mixed-reality, artificial intelligence solutions to streamline work processes and increase efficiency and productivity for the stakeholders in the built environment sector.

**Mr. Wong Yuk (王旭先生)**, aged 51, was appointed as an independent nonexecutive Director on 18 December 2019 and is the chairman of our audit committee. For over two decades, he has been involved in auditing and accounting and financial management with listed enterprises adopting international and PRC accounting standards, taxation, group reporting, internal control, credit control, risk management, company restructuring and company secretarial functions. Mr. Wong has extensive business exposure across industry sectors in automobile, construction, electronic gaming equipment, investment and financial consultation, IT solution, manufacturing, oil and gas, public utilities and professional audit. He also has extensive experience in the initial public offering (“**IPO**”) process and investors’ relationship management. Since March 2019, Mr. Wong has been the company secretary of XXF Group Holdings Limited, an established automobile rental service provider. Since August 2022, Mr. Wong has been serving as an executive director of Yue Kan Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 2110), where he is primarily responsible for financial management and assisting to manage the day-to-day business operations.

Mr. Wong started his career in KPMG Hong Kong in September 1996 and left the firm as a senior accountant in April 1999. Mr. Wong also worked in various financial, accounting and compliance related roles for a number of Hong Kong and Singapore listed companies since 1999, including subsidiaries of the Swire Group, Hong Kong and China Gas Company Limited, Lung Kee Metal Ltd., China Oilfield Technology Services Group Limited, Yuanda China Holdings Limited, Success Dragon International Holdings Limited and Huanian Xinxing Changye Jituan Company Limited respectively.

Mr. Wong obtained a bachelor of arts degree in Accountancy from the Hong Kong Polytechnic University in November 1996. He is a member of the Hong Kong Institute of Certified Public Accountants since January 2004 and a Fellow Member of the Association of Chartered Certified Accountants since August 2005.

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

### SENIOR MANAGEMENT

**Ms. Leann Koh Bee Khee** (高美琪女士), aged 38, is the business development director of our Group. She has over 16 years of experience in business development in the building cleaning industry. Ms. Koh joined our Group in July 2004 as a business development executive and rose through the ranks over the next 12 years to become business development director in October 2016. She is primarily responsible for the business development operations; overseeing the team's sales reports and market feedbacks; pricing strategies for tenders; delegating the teams for tender invitations; as well as ensuring the team adhere to our Group's standard operating procedures for tenders. She also establishes and cultivates strong rapport with suppliers and customers and keeps management updated on the latest technologies and equipment development. Prior to joining our Group, Ms. Koh worked for Empire City Consultants Pte Ltd as property officer between June 2003 and July 2004.

Ms. Koh obtained a Diploma in Building & Real Estate Management from Ngee Ann Polytechnic in Singapore in June 2003 and a Bachelor Degree of Science in Facilities Management from Heriot-Watt University in July 2008 (through long distance learning).

**Mr. Lin Jiayang** (林家揚先生), aged 34, joined our Group in April 2019 as financial controller. He leads the finance team and is responsible for accounting operations and reporting, financial planning as well as internal control systems of our Group. Mr. Lin has over six years of experience in accounting and auditing with PricewaterhouseCoopers LLP and Deloitte & Touche LLP. Prior to joining our Group, Mr. Lin worked at PricewaterhouseCoopers LLP from October 2014 to March 2019 where he led various teams in providing audit and assurance services to local listed companies, educational institutions and multinational corporations. His last position was an assurance manager. He was also part of a team of reporting accountants for an initial public offering project on the Hong Kong Stock Exchange of a business based in Singapore. Between October 2012 to October 2014, he worked at Deloitte & Touche LLP and his last position held was an audit senior.

Mr. Lin obtained a Bachelor of Accountancy Degree with Honours from the Nanyang Technological University, Singapore, in June 2012. Mr. Lin has been admitted as an Associate (ISCA) of the Institute of Singapore Chartered Accountants (formerly known as Institute of Certified Public Accountants of Singapore) since January 2013 and qualified as a Chartered Accountant of Singapore in February 2016.

**Mr. Tay Yee Gin Eugene** (鄭宇晉先生), aged 36, joined the Group as the managing director of Eng Leng in December 2021. He was appointed as the deputy chief executive officer of the Group with effect from 2 June 2022. Prior to joining the Group, Mr. Tay was the vice president of United Overseas Bank Limited from June 2011 to December 2021 where he responsible for managing the bank's hire purchase portfolio as the product manager for business banking. From June 2010 to June 2011, he was a relationship manager at Orix Leasing Singapore Limited working with small and medium enterprises with their financing needs. From August 2007 to June 2010, he was a senior officer at United Overseas Bank Limited. From May 2007 to August 2007, he was a credit processing officer at Maybank.

Mr. Tay obtained a Bachelor of Science (Honors) in Accounting & Finance from the Singapore Institute of Management (University of London) in August 2010 and a Diploma in Business Information Technology (E-Business Management) from Singapore Polytechnic (School of Business) in July 2005.

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

### COMPANY SECRETARY

**Mr. Lau Chung Wai** (劉仲緯先生), aged 40, was appointed as the secretary of our Company on 22 December 2019.

Mr. Lau has over 17 years of experience in accounting and finance. He worked at Ernst & Young Group Limited (currently known as Ernst & Young) from September 2004 to September 2011, with his last position as a manager in the Assurance Department. From September 2011 to April 2013, he was a finance manager in a media company, Starcom Worldwide, which is a subsidiary of Publicis Groupe SA, a company listed on the Euronext Paris (stock code: PUB). From May 2013 to July 2015, he was a group financial controller of an enterprise engaging in the manufacturing of furniture and home decoration products in the PRC. From August 2015 to March 2019, he was the chief financial officer and company secretary of Da Sen Holdings Group Limited, a company listed on the Main Board (stock code: 1580), and was responsible for overseeing the investment, legal and financial affairs. Since March 2019, he has been the chief financial officer and company secretary of Kwung's Holdings Limited, a company listed on the Main Board (stock code: 1925) and primarily engaged in original design manufacturer and supplier of home decoration products, and is responsible for overseeing the investment, compliance and financial affairs.

Mr. Lau has been serving as a company secretary of IAG Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8513), since August 2017, primarily responsible for the company secretarial matters of the group. He has also been serving as an independent nonexecutive director of Metropolis Capital Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8621) and Fufeng Group Limited (formerly known as China Fufeng Fermentation Technology Group Company Limited and China Fufeng Fermentation Technology Group Holdings Company Limited), a company listed on the Main Board (stock code: 0546), since November 2018 and June 2019 respectively.

Mr. Lau graduated from the Hong Kong University of Science and Technology with a degree of bachelor of business administration in accounting in November 2004. He was admitted as a certified public accountant of HKICPA in January 2008 and a fellow member of HKICPA in May 2015.

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2020.

### GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 28 February 2019 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company listed its Shares on the Main Board of the Stock Exchange on 3 July 2020.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in the provision of cleaning services. Particulars of the subsidiaries are set out in note 28 to the consolidated financial statements.

### BUSINESS REVIEW

A review of the Group’s business during the year, which includes a discussion of the principal challenges and uncertainties faced by the Group, an analysis of the Group’s performance using financial key performance indicators, particulars of important events affecting the Group during the year, and an indication of likely future developments in the Group’s business, could be found in the sections headed “Chairman’s Statement”, “Management Discussion and Analysis” in this annual report. The review and discussion form part of this directors’ report.

### ENVIRONMENTAL POLICIES AND SOCIAL RESPONSIBILITIES

The environmental, social and governance Report is set out in pages 42 to 62 of this annual report.

### DONATIONS

During the Reporting Period, there were no charitable and other donations made by the Group.

### PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

The Group is subject to different risks in the operations of its business and the Group strives to ensure effective risk management system is in place. Major operational risks faced by the Group include, among others, fixed duration of our service contracts from one to three years, cost overruns, potential change in progressive wage model requirements in Singapore, and risks of payment of liquidated damages.

In addition, the Group is also exposed to market risks, including interest rate, credit and liquidity risks that are associated with our ordinary course of business. Details of the above risks and mitigation thereof are set out in Note 33 of the consolidated financial statements.



# REPORT OF THE DIRECTORS

## ANNUAL GENERAL MEETING

The forthcoming AGM will be held on 11 October 2022. Notice of AGM will be published and issued to the shareholders in due course.

## RESULTS

The Group's results for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and comprehensive income on pages 67 to 68 of this annual report.

The Board has recommended the payment of a final dividend of S\$0.0015 per Share for the year ended 31 December 2020, payable on 3 November 2022 subject to the approval of the Shareholders at the AGM.

## DIVIDENDS POLICY

The dividend policy of the Company (the "**Dividend Policy**") is in place to ensure that the Board maintains an appropriate procedure on declaring and recommending the dividend payment of the Group. Accordingly, the Dividend Policy aims to allow Shareholders to participate in the Company's profits whilst preserving the Company's liquidity to capture future growth opportunities.

The declaration and recommendation of dividends is subject to the decision of the Board at its absolute discretion and subject to Shareholders' approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, applicable laws and the Articles, and other factors of and affecting the Group.

The Board shall review and reassess the Dividend Policy and its effectiveness in its sole and absolute discretion on a regular basis or as required.

## CLOSURE OF REGISTER OF MEMBERS

- (a) For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 6 October 2022 to Tuesday, 11 October 2022, both dates inclusive, during which period no transfer of its shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on Wednesday, 5 October 2022.
- (b) For the purpose of determining shareholders who are qualified for the final dividend, the register of members of the Company will be closed from Monday, 17 October 2022 to Tuesday, 18 October 2022, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Friday, 14 October 2022.

### FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last four financial years is set out on page 5 of this report.

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2020 are set out in note 17 to the consolidated financial statements of this annual report.

### SHARE CAPITAL

Details of movement in the Company's share capital during the year ended 31 December 2020 are set out in note 22 to the consolidated financial statements.

### RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2020 and the reserves available for distribution to the Shareholders as at 31 December 2020 are set out in the consolidated statement of changes in equity set out on page 71 of this annual report.

### BORROWINGS

As at 31 December 2020, the Group had outstanding bank borrowings of approximately S\$6,168,000. Details of the borrowings are set out in note 24 to the consolidated financial statements.

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

Save for the issue of new Shares in the initial public offering of the Company, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

Other than the Share Option Scheme, there have been no option, convertible securities or similar rights or arrangements, issued or granted by the Group during the year ended 31 December 2020 and as at the date of this annual report.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

### USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds raised by the Company from the Listing were approximately S\$11.8 million (after deduction of the underwriting commissions in respect of the Share Offer and other estimated expenses). The Company has, and will continue to utilise, the net proceeds from the Share Offer in accordance with the purposes set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

## REPORT OF THE DIRECTORS

Set out below are the details of the allocation of the net proceeds, the utilised and unutilised amounts of the net proceeds as at 31 December 2020:

	Approximate percentage of total amounts	Actual Net Proceeds S\$'000	Utilised amounts as at 31 December 2020 S\$'000	Unutilised amounts as at 31 December 2020 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	120	2,400	31 Dec 2023
Hiring of waste disposal staff	20.7%	2,446	79	2,367	31 Dec 2023
Cash flow mismatch	20.6%	2,436	2,436	–	N/A
Hiring of sales and marketing staff	1.4%	166	9	157	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	–	721	31 Dec 2023
General working capital	10.0%	1,182	1,182	–	N/A
<b>Total</b>	<b>100%</b>	<b>11,825</b>	<b>3,866</b>	<b>7,959</b>	

## DIRECTORS

The Directors in office during the year ended 31 December 2020 and as at the date of this annual report were as follows:

### Executive Directors\*

Mr. Toh Eng Kui

Mr. Peh Poon Chew

Ms. Toh Lek Siew (*appointed with effect from 2 June 2022*)

### Independent Non-executive Directors

Mr. Koh How Thim

Mr. Tan Wu Hao

Mr. Wong Yuk

\* Mr. Hong Rui Sheng, a former executive Director and an authorised representative, resigned with effect from 1 July 2022.

### BIOGRAPHY DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out on pages 10 to 14 in the section headed “Profile of Directors and Senior Management” to this annual report.

### DIRECTORS’ SERVICE CONTRACTS

Each of our executive Directors has entered into a service contract with us for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months’ notice in writing served by either party on the other, which notice shall not expire until after the fixed term. Mr. Hong Rui Sheng has tendered notice of resignation on 1 April 2022 and his last day of service was 30 June 2022.

Each of our independent non-executive Directors has entered into a letter of appointment with us for an initial fixed term of one year commencing from the Listing Date and will continue thereafter until terminated by not less than three months’ notice in writing served by the independent non-executive Director to our Company or with immediate effect following the notice in writing served by our Company to the non-executive Director.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with us or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

### DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed “Non-exempt Continuing Connected Transaction” and otherwise disclosed in this annual report, no Director or its connected entity (within the meaning of section 486 of the Companies Ordinance) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2020 and up to the date of this annual report.

Apart from the contracts relating to the reorganization of the Group in relation to the Listing as disclosed in the Prospectus and save as disclosed in the paragraph headed “Non-exempt Continuing Connected Transaction” and otherwise disclosed in this annual report, none of the Controlling Shareholder or any of its connected entity (within the meaning of section 486 of the Companies Ordinance) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2020 and up to the date of this annual report.

During the year ended 31 December 2020 and up to the date of this annual report, no contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders of the Company or any of its subsidiaries.

## REPORT OF THE DIRECTORS

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 31 December 2020 and up to the date of this annual report.

### COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in note 13 and 14 to the consolidated financial statements in this annual report.

For the year ended 31 December 2020, no emoluments were paid by the Group to any Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors had waived any emoluments for the year ended 31 December 2020.

The Directors and senior management may also receive options to be granted under the Share Option Scheme. For further details of the Share Option Scheme, please refer to the paragraph headed "Share Option Scheme".

### EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group had 2,331 full-time employees and 222 part-time employees (as at 31 December 2019: 2,536 full-time employees and 301 part-time employees). The total remuneration cost (including directors' fee) incurred by the Group for the year ended 31 December 2020 was S\$41,897,000 (as at 31 December 2019: S\$49,128,000).

The remuneration policy and package of the Group's employees are periodically reviewed in accordance with industry practice and financial results of the Group. The Group provides internal trainings to its employees.

### RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 9 to the consolidated financial statements.

Except as disclosed above, no other payments had been made or were payable, for the year ended 31 December 2020, by our Group to or on behalf of any of the Directors.

### MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceedings during the year ended 31 December 2020.

### LOAN AND GUARANTEE

During the year ended 31 December 2020, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the controlling shareholders of the Company or their respective connected persons.

## EQUITY-LINKED AGREEMENTS

During the year ended 31 December 2020, the Company did not enter into any equity-linked agreement.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2020, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTION

During the year ended 31 December 2020, the Group has entered into the following continuing connected transactions pursuant to Chapter 14A of the Listing Rules:

On 11 June 2020, Eng Leng and 2K Services Pte Ltd entered into a framework agreement pursuant to which Eng Leng has subcontracted certain cleaning services awarded under tenders and quotations to our Group to 2K for a period commencing on the Listing Date and expiring on 31 December 2022.

2K Services Pte Ltd is a majority-controlled company (as defined in Rule 14A.06(23) of the Listing Rules) wholly-owned by Recoil Koh Wei Lun ("**Mr. Koh**"), the brother of Leann Koh Bee Khee ("**Ms. Koh**"), a director of Eng Leng, and is thus an associate of Ms. Koh under Rule 14A.12(2)(b) of the Listing Rules. 2K is therefore a connected person of our Company.

The total amounts paid to 2K during the year ending 31 December 2020 was S\$386,629, which was below the annual cap of S\$434,000.

### Confirmation from Independent Non-executive Directors

Our independent non-executive Directors have reviewed the non-exemption continuing connected transactions disclosed above (collectively, the "**Continuing Connected Transactions**") and confirmed that during the year ended 31 December 2020:

- (i) the Continuing Connected Transactions have been entered into in the ordinary and usual course of business of the Group;
- (ii) the Continuing Connected Transactions are on normal commercial terms; and
- (iii) the Continuing Connected Transactions have been entered into in accordance with relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

## REPORT OF THE DIRECTORS

### Confirmation of the Auditor

The Company's auditor has carried out procedures on the transactions on the continuing connected transactions entered into by the Group for the year ended 31 December 2020, and has provided a letter to the Directors with a copy to the Stock Exchange, confirming that in respect of the continuing connected transactions disclosed in this annual report:

- a. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;
- b. nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- c. with respect to the aggregate amount of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

### CONNECTED TRANSACTIONS

During the year ended 31 December 2020, save as disclosed in the section headed "Non-exempt Continuing Connected Transactions" above in this report, the Group had not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

### RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2020 are set out in note 30 to the consolidated financial statements contained herein. Save as disclosed in the section headed "Non-exempt Continuing Connected Transactions" above in this report, none of the related party transactions set out in note 30 to the consolidated financial statements constitute non-exempt connected transactions or continuing connected transactions of the Company.

### CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

## SHARE OPTION SCHEME

### Summary of Principal Terms

The following is a summary of principal terms of the Share Option Scheme conditionally approved by a resolution of the then shareholder of our Company passed on 8 June 2020 and adopted by a resolution of the Board on 8 June 2020 (the “**Adoption Date**”). The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

#### 1. Purpose

The purpose of the Share Option Scheme is to give the Eligible Persons (as defined in the following paragraph) an opportunity to have a personal stake in our Company and help motivate them to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives (as defined below), to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

#### 2. Who may join

The Board may, at its absolute discretion, offer options (“**Options**”) to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to:

- (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group (“**Executive**”), any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (“**Employee**”);
- (b) a director or proposed director (including an independent non-executive director) of any member of our Group;
- (c) a direct or indirect shareholder of any member of our Group;
- (d) a supplier of goods or services to any member of our Group;
- (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group;
- (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group;
- (g) an associate of any of the persons referred to in paragraphs (a) to (f) above; and
- (h) any person involved in the business affairs of our Company whom our Board determines to be appropriate to participate in the Share Option Scheme (the person referred above are the “**Eligible Persons**”).



## REPORT OF THE DIRECTORS

### 3. *Maximum number of Shares*

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of our Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date (such 10% limit representing 200,000,000 Shares) excluding Shares which may fall to be issued upon the exercise of the Over-allotment Option granted by our Company (the “**Scheme Mandate Limit**”) provided that:

- (a) our Company may at any time as our Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Company shall not exceed 10% of our Shares in issue as at the date of approval by our Shareholders in general meeting where the Scheme Mandate Limit is refreshed. Options previously granted under the Share Option Scheme and any other schemes of our Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other schemes of our Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Our Company shall send to our Shareholders a circular containing the details and information required under the Listing Rules;
- (b) our Company may seek separate approval from our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by our Company before such approval is obtained. Our Company shall issue a circular to our Shareholders containing the details and information required under the Listing Rules; and
- (c) the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of our Group shall not exceed 30% of our Company’s issued share capital from time to time. No Options may be granted under the Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.

#### 4. *Maximum entitlement of each participant*

No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period exceeds 1% of our Company's issued share capital from time to time. Where any further grant of Options to such an Eligible Person would result in our Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of our Shares in issue, such further grant shall be separately approved by our Shareholders in general meeting with such Eligible Person and his close associates (or his associates if such Eligible Person is a connected person) abstaining from voting. Our Company shall send a circular to our Shareholders disclosing the identity of the Eligible Person, the number and terms of the Options to be granted (and Options previously granted) to such Eligible Person, and containing the details and information required under the Listing Rules. The number and terms (including the subscription price) of the Options to be granted to such Eligible Person must be fixed before the approval of our Shareholders and the date of the Board meeting proposing such grant shall be taken as the offer date for the purpose of calculating the subscription price of those Options.

#### 5. *Offer and grant of Options*

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

#### 6. *Granting Options to connected persons*

Subject to the terms in the Share Option Scheme, only insofar as and for so long as the Listing Rules require, where any offer of an Option is proposed to be made to a director, chief executive or a substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates, such offer must first be approved by the independent nonexecutive directors of our Company (excluding the independent non-executive Director who or whose associates is the grantee of an Option).

Where any grant of Options to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive director of our Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and
- (b) (where the securities are listed on the Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5.0 million, such further grant of Options must be approved by our Shareholders (voting by way of a poll).

## REPORT OF THE DIRECTORS

Our Company shall send a circular to our Shareholders containing the information required under the Listing Rules. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting.

Approval from our Shareholders is required for any change in the terms of Options granted to a participant who is a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting.

### **7. *Minimum holding period, vesting and performance target***

Subject to the provisions of the Listing Rules, the Board may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period before the right to exercise the Option in respect of any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an Option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the Option can be exercised.

### **8. *Amount payable for Options and offer period***

An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the offer date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company on or before the date upon which an offer of an Option must be accepted by the relevant Eligible Person, being a date no later than 28 days after the offer date (the “**Acceptance Date**”). Such remittance shall in no circumstances be refundable.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the Option.

To the extent that the offer of the grant of an Option is not accepted by the Acceptance Date, it will be deemed to have been irrevocably declined.

## 9. Subscription price

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days (as defined in the Listing Rules) immediately preceding the offer date.

## 10. Life of Share Option Scheme

Subject to the terms of this Share Option Scheme, the Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All Options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

### *Options Granted, Exercised, Lapsed or Cancelled*

During the year ended 31 December 2020, no option under the Share Option Scheme has been granted, exercised, lapsed or cancelled.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES

As at 31 December 2020, the interests and short positions of Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as notified the Company and the Stock Exchange pursuant to the Model Code, are as follows:

## REPORT OF THE DIRECTORS

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

As at 31 December 2020, 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 <sup>(1)</sup>	1,500,000,000	75%

Note:

<sup>(1)</sup> 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 Co., Ltd.*

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

##### *Eng Leng (Thailand) Co., Ltd.*

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%

\* Mr. Hong Rui Sheng, a former executive Director and an authorised representative, resigned with effect from 1 July 2022.

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2020, 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 31 December 2020, 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 shareholder	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 <sup>(1)</sup>	1,500,000,000	75%

Note:

<sup>(1)</sup> 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 31 December 2020, 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.

#### Directors' Right to Acquire Shares or Debentures

Save as disclosed in this annual report, at no time during the reporting period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their respective spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate or had exercised any such right.

## REPORT OF THE DIRECTORS

### MAJOR CUSTOMERS AND SUPPLIERS AND SUBCONTRACTORS

We are engaged by various customers in the public and private sectors of Singapore, comprising Singapore Government agencies, statutory boards and town councils (including the management agents appointed by them) in the former, and private corporations including real estate management boards, MCSTs for private shopping malls, hospitals and medical facilities, hotels and educational institutions in the latter. For the year ended 31 December 2020, revenue from the Group's largest customer accounted for 22.4% of the Group's revenue and the Group's five largest customers accounted for 41.3% of the Group's revenue.

None of our Directors, their respective close associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued capital, had any beneficial interest in the Group's five largest customers.

Our purchases are mainly from suppliers in Singapore and includes suppliers of consumables and equipment as well as third party service providers. Our main purchases include cleaning supplies, and tissue and washroom supplies. In some cases, we may choose to delegate some parts of our works such as external facade cleaning, waste management and disposal, project management, labour supply and hygiene services to our subcontractors. Our subcontractors are generally responsible for supplying or procuring the necessary materials for their works. During the year ended 31 December 2020, the Group's largest suppliers and subcontractors accounted for 12.6% of the Group's total purchase. The Group's five largest suppliers and subcontractors accounted for 33.6% of the Group's total purchase.

None of our Directors, their respective close associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued capital, had any beneficial interest in the Group's five largest suppliers.

### TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

### SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Group and to the best knowledge of the Directors, the Group maintained sufficient public float as the public Shareholders held not less than 25% of the issued share capital of the Company as required by the Listing Rules.

### PERMITTED INDEMNITY PROVISIONS

Pursuant to article 164(1) of the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

Furthermore, the Company has arranged appropriate liability insurance in respect of legal proceedings against the Directors.

### AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Audit Committee, together with the Board and external auditor, has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2020.

### CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole.

Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" of this annual report.

### AUDITOR

HLB Hodgson Impey Cheng Limited was appointed as the Company's auditor for the year ended 31 December 2020. The accompanying consolidated financial statements prepared in accordance with IFRSs have been audited by HLB Hodgson Impey Cheng Limited. HLB Hodgson Impey Cheng Limited shall retire at the AGM and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the Company's auditor will be proposed at the AGM.





## REPORT OF THE DIRECTORS

### CHANGE OF AUDITOR

With effect from 16 April 2021, PricewaterhouseCoopers resigned as the auditor of the Company. HLB Hodgson Impey Cheng Limited, has been appointed as the new auditor of the Company with effect from 20 April 2021 to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company.

On behalf of the Board

**Toh Eng Kui**

*Chairman*

## CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company has adopted the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and has complied with the code provisions since its Listing and up to 31 December 2020.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions conducted by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions conducted by relevant Directors. After making specific enquires to all Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code during the period from the Listing date and up to the date of this annual report.

## BOARD OF DIRECTORS

The Board is responsible for leading and directing the Group’s business through formulation of overall strategies and policies, evaluation of performance and overseeing the management function. In discharging its duties, the Board acts in good faith with due diligence and care, and makes decisions in the best interests of the Company and its shareholders. The execution of strategies and implementation of policies in the Group’s daily operations are delegated to the management team. The Company provides the Directors with sufficient resources to perform their duties and the Directors may seek independent professional advice at the Company’s cost, where it is considered relevant and necessary for the purpose of discharging their duties.

The Company has arranged for appropriate insurance cover for directors’ and officers’ liabilities in respect of legal actions against its directors and senior management arising out of corporate activities.

The composition of the Board and the attendance record of each Director at board meetings since the date of Listing and up to 31 December 2020 are as below. The Company has not held a members’ general meeting since the Listing.

### Attendance/Meeting held

#### Executive Directors

Mr. Toh Eng Kui	1/1
Mr. Peh Poon Chew	1/1
Ms. Toh Lek Siew ( <i>appointed with effect from 2 June 2022</i> )	N/A
Mr. Hong Rui Sheng ( <i>resigned with effect from 1 July 2022</i> )	1/1

#### Independent Non-executive Directors

Mr. Koh How Thim	1/1
Mr. Tan Wu Hao	1/1
Mr. Wong Yuk	1/1

## CORPORATE GOVERNANCE REPORT

Biographic details of and the relationship amongst the Directors are presented in the section headed “Profiles of Directors and Senior Management” of this annual report. A list of the Directors identifying their roles and functions is available on the Stock Exchange’s and the Company’s website.

Except as disclosed above or otherwise in this annual report, there is no other relationship (including financial, business, family or other material/relevant relationship(s) among the Board members.

Each of the Directors has participated in continuous professional development seminar organised by the Company to develop their knowledge and skills during the year.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, all independent non-executive Directors will continue to make various contributions to the Company.

For the period from the Listing Date and up to the date of this annual report, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10(A) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and the number of independent non-executive Directors represents at least one-third of the Board.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence and considers that each of them to be independent by reference to the Rule 3.13 of the Listing Rules.

The composition of the Board provides sufficient balance of skills, experience and diversity of perspectives in leading the Company to achieve its goal and the independent non-executive Directors provide independent judgment in the Board’s overall decision making process.

### FUNCTIONS, ROLES AND RESPONSIBILITIES OF THE BOARD

The Board, headed by the chairman of the Board (the “**Chairman**”), is responsible for formulation and approval of the Group’s development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management.

The executive Directors are responsible for day-to-day management of the Company’s operations, financial management and conducting meetings with senior management of the Group, at which operational issues and financial performance are evaluated.

The Company considers that internal control system and risk management function are essential, and the Board plays an important role in implementing and monitoring internal control system and risk management function.

Matters specifically decided by the Board and those reserved for the management, such as daily management, administration, operation of the Company and so forth, are reviewed by the Board on a periodic basis. The management shall report back to the Board.

In addition, the Directors may seek independent professional advice in appropriate circumstances at the Company's expenses.

### **Board Meetings**

The Company's articles of association sets out the responsibilities and proceedings of the Board. The Board meets regularly, at least four times a year, to consider operational reports and policies of the Company. Significant operational policies are discussed and passed by the Board. Not less than 14 days' notices are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and Board Committee meetings, reasonable notice is generally given in the circumstances.

The Company Secretary of the Company is responsible for taking and keeping minutes of all Board meetings and committee meetings. Minutes of the Board meetings and committee meetings are recorded in sufficient details in respect of matters considered by the Board and committees and the decisions reached. Final version of these minutes are available for inspection by Directors.

### **APPOINTMENT AND RE-ELECTION OF DIRECTORS**

Save as disclosed in this annual report, there is no change in information of directors since the Listing Date and up to the date of this annual report.

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years, while each of the independent non-executive Directors has been appointed for an initial fixed term of one year.

Notwithstanding the specific term of appointment, provisions of the Company's articles of associations require that every Director is subject to retirement by rotation at an annual general meeting at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to the Company's articles of association, at least one-third of the Directors shall retire from office but are eligible for re-election by the Shareholders at each annual general meeting of the Company and each Director shall retire on a rotational basis at least once every three years.

# CORPORATE GOVERNANCE REPORT

## BOARD DIVERSITY POLICY

The Board has adopted a policy of the Board diversity (the “**Board Diversity Policy**”) which sets out the objective and approach to achieve and maintain diversity on our Board in order to enhance the effectiveness of our Board. The Board Diversity Policy provides that our Company should endeavour to ensure that our Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of our business strategy. Pursuant to the Board Diversity Policy, selection of candidates for Directors will be based in a range of diversity perspectives, including but not limited to professional experience, gender, age, culture, independence, educational background, knowledge, expertise and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board. Our Board believes that such merit-based appointments will best enable our Company to serve the Shareholders and other stakeholders going forward. After the appointment of Ms. Toh Lek Siew, our Board comprises 1 female Director and 5 male Directors.

The Nomination Committee is responsible for reviewing and monitoring the implementation of the Board Diversity Policy to ensure the effectiveness of the Board Diversity Policy.

## DIVIDEND POLICY

Subject to the constitutional documents and applicable laws, our Company may from time to time declare dividends in any currency to be paid to the Shareholders in the general meeting but no dividend shall be declared in excess of the amount recommended by the Board. Please refer to the section headed “Dividend Policy” in the Directors’ Report for further details of the dividend policy of the Company.

## BOARD COMMITTEES

As an integral part of good corporate governance, the Board has established three committees for overseeing the performance of specific functions which are set out in written terms of reference for each committee. The composition of each committee and attendance of members at committee meeting held since the Listing and up to 31 December 2020 are as follows:

Composition of Board Committees	Audit Committee	Nomination Committee	Remuneration Committee
	Attendance/Number of meetings held (C=Chairman; M=Member of the Committee)		
Mr. Koh How Thim	2/2 (M)	0/0 (M)	0/0 (C)
Mr. Tan Wu Hao	2/2 (M)	0/0 (D)	0/0 (M)
Mr. Wong Yuk	2/2 (C)	0/0 (M)	0/0 (M)

### Audit Committee

The Audit Committee comprises, Mr. Koh How Thim, Mr. Tan Wu Hao and Mr. Wong Yuk, all of whom are independent non-executive Directors. Mr. Wong Yuk is the chairman of the Audit Committee.

The Audit Committee was established in December 2019 with written terms of reference in compliance with the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process and internal control and risk management system, recommend the appointment/removal of external auditors and to provide advice and comments to the Board on matters related to corporate governance.

During the year ended 31 December 2020, the audit committee has met twice to, among others, review the interim results and significant issues on the financial reporting and compliance procedures.

The Group's internal control and risk management systems are reviewed by management regularly. With the aim of enhancing the Group's internal control and risk management systems, during the year ended 31 December 2020 the Group has appointed an independent consultant to act as its internal audit function to review the Group's internal control system and recommend actions to improve the Group's internal controls. The Audit Committee is of the view that the Group's internal control and risk management systems were generally effective and adequate for the year ended 31 December 2020.

### **Nomination Committee**

The Nomination Committee comprises Mr. Koh How Thim, Mr. Tan Wu Hao and Mr. Wong Yuk, all of whom are independent non-executive Directors. Mr. Tan Wu Hao is the chairman of the Nomination Committee.

The Nomination Committee was established in December 2019 and written terms of reference in compliance with the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

The primary duties of the Nomination Committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board and/or in senior management. It identifies individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships by considering factors including perspective, skills and experience that the individual can bring to the Board, and the contribution to diversity of the Board (as set out in the diversity policy of the Board as approved by the Board from time to time. The Board is ultimately responsible for selection and appointment of new Directors.

As the Company's listing date was 3 July 2020, the Nomination Committee did not hold any meeting since the Listing and up to 31 December 2020.

## CORPORATE GOVERNANCE REPORT

### Remuneration Committee

The Remuneration Committee comprises Mr. Koh How Thim, Mr. Tan Wu Hao and Mr. Wong Yuk, all of whom are independent non-executive Directors. Mr. Koh How Thim is the chairman of the Remuneration Committee.

The Remuneration Committee was established in December 2019 with written terms of reference in compliance with the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

The primary duties of the remuneration committee are to make recommendations to the Board on our Company's policy and structure concerning the remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy, review and approve performance based remuneration by reference to corporate goals and objectives, to determine the terms of the specific remuneration package of each executive Director and senior management and to ensure none of our Directors determine their own remuneration.

As the Company's listing date was 3 July 2020, the Remuneration Committee did not hold any meeting since the Listing and up to 31 December 2020.

### EXTERNAL AUDITOR

The auditors are HLB Hodgson Impey Cheng Limited. HLB Hodgson Impey Cheng Limited provided services in respect of the audit of Company's consolidated financial statements which were prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) for the year ended 31 December 2020.

The remuneration paid/payable to the Company's auditors for the year ended 31 December 2020 is as below:

Audit services

– PricewaterhouseCoopers

S\$'000

270

270

Note: With effect from 16 April 2021, PricewaterhouseCoopers resigned as the auditor of the Company. HLB Hodgson Impey Cheng Limited, has been appointed as the new auditor of the Company with effect from 20 April 2021 to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company.

The statement of the auditors regarding their reporting responsibilities for the financial statements is set out in the Independent Auditor's Report on pages 63 to 66 of this annual report.

### **DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

The Directors acknowledge their responsibility for the preparation of financial statements of the Company for the year ended 31 December 2020. The responsibilities of the Company's auditor on the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 63 to 66 of this annual report. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

### **RISK MANAGEMENT AND INTERNAL CONTROL**

The Board is responsible for evaluating and determining the nature and extent of risks associated with the Group's operation. The Board reviews the Group's internal control system on an ongoing basis so as to ensure the system's effectiveness in providing reasonable assurance in relation to the protection of material assets and the Shareholders' interests. The Company has developed system of internal control and risk management for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

The Group has adopted a three-tier risk management approach to identify, assess and manage different types of risks. As the first line of defence, business units are responsible for identifying, assessing and monitoring risk associated with each business or transaction. The management, as the second line of defence, defines rule sets and models, provides technical support, develops new system and oversees portfolio management. It ensures that risks are within acceptable range and that the first line of defence is effective. As the final line of defence, the internal audit function (either in-house or outsourced) assists the Audit Committee to review the first and second lines of defence. The Company has designated the finance department to perform the internal audit function and review the Group's internal control and risk management system and support the Board in assessing the effectiveness of such system annually.

The Group is committed to the identification, evaluation and management of risks associated with its business activities through an ongoing assessment of a risk register, by considering the likelihood and impact of each identified risk. The Group has implemented an effective control system which includes a defined management structure with limits of authority, a sound management system and periodic review of the Group's performance by its internal audit function, the Audit Committee and the Board.

Through the Audit Committee, the Board has conducted annual review of the effectiveness of the Group's internal control and risk management systems for the year ended 31 December 2020, covering the material financial, operational and compliance controls, which are considered effective and adequate. The Audit Committee has reviewed the adequacy of resources, qualifications and experience, training and budget of the accounting, internal audit and financial reporting functions on an annual basis.



## CORPORATE GOVERNANCE REPORT

The Company may also engage external consultant to conduct independent review of the risk management and internal control system and will adopt their recommendations as appropriate.

To improve the Group's corporate governance and prevent future violations, the Group has adopted inside information policy which sets out guidelines to the employees of the Group to ensure inside information is to be disseminated to the public in equal, timely and effectively manner in accordance with the SFO, the Listing Rules and all other applicable rules and regulations.

### COMPANY SECRETARY

The company secretary of the Company, Mr. Lau Chung Wai, is an external service provider. The Company's primary contact with the company secretary is our chairman, Mr. Toh Eng Kui.

In compliance with Rule 3.29 of the Listing Rules, Mr. Lau Chung Wai undertook not less than 15 hours of relevant professional training to update his skills and knowledge during the year ended 31 December 2020.

### CONSTITUTIONAL DOCUMENTS

The Company has adopted the amended and restated memorandum of association and the amended and restated articles of association of the Company on 24 December 2019 and 8 June 2020 respectively, taking effect from 24 December 2019 and the Listing Date, respectively. Since the Listing Date up to 31 December 2020, there was no significant change in constitutional documents of the Company.

### SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

The Company has adopted a shareholders' communication policy to ensure that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company. During the year ended 31 December 2020, the Company has reviewed and are satisfied of the implementation and effectiveness of the shareholders' communication policy on the basis that sufficient channels of communication has been maintained with the shareholders.

#### Convening of extraordinary general meeting and putting forward proposals

Under the articles of association, an extraordinary general meeting ("EGM") may be convened by the Board upon requisition by any one or more Shareholders holding not less than one-tenth of the paid up capital of the Company which carries the right of voting at any general meetings. The Shareholder(s) shall make a written requisition to the Board or the Company Secretary at the head office of the Company in Hong Kong, specifying the shareholding information of the Shareholder(s), his/her/their contact details and the proposal regarding any specifying transaction/business and its supporting documents.

If within 21 days of deposit of such written requisition, the Board does not proceed to convene such EGM, the requisitioner(s) himself/herself/themselves may convene an EGM in the same manner as that in which such meeting may be convened by the Board, provided that such meeting so convened shall not be held after the expiration of two months from the date of deposit of such requisition.

The Company believes that effective communication with its shareholders is essential for enhancing investors' understanding of the Group's business and performance. The Company maintains a corporate website at [www.leader-education.cn](http://www.leader-education.cn) to disseminate latest information about the Group in the aspects of business operations, financial information, corporate governance practices and other information.

### **Enquiries to the Board**

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to Mr. Lau Chung Wai, the company secretary of the Company at Unit 1102, 11th Floor, Brill Plaza, No. 84 To Kwa Wan Road, To Kwa Wan, Kowloon, Hong Kong.

# ESG REPORT

## INTRODUCTION

Hygieia Group Limited (the “**Company**”, together with its subsidiaries, 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 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, we provide general cleaning works for private customers at private residences, an office, a hotel and industrial buildings.

This Environmental, Social and Governance Report (the “**ESG Report**”) summarises the environmental, social and governance (“**ESG**”) initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

### The ESG Governance Structure

The board of directors (the “**Board**”) is ultimately responsible for the Group’s ESG strategies. The Board is also responsible for ensuring the effectiveness of the Group’s risk management and internal controls through an annual assessment.

The Sustainability Committee (the “**Committee**”), an advisory group, has been established to systematically identify and cater to ESG issues. As stated in the ESG Reporting Policy, the Committee shall consist of at least one director from the Board and a minimum of four members from different departments. The objective of the Committee is to oversee the Group’s ESG programmes and advise the Board on matters required to enable (i) the Group to operate on a sustainable basis for the benefit of current and future generations, (ii) sustainable growth by maintaining and enhancing Group’s economic, environmental, human, technological and social capital in the long term and (iii) the effective management of the Group’s sustainability risks.

The Committee is responsible for collecting and evaluating relevant ESG data and prioritising and managing the Group’s ESG issues. In addition, the Committee shall periodically report to the Board for the subsequent implementation or revision of the Group’s ESG strategies.

## REPORTING SCOPE

This ESG Report covers all the Group’s business operations and activities in Singapore. Due to data unavailability, the Group’s activities in Thailand are not included in the reporting scope of this ESG Report. The key performance indicators (“**KPIs**”) gathered are shown in the ESG Report and are supplemented by explanatory notes to establish benchmarks. The Group will extend the scope of disclosure when and where possible.

## REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) as set out in Appendix 27 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Information relating to the Group’s corporate governance practices can be found in the Corporate Governance Report of this annual report.

## REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges and measures taken by the Group during the financial year ended 31 December 2020 (“FY2020”).

## STAKEHOLDER ENGAGEMENT

To make sustainable and practicable improvements to the Group’s performance, one must generate positive relationships with a diverse range of its stakeholders. Therefore, the Group maintains close communication with its key stakeholders, including but not limited to, government and other regulatory authorities, shareholders and investors, employees, customers, suppliers, media and the public.

Stakeholders’ expectations have been taken into consideration by utilising diversified engagement methods and communication channels as shown below:

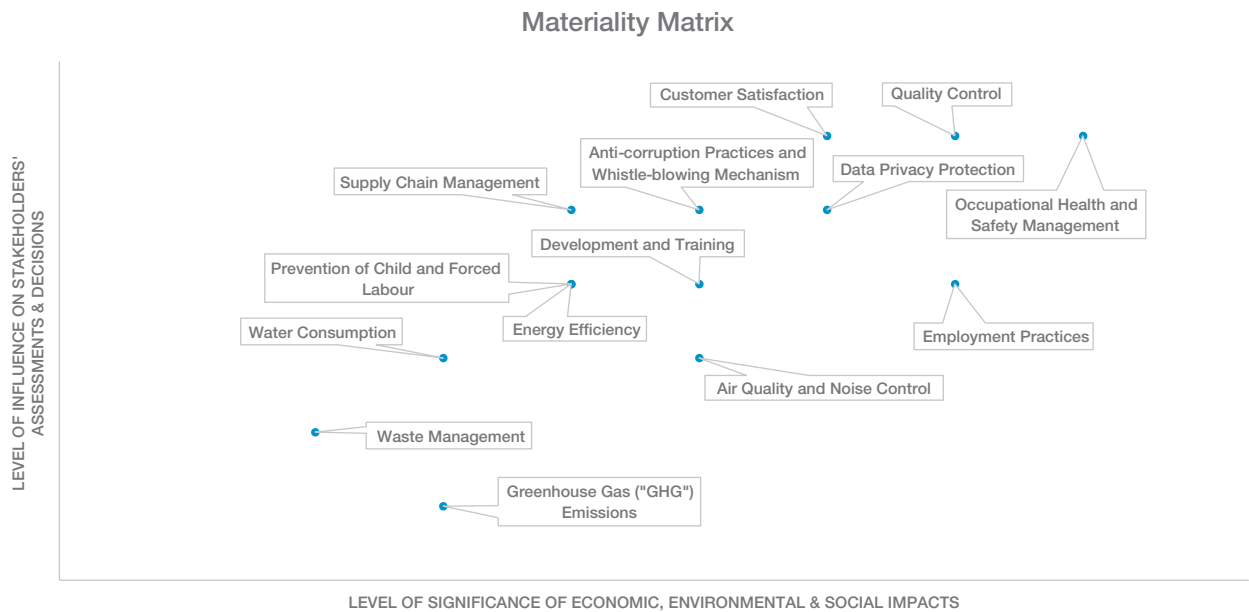
Stakeholders	Engagement Channel	Expectations
Government and other regulatory authorities	<ul style="list-style-type: none"> <li>Public consultation</li> <li>Written or electronic correspondences</li> <li>Visits and government inspections</li> <li>Stability in business operations</li> </ul>	<ul style="list-style-type: none"> <li>Legal compliance</li> <li>Good risk management structure</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>Annual general meetings and results announcements</li> <li>Financial reports</li> <li>Announcements and circulars</li> <li>Company website</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder return</li> <li>Solid corporate governance structure</li> <li>Legal compliance</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Training, seminars, and briefing</li> <li>Email and internal memos</li> <li>Regular meetings</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration package</li> <li>Protection of employees’ rights and interests</li> <li>Employment security</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Customer service hotline and email</li> </ul>	<ul style="list-style-type: none"> <li>On-time delivery</li> <li>Provision of quality services</li> <li>Protection of customers’ interest</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Site visits</li> <li>Procurement processes</li> <li>Business meetings and discussion</li> </ul>	<ul style="list-style-type: none"> <li>Fair and open procurement</li> <li>On-time payment</li> <li>Win-win co-operation</li> </ul>
Media and the public	<ul style="list-style-type: none"> <li>ESG reports</li> <li>Company website</li> <li>Reports and announcements</li> </ul>	<ul style="list-style-type: none"> <li>Transparency of ESG issues and financial disclosure</li> <li>Legal compliance</li> <li>Solid corporate governance structure</li> </ul>

The Group endeavours to regularly engage with its external and internal stakeholders to identify business opportunities and address associated risks in order to further the Group’s sustainable development efforts. The contribution of all stakeholders will aid the Group in improving potentially overlooked ESG performances and sustaining the success of the Group’s business in the challenging market.

# ESG REPORT

## MATERIALITY ASSESSMENT

The Board and management responsible for key functions of the Group have participated in the preparation of the ESG Report. They have considered the Group's operations, identified key ESG issues and assessed the relative importance of the ESG issues to its businesses and stakeholders.



For FY2020, the Group confirms that appropriate and effective management policies and internal control systems for ESG issues has been established and confirms that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

## CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of the ESG Report or the Group's performances in sustainable development by writing to Unit 629A, 6th Floor, Star House, No. 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong.

## A. ENVIRONMENTAL

### A1. Emissions

The Group is committed to expanding its business while not sacrificing the environment. Therefore, the Group remains mindful of its impact on the environment and strives to integrate sustainability measures into its business operations to minimise. The Group has in place the Integrated Management System Manual (“**ISM Manual**”) as part of its Quality, Environmental, Safety & Health Policy (the “**QEHS Policy**”). The said manual provides a framework for establishing and reviewing quality, environmental, safety and health objectives. The manual has been communicated to its employees and is reviewed by the top management to ensure continual suitability. The said system manual was devised in accordance with and is certified to be in compliance with ISO 9001:2015, ISO 14001:2014 and ISO 45001:2018.

Despite the establishment of the QEHS Policy, the execution of the quality, environmental, safety and health (“**QEHS**”) procedures is largely dependent on individual adherence. Therefore, the Group has assigned the operations department to manage environmental impacts and remind employees to adhere to the policy to ensure that the Group is compliant with all applicable environmental laws and regulations. Green measures to help reduce environmental impacts will be mentioned in relevant sections of this ESG Report.

During FY2020, the Group was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group including but not limited to, the Environmental Public Health Act, the Environmental Public Health (General Waste Collection) Regulations 1988, the Sewerage and Drainage (Trade Effluent) Regulations and the Environmental Protection and Management Act of Singapore.

#### *Air Emissions*

The Group’s major sources of air emissions were generated from diesel consumed by the Group’s vehicles. Measures on reducing such emissions will be mentioned in the following section headed “Scope 1 – Direct GHG Emissions”.

Summary of air emissions performance:

Exhaust Gases Emissions	Unit	FY2020
Nitrogen Oxides (NO <sub>x</sub> )	kg	407.1
Sulphur Oxides (SO <sub>x</sub> )	kg	0.7
Particulate Matter (PM)	kg	39.0

## GHG Emissions

The principal GHG emissions of the Group were generated from diesel consumption of vehicles (Scope 1), purchased electricity (Scope 2) and paper waste disposal at landfills (Scope 3).

### Scope 1 – Direct GHG Emissions

The Group has adopted the following measures to mitigate direct GHG emissions from diesel consumption by vehicles in its operations:

- Plan routes ahead of time to avoid route repetition;
- Switch off the engine whenever the vehicle is idling; and
- Service vehicles regularly to ensure optimal engine performance and efficient fuel use.

### Scope 2 – Indirect GHG Emissions

The Group has implemented measures to reduce energy consumption, said measures will be mentioned in the following section headed “Energy Efficiency”.

### Scope 3 – Other Indirect GHG Emissions

Office paper waste disposal accounted for a small percentage of other indirect GHG emissions. Measures implemented to reduce paper waste disposal can be found in following section headed “Waste Management”.

As a result of the implementation of such measures, employees’ awareness of reducing GHG emissions has been noted to have increased.

Summary of GHG emissions performances:

Indicator <sup>1</sup>	Unit <sup>2</sup>	FY2020
Scope 1 – Direct GHG Emissions • Diesel consumption	tCO <sub>2</sub> e	126.5
Scope 2 – Indirect GHG Emissions • Purchased electricity	tCO <sub>2</sub> e	22.1
Scope 3 – Other Indirect GHG Emissions • Paper waste disposal	tCO <sub>2</sub> e	9.7
<b>Total GHG Emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>158.3</b>
<b>Intensity<sup>3</sup></b>	<b>tCO<sub>2</sub>e/million revenue (S\$)</b>	<b>2.2</b>

Note:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), and the Electricity Grid Emission Factors issued by the Energy Market Authority of Singapore.
2. tCO<sub>2</sub>e is defined as tonnes of carbon dioxide equivalent.
3. For FY2020, the Group recorded a revenue of approximately S\$71.1 million contributed by operations in Singapore. This data is used for calculating other intensity data.

### ***Sewage Discharges into Water and Land***

Due to the Group's business nature, the sewage discharge into land is insignificant. Similarly, there was no significant and unreasonable amount of sewage water discharged. Used water is collected through a network of sewers that leads to the water reclamation plant maintained by the Public Utilities Board of Singapore.

### ***Waste Management***

#### *Hazardous Waste Management*

Due to the Group's business nature, no material amount of hazardous waste was generated by the Group.

#### *Non-hazardous Waste Management*

Non-hazardous wastes generated were principally office paper. The Group continues to place great effort in educating its employees on the importance of reducing waste production and has adopted the following environmentally friendly initiatives to enhance its environmental performance:

- Separate recyclable waste from waste to be disposed of to the landfill;
- Encourage paperless workplace culture;
- Reuse single-sided paper for draft documents;
- Reduce the use of single-use disposable items; and
- Recycle office and electronic equipment after their life cycle.

As a result, employees' awareness of waste management has been increased through these implementations.



Summary of major non-hazardous waste disposal performance:

Type of Waste	Unit	FY2020
Office Paper	Tonnes	2.0
<b>Total Non-hazardous Waste</b>	<b>Tonnes</b>	<b>2.0</b>
<b>Intensity</b>	<b>Tonnes/million revenue (S\$)</b>	<b>0.03</b>

## A2. Use of Resources

The Group realises the scarcity of finite natural resources and has taken the initiative to introduce green measures to reduce environmental impact arising from its business operations. Measures on reducing office paper waste have been mentioned in the preceding “Waste Management” section.

### *Energy Efficiency*

The Group recognises the scarcity of finite natural resources and has therefore implemented policies to better govern the use of resources. The Group strives to further reduce energy consumption by adopting the following energy-saving measures:

- Pre-set thermostats of air-conditioners at a mutually agreed level;
- Switch off all idle appliances and unnecessary lightings upon leaving the office;
- Purchase equipment with high energy efficiency on the replacement of old equipment; and
- Post eye-catching reminders near lights switches and electrical appliances as a reminder to employees.

Anomaly in electricity consumption will be investigated to find out the root cause and preventive measures will be taken. The implementation of the above-mentioned energy-saving measures has been useful in raising employees’ awareness of energy conservation.

Summary of energy consumption performances:

Types of Energy	Unit	FY2020
Direct Energy Consumption	MWh	492.3
• Diesel		
Indirect Energy Consumption	MWh	54.0
• Electricity		
<b>Total Energy Consumption</b>	<b>MWh</b>	<b>546.3</b>
<b>Intensity</b>	<b>MWh/million revenue (S\$)</b>	<b>7.7</b>

### ***Water Consumption***

Water was mainly used in the office. The Group nevertheless actively promotes the importance of water conservation to its employees. At the contract sites, the Group minimises the use of water for cleaning and would reuse water whenever possible. Wastewater will be disposed of as soon as practicable to avoid the collection of stagnant water for the breeding of vectors.

Apart from posting banners around the office, the Group also regularly inspects water taps to prevent leakage, installs dual flush water cistern in toilets and faucet aerators in sinks where possible. Through the implementation of said water-saving measures, employees' awareness of water conservation has been increased.

Due to the Group's business nature, the Group did not encounter any problem in sourcing water that is fit for purpose.

Summary of water consumption performance:

Indicator	Unit	FY2020
Total Water Consumption	m <sup>3</sup>	175.0
Intensity	m <sup>3</sup> /million revenue (S\$)	2.5

### ***Use of Packaging Material***

Due to the Group's business nature, the use of packaging material is not considered to be a material ESG aspect to the Group.

## **A3. The Environment and Natural Resources**

The Group's business operations have a limited impact on the environment and natural resources. Nevertheless, the Group regularly assesses its existing and potential environmental risks and impacts to ensure compliance with relevant laws and regulations.

### ***Air Quality and Noise Control***

The Quality Control states that regular maintenance should be carried out on all the Group's machinery and equipment, such as motor vehicles and floor-scrubbers, to ensure emission and noise produced are below the national prescribed level. On replacing obsolete machinery and equipment, the Group gives priority to purchasing quieter and more energy-efficient equipment and appliances. In addition, the Group only provides its services during the permitted working hours to reduce potential nuisance and inconvenience to residents and the public.

## B. Social

### B1. Employment

#### *Employment Practices*

The Group's continued success relies heavily on its employees. Therefore, the Group attaches great importance to attracting and retaining talents by providing its employees with attractive remuneration package and a non-discriminatory recruitment process and workplace. Employment policies are formally documented in the Human Resources Policy ("**HR Policy**"), covering recruitment, compensations, remuneration, diversity and equal opportunities, etc. The Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness against other general cleaning service providers.

During FY2020, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Act and the Employment of Foreign Manpower Act of Singapore.

As at 31 December 2020, the Group had 2,406 employees in Singapore. The breakdown of the employees according to gender, age group, employment type, employee category and geographical region is as follows:

<b>Gender</b>	
Male	1,263
Female	1,143
<b>Age Group</b>	
Under 30 Years Old	266
30 to 50 Years Old	584
Above 50 Years Old	1,556
<b>Employment Type</b>	
Full-time	2,184
Part-time	222
<b>Employee Category</b>	
Management	9
General Staff	2,397
<b>Geographical Region</b>	
Singapore	2,406

The employee turnover rate by gender, age group and geographical region is as follows:

<b>Gender</b>	
Male	76.0%
Female	60.3%
<b>Age Group</b>	
Under 30 Years Old	109.8%
30 to 50 Years Old	82.7%
Above 50 Years Old	56.2%
<b>Geographical Region</b>	
Singapore	68.5%

### ***Non-discriminatory Recruitment and Workplace***

Creating a collaborative and inclusive working environment is crucial to attracting new talents and helping individuals realise their potential. The HR Policy explicitly states that the Group's recruitment policies and employment procedures are to be conducted with impartiality regardless of race, gender, colour, marital and family status, or disabilities. Employees are remunerated according to their work skills, job scope, responsibilities and performance. In addition, all employees should have the right to work in an environment free of discrimination, harassment and vilification. The Group does not tolerate any aforementioned behaviours in any form in the workplace.

The Group offers attractive remuneration packages, including discretionary bonuses and allowances. In addition to the leave entitlement stipulated in the Employment Act of Singapore, the Group is flexible in granting leave to cater to the needs of its employees, such as marriage leave, compassionate leave, etc.

### ***Promotion and Performance Appraisal***

The Group assesses the performance of the employees on an annual basis, the results of which may be used as consideration for promotion opportunities and/or increasing existing salary. Upon the receipt of the completed appraisal forms from the respective appraiser, the head of the department shall collate and summarise the information for review by the Chief Executive Officer. Procedures on appeal for disputed appraisals are also detailed in the HR Policy. The Group gives preference to internal promotion to encourage consistent and continuous effort.

### ***Working Hours and Rest Periods***

The Group has formulated policies in determining the working hours and rest periods for employees following local employment laws.

### ***Compensation and Dismissal***

The Group compensates employees through the provision of Workmen's Injury Compensation Insurance Policy under the Workmen's Injury Compensation Act of Singapore, which covers employees who sustain personal injury by accident or disease arising out of the course of employment. Unreasonable dismissal under any circumstances is strictly prohibited, dismissal will be based on reasonable and lawful grounds supported by internal policies of the Group.

## **B2. Health and Safety**

The health and safety of the employees are the Group's utmost priority. In order to protect employees from occupational hazards, arrangements and precautionary measures are detailed in the IMS Manual and QEHS Policy. The mentioned documents are designed to eliminate or control the hazards and ensure high occupational safety and health standard is maintained in the course of operations. The occupational health and safety management system is ISO 45001:2018 and BizSafe Level Star certified.

During FY2020, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Workplace Safety and Health Act, the Workplace Safety and Health (General Provisions) Regulations and the Work Injury Compensation Act of Singapore. During FY2020, there were zero reported cases of work-related fatalities.

### ***Occupational Health and Safety Management***

The IMS Manual addresses significant potential environmental, health and safety hazards and consequences and states the roles and responsibilities of different personnel. Procedures to guide the formulation and monitoring of QEHS objectives and targets at each relevant function within the Group are laid out in the IMS Manual. Furthermore, the QEHS Policy sets out the Group's commitment to preventing injuries and ill-health in the workplace and building a safe working environment for its employees. In addition, the Emergency Preparedness and Response Policy has been formulated to ensure that its employees are better prepared when confronted with different emergency scenarios, such as spillage or fire emergencies. The Group regularly reviews the all related occupational health and safety objectives and targets and take into consideration the feedback of the Group's employees for continual improvement on safeguarding the well-being of its employees.

### ***Measures regarding the outbreak of COVID-19***

In view of the recent outbreak of COVID-19 in Singapore, the Group has adopted several control measures to prevent and manage the spread of COVID-19 at the workplace and to protect its employees from the pandemic. These control measures, as shown below, are in line with the advisories and best practices issued by the Ministry of Manpower (“**MOM**”):

- Temperature checks to be done by the Group’s employees and workers at least twice daily;
- Increased frequency of cleaning areas with high human contact, such as common spaces, meeting rooms, toilets, lift buttons and door handles;
- Impose work team segregation for office staff; and
- Suspend non-essential travel.

At the contract sites, additional control measures other than those mentioned above have also been implemented:

- Issue personal protective equipment, such as face masks and gloves, to be worn by on-site cleaning staff;
- Increase disinfection frequency of cleaning equipment; and
- Provide additional guidance to on-site cleaning staff on providing and maintaining environmental hygiene and cleanliness.

### **B3. Development and Training**

The Group recognises the importance of having a skilled workforce in order to achieve strategic and operational plans and is committed to providing a working environment that is conducive to effective performance. Therefore, the Group proactively provides internal and external training opportunities for all its employees. The Training Policy provides the framework for training and development and ensures that employees have the necessary competencies to deliver the Group’s strategic and operational plans.

The Training Manager is responsible for the administration, revision, interpretation and application of the Training Policy. The policy must be reviewed at least once a year and will be revised to reflect the Group’s current practices.

Depending on the type of employees, all newly recruited employees and workers are required to complete induction training or Environment Cleaning Workforce Skills Qualifications training respectively. These training courses aim to equip all new recruits with an understanding of the essential health and safety requirements, including the procedures for foreseeable emergencies, and procedures specific to the role of the recruits.

External courses may be provided if training needs are identified to be in line with the Group’s operational needs and requirements, such as courses conducted by the National Environmental Agency, Building and Construction Authority, and Ministry of Manpower, which include workplace safety courses, quality assurance courses and risk management courses. Disciplinary action may be taken where non-attendance is noted.

During FY2020, relevant employees have participated in external training courses on topics such as workplace safety and health practices implementation and understanding the use of cleaning chemicals. Meanwhile, the Group recorded approximately 32.5% of trained employees, with an average of approximately 3.1 training hours per employee. Information on employees’ training are as follows:

Categories		Percentage of Trained Employees	Total Training Hours	Average Training Hours
Gender	Male	57.2%	4,279	3.4
	Female	42.8%	3,200	2.8
Employment Category	Management	1.4%	607	67.4
	General Staff	98.6%	6,872	2.9

## B4. Labour Standards

### *Prevention of Child and Forced Labour*

The Group guarantees that no employee will be forced to work against his/her will or be coerced to work. The recruitment of child labour is strictly prohibited. All employees recruited by the Group are above 18 years old. The human resources department ensures that their identity documents are carefully checked to verify the personal data submitted during the process.

During FY2020, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Act of Singapore.

## B5. Supply Chain Management

The Group recognises the importance of good supply chain management practices in mitigating environmental and social risks. In view of green supply chain management, the Group strives to engage suppliers who incorporate the consideration of environmental and social risks into their supply chain management.

### ***Fair and Open Procurement***

The Procurement, Accounts Payables and Payments Policy sets out the guidelines in relation to the selection and evaluation of vendors. The practice on engaging suppliers have been implemented on all the Group's suppliers. Generally, the Group reviews suppliers based on, where applicable, their (i) price competitiveness; (ii) quality of product or services; (iii) ability to deliver; and (iv) market reputation. The purchase of supplies is determined and adjusted by the need of individual contracts. This assessment is performed by the business development department and submitted to the Executive Directors for approval. Suppliers who have fulfilled the selection criteria will be admitted to the approved suppliers' list. The Group periodically evaluates and monitors the performance of its suppliers to ensure their compliance with quality and service standards. Should services fall below the agreed standard, the cooperation may be terminated.

The Group gives priority to reputable local suppliers in Singapore in aid to lowering associated environmental and social impacts arising from the procurement process. In addition, the Group strives to procure products endorsed under the Singapore Green Labelling Scheme, such as tissue paper, which have been certified to have fewer undesirable effects on the environment. In FY2020, the Group had 145 suppliers, all of which were located in Singapore; the Group's main purchases include cleaning supplies, and tissue and washroom supplies.

### **B6. Product Responsibility**

The Group's long-standing success is backed by its stringent quality control system in different regards. As mentioned in "A. Environmental", the Group's quality, environmental, and occupational health and safety management systems are certified with ISO 9001:2015, ISO 14001:2014 and ISO 45001:2018. These management systems create a robust framework for managing the Group's related performances.

During FY2020, the Group was not aware of any non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group, including but not limited to the Personal Data Protection Act 2012 of Singapore. During FY2020, the Group did not receive any cases of product or service-related complaints, nor was it subjected to any product recalls.

#### ***Quality Control***

The Group prides itself on the long-standing track record as one of the established cleaning service providers in Singapore. The Group's high cleaning standards through the training of workers, use of equipment to improve work processes and fair employment practices have been recognised through a Clean Mark Silver Award by the National Environment Agency. The Group's track record is further evidenced by the L6-graded FM02 workhead for "Housekeeping, Cleansing and Desilting and Conservancy", which allows the Group to tender for public sector contracts of an unlimited value in Singapore.



To achieve and maintain the quality of services, the Group has implemented a quality management system that is ISO 9001:2015 certified for the provision of cleaning and housekeeping services. The IMS Manual covers, among other things, minimum operations standards and review procedures applicable to each service contract, procedures for handling customer reviews and/or feedback, staff feedback, the establishment of a complaint process and procedures for incident investigation and reporting.

As stated in the Monitoring and Measurement of Product Policy, in-process inspection will be conducted by the project manager to ensure that the in-process and completed cleaning work are inspected as planned and in accordance with the inspection and/or documented procedures. A final inspection will be carried out to ensure all non-conformances detected during inspection are rectified before handing over to the client. No products/works shall be delivered to site or hand-over to client until all activities specified in the quality plan and/or documented procedures have been satisfactory completed and the associated quality records are available and authorised.

### ***Customer Satisfaction***

Service quality directly influences overall customer satisfaction. Therefore, the Group closely monitors and regularly reviews the level of satisfaction to identify new trends and opportunities for continuous improvement. Procedures for handling customer feedbacks and incident investigation have been set up and are detailed in the Quality Control Policy. Should the Group receive any complaints, the Group will strive to act in a timely manner to resolve the issue with effective corrective actions. In addition, complaints of significant weight received will be discussed and reviewed by the management during regular meetings to prevent re-occurrence.

### ***Data Privacy Protection***

The Group is committed to safeguarding individuals' personal data against misuse by regulating the proper management of personal data and regards privacy as an important individual right. The Personal Data Protection Policies and Procedures Manual establishes the principles of data protection governing the collection, usage and disclosure of personal data given to the Group from individuals. On the other hand, the Group's Protection of Sensitive and Confidential Information Policy sets out guidelines in relation to the protection of sensitive and confidential information for its employees.

Unauthorised access and dissemination of customers' sensitive information is strictly prohibited unless employees are under the legal obligation to do so. Only authorised personnel are permitted to access the clients' information database and are entitled to access the information on a need-to-know basis. All employees are required to sign the non-disclosure agreement at the same time that the employment contract is signed.

### ***Protection of Intellectual Property Rights***

The Group respects intellectual property rights and requires employees to comply with applicable laws and regulations in relation to the collection, processing and use of personal data. At the same time, the Group actively reminds its employees to exercise caution when handling sensitive data received during the course of business. The Group regularly monitors to ensure that the intellectual property rights of the Group are not being infringed upon.

### ***Advertising and Labelling***

Due to the Group's business nature, advertising and labelling matters are not considered material.

## **B7. Anti-corruption**

During FY2020, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the Prevention of Corruption Act of Singapore. During FY2020, there were no concluded legal cases regarding any forms of fraud brought against the Group or its employees.

### ***Anti-corruption Practices***

A solid corporate governance structure is crucial to the Group's sustainable growth. The Group places a strong emphasis on conducting its business according to prescribed statutory requirements and high ethical standards. Bribery, fraud and corruption in any form or in relation to any parties are all strictly prohibited in the Group. The Anti-Bribery and Corruption Policy and the Conflict of Interest Policy have been established and apply to all employees of the Group. The mentioned policies detail the appropriate methods in handling circumstances such as gift-giving and acceptance. The said policy will be communicated to all employees during the initial staff on-boarding process and as appropriate thereafter in accordance with the commitment to ensure that all employees are aware of the Group's zero-tolerance stance on corrupt practices.

### ***Whistle-blowing Mechanism***

The Group has established a Whistle-blowing Policy, addressing its commitment to the highest standards of transparency, integrity and accountability. The policy is designed to enable employees to express their concerns and to disclose information which the whistle-blower believes to be an indicator of malpractice or impropriety.

Should an employee wish to report concerns, the whistle-blower should communicate in writing to the Company Secretary by detailing the background, history of events, reasons for raising concern and any available form of evidence to support the reported incident. The Company Secretary will be responsible for directing the issues to different designated investigating officers depending on the party/parties involved. The investigating officers are required to follow the procedures stated within the Whistle-blowing Policy.

The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation. Therefore, the employee reporting in good faith under the whistle-blowing mechanism can be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

### **B8. Community Investment**

The Group recognises the importance of making a positive impact on the community where it operates and realises the importance of giving back to the members of society. Therefore, the Group has given related guidelines regarding community investment. The guidelines encourage its employees to engage in community services and voluntary activities to give back to the less-abled and financially challenged members of the public. The Group shall extend its scope of financial contribution to benefit the financially disadvantaged in the future.

## THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
<b>Aspect A1: Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions
KPI A1.2	GHG emissions in total (in tonnes) and intensity.	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management (Not applicable – Explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.5	Description of reduction initiatives and results achieved.	Emissions – Air Emissions, GHG Emissions, Waste Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions – Waste Management
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Efficiency
KPI A2.2	Water consumption in total and intensity.	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Use of Resources – Energy Efficiency
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Use of Packaging Material (Not applicable – Explained)

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimizing the issuer’s significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Air Quality and Noise Control
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment – Employment Practices
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Employment Practices
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety – Occupational Health and Safety Management
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety – Occupational Health and Safety Management

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
<b>Aspect B4: Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management – Fair and Open Procurement
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Fair and Open Procurement

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Protection of Intellectual Property Rights
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility – Data Privacy Protection
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption – Whistle-blowing Mechanism
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment



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INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF  
HYGIEIA GROUP LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

### DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Hygieia Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 67 to 148, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR DISCLAIMER OF OPINION

#### Scope limitation – recognition of the financial assets at fair value through profit or loss

As disclosed in Note 19 to the consolidated financial statements, during the year ended 31 December 2020, the Group recognised a financial asset at fair value through profit or loss of approximately S\$2,542,000 (equivalent to approximately HK\$14,908,000) (the “**AFS**”). The AFS represented investments held by Eng Leng Contractors Pte Ltd (“**Eng Leng**”), a wholly owned subsidiary of the Company, pursuant to a discretionary investment management agreement (the “**IMA**”) entered into with Leo Asset Management Limited (“**Leo**”) on 6 July 2020. The Group recognised investment management fee expense in relation to the IMA of approximately S\$39,000 (equivalent to approximately HK\$218,000) for the year ended 31 December 2020 and prepaid investment management fee in relation to the IMA of approximately S\$244,000 (equivalent to approximately HK\$1,357,000) included in “trade and other receivables, deposits and prepayments” as at 31 December 2020. No fair value gain or loss was recognised in consolidated profit or loss for the year ended 31 December 2020 in relation to the AFS held by the Group. Subsequent to the end of the reporting period, Eng Leng decided to early terminate the IMA with effect from 7 June 2021, and an amount of approximately S\$2,972,000 (equivalent to approximately HK\$16,513,000) was returned to Eng Leng as a result.



## INDEPENDENT AUDITOR'S REPORT

### BASIS FOR DISCLAIMER OF OPINION – *continued*

#### Scope limitation – recognition of the financial assets at fair value through profit or loss – *continued*

The auditors which were originally engaged by the Company to act as auditors of the consolidated financial statements of the Group for the financial year ended 31 December 2020 (the “**Predecessor Auditors**”) resigned as auditors with effect from 16 April 2021 as they could not reach consensus with the Company in respect of certain outstanding issues (the “**Audit Issues**”), details of which were set out in their letter to the Company dated 16 April 2021. On 10 May 2021, the board of directors of the Company (the “**Board**”) resolved to engage So, Lung & Associates (the “**Advisor**”) as independent professional advisor to the audit committee to conduct an investigation in respect of the Audit Issues. The Advisor completed its investigation and issued its investigation report dated 29 April 2022 (the “**Investigation Report**”).

The significant matters on which the Predecessor Auditors considered independent investigation was required in respect of the Audit Issues (the “**Highlighted Matters**”) included the commercial substance and business rationale of the IMA, including the discretion and prepayment arrangements. We were unable to obtain sufficient appropriate audit evidence regarding the validity, commercial substance and business rationale of the IMA and of the payment transaction that led to the recognition by the Group of the AFS as financial asset at fair value through profit or loss, investment management fee expense in relation to the IMA and prepaid investment management fee in the consolidated financial statements of the Group for the year ended 31 December 2020 referred to above, and whether the transactions and arrangements involved parties which were related to the Group or its related parties.

We were also unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding the fair values of the AFS at the time of subscription and at 31 December 2020 because there was inadequate documentary and other evidence made available to us to enable us to assess the appropriateness of these fair values provided to the Group by the investment manager, including lack of access to financial information and management personnel of the investee company to which the AFS relate because of the refusal of the investee company to provide the relevant information and access. Consequently, we were also unable to satisfy ourselves as to the fair value change to be recognised in consolidated profit or loss for the year ended 31 December 2020 in respect of the AFS.

There were no alternative audit procedures that we could perform to satisfy ourselves as to (i) whether the initial measurement amount, carrying amount as at 31 December 2020 and classification of the AFS, fair value change of the AFS to be recognised in consolidated profit or loss for the year ended 31 December 2020, investment management fee expense in relation to the IMA recognised in consolidated profit or loss for the year ended 31 December 2020 and prepaid investment management fee recognised as part of “trade and other receivables, deposits and prepayments” as at 31 December 2020 were free from material misstatements; and (ii) whether the disclosures of related party transactions and balances in the consolidated financial statements were complete and in accordance with the requirements of applicable International Financial Reporting Standards (“**IFRSs**”), including International Accounting Standard 24 “Related Party Disclosures”. Any adjustments that might have been found necessary may have a significant effect on the Group’s consolidated net assets at 31 December 2020 and the consolidated financial performance and consolidated cash flows of the Group for the year then ended, and the related elements and disclosures thereof in the consolidated financial statements.

## BASIS FOR DISCLAIMER OF OPINION – *continued*

### Scope limitation – recognition of professional fees

Included in professional and consultancy services fee expense recognised in consolidated profit or loss for the year ended 31 December 2020 are professional and consultancy services fees of S\$1,759,000 (equivalent to HK\$9,775,000) paid by the Group to certain service providers during the year (the “**Professional Fees**”). The Highlighted Matters on which the Predecessor Auditors considered independent investigation was required in respect of the Audit Issues also included the commercial substance and business rationale of the Professional Fees. We were unable to obtain sufficient appropriate audit evidence regarding the validity, commercial substance, business rationale and classification of the payment transactions that led to the recognition by the Group of the professional and consultancy services fee expense in consolidated profit or loss for the year ended 31 December 2020. There were no alternative audit procedures that we could perform to satisfy ourselves as whether the Professional Fees recognised as professional and consultancy services fee expense in consolidated profit or loss for the year ended 31 December 2020 were free from material misstatement. Any adjustments that might have been found necessary may have a significant effect on the consolidated financial performance and consolidated cash flows of the Group for the year ended 31 December 2020, including the classification and related disclosure thereof in the consolidated financial statements.

### OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on 12 June 2020.

## RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

## INDEPENDENT AUDITOR'S REPORT

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and to issue an auditors' report solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

### REPORT ON OTHER MATTERS UNDER SECTIONS 407(2) AND 407(3) OF THE HONG KONG COMPANIES ORDINANCE

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding the items stated under *Basis for Disclaimer of Opinion* section for the year ended 31 December 2020,

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper books of account had been kept for the year ended 31 December 2020.

The engagement director on the audit resulting in this independent auditors' report is Hon Koon Fai, Alex.

#### HLB Hodgson Impey Cheng Limited

Certified Public Accountants

#### Hon Koon Fai, Alex

Practising Certificate Number: P05029

Hong Kong, 29 April 2022

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 S\$'000	2019 S\$'000
Revenue	6	72,611	76,374
Cost of sales	12	<u>(50,456)</u>	<u>(62,385)</u>
<b>Gross profit</b>		<b>22,155</b>	13,989
Other income	7	69	19
Other (losses)/gains, net	8	(180)	25
Administrative expenses	12	(10,940)	(6,089)
Listing expenses	12	<u>(1,550)</u>	<u>(3,473)</u>
<b>Operating profit</b>		<b>9,554</b>	4,471
Finance costs	10	<u>(421)</u>	<u>(682)</u>
<b>Profit before income tax</b>		<b>9,133</b>	3,789
Income tax expense	11	<u>(351)</u>	<u>(1,135)</u>
<b>Profit for the year</b>		<b><u>8,782</u></b>	<b><u>2,654</u></b>
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>7</u>	<u>1</u>
<b>Other comprehensive income for the year, net of income tax</b>		<b><u>7</u></b>	<b><u>1</u></b>
<b>Total comprehensive income for the year</b>		<b><u>8,789</u></b>	<b><u>2,655</u></b>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 S\$'000	2019 S\$'000
<b>Profit for the year attributable to:</b>			
Owners of the Company		8,798	2,638
Non-controlling interests		(16)	16
		<u>8,782</u>	<u>2,654</u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		8,802	2,639
Non-controlling interests		(13)	16
		<u>8,789</u>	<u>2,655</u>
			(Restated)
<b>Earnings per share</b>			
Basic and diluted (Singapore cents)	15	<u>0.50</u>	<u>0.18</u>

The accompanying notes from an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Note	2020 S\$'000	2019 S\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	3,106	3,636
Right-of-use assets	18	1,269	865
		4,375	4,501
<b>Current assets</b>			
Financial assets at fair value through profit or loss	19	2,542	–
Trade and other receivables, deposits and prepayments	20	23,151	19,255
Cash and cash equivalents	21	20,091	12,549
		45,784	31,804
<b>Total assets</b>		50,159	36,305
<b>EQUITY</b>			
Share capital	22	3,592	*
Reserves		28,959	11,484
<b>Equity attributable to owners of the Company</b>		32,551	11,484
Non-controlling interests		33	46
<b>Total equity</b>		32,584	11,530

\* Represent amount less than S\$1,000.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Note	2020 S\$'000	2019 S\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	24	4,553	906
Lease liabilities	25	168	23
Deferred tax liabilities	26	–	274
		<u>4,721</u>	<u>1,203</u>
<b>Current liabilities</b>			
Trade and other payables	23	9,236	9,072
Borrowings	24	1,615	12,568
Lease liabilities	25	1,109	856
Income tax payable		894	1,076
		<u>12,854</u>	<u>23,572</u>
<b>Total liabilities</b>		<u><u>17,575</u></u>	<u><u>24,775</u></u>
<b>Total equity and liabilities</b>		<u><u>50,159</u></u>	<u><u>36,305</u></u>
<b>Net current assets</b>		<u><u>32,930</u></u>	<u><u>8,232</u></u>
<b>Total assets less current liabilities</b>		<u><u>37,305</u></u>	<u><u>12,733</u></u>

The consolidated financial statements on pages 67 to 148 were approved and authorised for issue by the board of directors (the “Board”) on 29 April 2022 and signed on its behalf by:

**Toh Eng Kui**  
*Director*

**Peh Poon Chew**  
*Director*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

Note	Attributable to owners of the Company								Total equity S\$'000
	Share capital S\$'000	Share premium S\$'000	Capital reserves S\$'000	Other reserve S\$'000	Retained profits S\$'000	Currency translation reserve S\$'000	Total S\$'000	Non-controlling interests S\$'000	
		Note (a)	Note (b)	Note (c)					
At 1 January 2019	-	-	4,500	-	9,941	2	14,443	23	14,466
Profit for the year	-	-	-	-	2,638	-	2,638	16	2,654
Other comprehensive income for the year	-	-	-	-	-	1	1	*	1
Total comprehensive income for the year	-	-	-	-	2,638	1	2,639	16	2,655
Issuance of shares	*	-	(*)	-	-	-	-	-	-
Capital contribution from non-controlling interest	29	-	-	-	-	-	-	22	22
Acquisition of additional interest in a subsidiary	29	-	-	(98)	-	-	(98)	(15)	(113)
Dividend paid	16	-	-	-	(5,500)	-	(5,500)	-	(5,500)
<b>At 31 December 2019 and 1 January 2020</b>	<b>-</b>	<b>-</b>	<b>4,500</b>	<b>(98)</b>	<b>7,079</b>	<b>3</b>	<b>11,484</b>	<b>46</b>	<b>11,530</b>
Profit for the year	-	-	-	-	8,798	-	8,798	(16)	8,782
Other comprehensive income for the year	-	-	-	-	-	4	4	3	7
Total comprehensive income for the year	-	-	-	-	8,798	4	8,802	(13)	8,789
Issue of shares by way of share offer	22	898	21,551	-	-	-	22,449	-	22,449
Capitalisation issue	22	2,694	(2,694)	-	-	-	-	-	-
Transaction cost attributable to issue of shares by way of share offer		-	(5,684)	-	-	-	(5,684)	-	(5,684)
Dividend paid	16	-	-	-	(4,500)	-	(4,500)	-	(4,500)
<b>At 31 December 2020</b>	<b>3,592</b>	<b>13,173</b>	<b>4,500</b>	<b>(98)</b>	<b>11,377</b>	<b>7</b>	<b>32,551</b>	<b>33</b>	<b>32,584</b>

\* Represents amount less than S\$1,000.

Notes:

- (a) Share premium represents the excess of share issue over the par value set off against the effect of share issuance expenses under share offer.
- (b) Capital reserve represents the difference between the nominal value of the combined share capital of subsidiaries acquired pursuant to the Reorganisation (Note 1.2) over the nominal value of the share capital of the Company issued in exchange.
- (c) Other reserve represents the differences between the consideration paid to non-controlling interests for acquisition of additional equity interest in a subsidiary without the overall change in the control in that subsidiary and the carrying amount of share of net assets being acquired.



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 S\$'000	2019 S\$'000
<b>Cash flows from operating activities</b>			
Profit before income tax		9,133	3,789
<b>Adjustment for:</b>			
Depreciation of property, plant and equipment	17	1,166	1,276
Depreciation of right-of-use assets	18	1,664	1,653
Gain on disposal of property, plant and equipment	17	–	(35)
Allowances for expected credit loss on trade receivables		445	–
Finance cost	10	421	682
Interest income	7	(67)	(2)
<b>Operating cash flows before movements in working capital</b>		<b>12,762</b>	<b>7,363</b>
(Increase)/decrease in trade and other receivables		(5,030)	4,241
Increase in deposits and prepayments		(235)	(1,342)
Increase in trade and other payables		527	2,657
<b>Cash generated from operations</b>		<b>8,024</b>	<b>12,919</b>
Income tax paid		(807)	(1,030)
<b>Net cash generated from operating activities</b>		<b>7,217</b>	<b>11,889</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(633)	(722)
Interest received		67	2
Acquisition of financial assets at fair value through profit or loss		(2,542)	–
Proceeds from disposals of property, plant and equipment		–	62
Acquisition of additional interest in a subsidiary		–	(113)
<b>Net cash used in investing activities</b>		<b>(3,108)</b>	<b>(771)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 S\$'000	2019 S\$'000
<b>Cash flows from financing activities</b>			
Interest paid on:			
– Lease liabilities		(41)	(71)
– Other financing arrangement		(380)	(611)
Repayments of bank borrowings		(31,467)	(31,057)
Proceeds from bank borrowings		24,161	30,949
Lease payments for principal portion of lease liabilities		(1,670)	(1,659)
Proceeds from non-controlling interest for increase in investment in a subsidiary		–	22
Advance from/(repayment to) a shareholder		4	(168)
Proceeds from issuance of shares by way of share offer		22,449	–
Transaction cost attributable to issue of shares		(5,127)	–
Prepaid listing expenses		–	(924)
Dividends paid	16	(4,500)	(5,500)
<b>Net cash generated from/(used in) financing activities</b>		<b>3,429</b>	<b>(9,019)</b>
<b>Net increase in cash and cash equivalents</b>		<b>7,538</b>	<b>2,099</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>12,549</b>	<b>10,451</b>
Effects of currency translation on cash and cash equivalents		4	(1)
<b>Cash and cash equivalents at end of the year</b>	21	<b>20,091</b>	<b>12,549</b>

The accompanying notes from an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

### 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. Its parent is TEK Assets Management Limited (“**TEK Assets Management**”) which was incorporated in the British Virgin Islands (the “**BVI**”). Its ultimate controlling party is Mr. Toh Eng Kui (“**Mr. Toh**”), who is also the chairman and executive director of the Company.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the provision of cleaning services. The principal place of business in Singapore of the Group is at 6 Tagore Drive, #B1-02, Singapore 787623.

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.

The consolidated financial statements are presented in Singapore dollars (“**S\$**”), which is also the functional currency of the Company and all values are rounded to the nearest thousands (S\$’000), except when otherwise stated.

### 1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the “**Reorganisation**”) as described below, Eng Leng Contractors Pte Ltd (“**Eng Leng**”), Titan Facilities Management Pte. Ltd. (“**Titan**”) and Eng Leng (Thailand) Co., Ltd. (“**Eng Leng Thailand**”) were controlled by Mr. Toh.

In preparing for the listing of the Company’s shares on the Stock Exchange, the companies now comprising the Group underwent the Reorganisation as set out below:

- On 27 February 2019, Eng Leng Limited (“**Eng Leng BVI**”) and Titan Facilities Management Limited (“**Titan BVI**”) were incorporated in the BVI’.

Upon incorporation, Eng Leng BVI and Titan BVI each allotted and issued one nil-paid share to Mr. Toh respectively. As a result, Eng Leng BVI and Titan BVI each became wholly-owned by Mr. Toh.

- On 27 February 2019, TEK Assets Management was incorporated in the BVI. Upon incorporation, TEK Assets Management allotted and issued one nil-paid share to Mr. Toh. As a result, TEK Assets Management became wholly-owned by Mr. Toh.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS – *continued*

### 1.2 Reorganisation – *continued*

- On 28 February 2019, the Company was incorporated in the Cayman Islands with 1 fully paid share held by the initial subscriber. On the same day, the said 1 fully paid share was transferred to TEK Assets Management for a consideration of nominal value. As a result, the Company became wholly-owned by TEK Asset Management.
- On 7 March 2019, EL Holding Co., Ltd. (“**EL Holding**”) was incorporated in Thailand by issuance of 4,899 ordinary shares (corresponding to 82.75% of voting rights) to Eng Leng, one ordinary share (corresponding to 0.017% of voting rights) to Mr. Hong Rui Sheng, 5,099 preference shares (corresponding to 17.227% of voting rights) to Mr. Palawut Phuawade, and one preference share (corresponding to 0.003% of voting rights) to Mr. Kunanon Tuntirarux, an employee of the Group. With respect to the voting rights of the ordinary and preference shares in EL Holding, every ordinary share held in EL Holding shall entitle its shareholder to one vote at a general meeting and every five preference shares held in EL Holding shall entitle its shareholder to one vote at a general meeting. On 11 March 2019, Mr. Kunanon Tuntirarux transferred one preference share to Mr. Palawut Phuawade.
- Eng Leng Thailand was incorporated in Thailand on 25 October 2016, which was owned by Eng Leng, Miss Kanya Moosophin, Mr. Palawut Phuawade, Mr. Hong Rui Sheng, Mr. Toh, and Mr. Chia Kok Seng as to 47%, 41%, 10%, 0.5%, 0.5% and 1% respectively. On 25 April 2019, Miss Kanya Moosophin and Mr. Palawut Phuawade transferred 41% and 10% of the issued share capital in Eng Leng Thailand, respectively, to EL Holding. Upon completion of such share transfers, Eng Leng Thailand became directly owned by Eng Leng, Mr. Hong Rui Sheng, Mr. Toh, Mr. Chia Kok Seng, and EL Holding as to 47%, 0.5%, 0.5%, 1%, and 51%, respectively.
- On 4 June 2019, Mr. Toh transferred the entire issued share capital of Eng Leng to Eng Leng BVI and as consideration of which, Eng Leng BVI credited the one nil-paid share in its share capital held by Mr. Toh as fully paid. Since then, Eng Leng became a wholly-owned subsidiary of Eng Leng BVI and indirectly wholly-owned by Mr. Toh.
- On 4 June 2019, Mr. Toh transferred the entire issued share capital of Titan to Titan BVI and as consideration of which, Titan BVI credited the one nil-paid share in its share capital held by Mr. Toh as fully paid. Since then, Titan became a wholly-owned subsidiary of Titan BVI and indirectly wholly-owned by Mr. Toh.
- On 10 June 2019, the Company acquired the entire issued share capital of Eng Leng BVI and Titan BVI from Mr. Toh. In consideration, the Company agreed to procure the one nil-paid share held by Mr. Toh in TEK Assets Management be credited as fully-paid. Thereafter, Eng Leng BVI and Titan BVI became directly wholly-owned by the Company and indirectly wholly-owned by Mr. Toh.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS – *continued*

### 1.2 Reorganisation – *continued*

Upon completion of the Reorganisation, the Company has direct interests in Eng Leng BVI and Titan BVI and has indirect interests in Eng Leng, Titan, EL Holding and Eng Leng Thailand.

### 1.3 Basis of presentation

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group. Since the ultimate controlling party remains the same before and after the Reorganisation, the Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2019 had been prepared to present the results and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the Reorganisation had been in existence throughout the year ended 31 December 2019.

## 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

### Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs issued by the International Accounting Standards Board (the “IASB”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and the amendments to IFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) – *continued*

#### New and amendments to IFRSs in issued but not yet effective

The Group has not applied the following new and amendments to IFRSs, that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments <sup>5</sup>
Amendment to IFRS 16	Covid-19-Related Rent Concessions <sup>1</sup>
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>3</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>6</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current <sup>5</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>5</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>5</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>5</sup>
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>4</sup>
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>4</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020 <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>3</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>6</sup> Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for accordance with IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of valuation technique equals the transaction price.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS – *continued*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### **Basis of consolidation** – *continued*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

## 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

### Revenue recognition

#### ***Revenue from contracts with customers***

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

### Revenue recognition – *continued*

Further details of the Group's revenue and other income recognition policies are as follows:

(a) *Revenue from provision of cleaning services*

The Group provides general cleaning works for a variety of public and private venues in Singapore such as a sports stadium, medical centres, shopping malls, commercial and industrial buildings, schools hotels, private condominiums as well as public access areas in town councils. The Group also provides general cleaning works for private customers in respect of private residences, an office, a hotel and industrial buildings in Thailand.

The Group has primary responsibility for the fulfilment of the cleaning services to the customers and has discretion in selecting its subcontractors to provide part of the service, direct those subcontractors in fulfilling different contracts and has discretion over the price-setting with subcontractor.

The Group identifies the performance obligations in a contract with customers. A performance obligation of cleaning services is a promise in a contract to render the cleaning services to a customer. Different services in a contract are accounted for as a different performance obligation, if they are capable of being distinct. The Group identifies and recognises revenue for performance obligations separately if it is capable of being distinct.

The Group recognises the revenue over time as the customer receives and consumes the benefits provided by the Group's performance as the Group performs. The cleaning services are a series of distinct services that are substantially the same and have the same pattern of transfer to the customer (the services transfer to the customer over time under the same method to measure progress-that is, a time-based measure of progress). The Group has a right to invoice with reference to its services provided to the customer at a predetermined rate as stated in the contract. The Group usually issues invoices to its customers on a monthly basis with a 0–90 days credit term. The Group's billings to its customers are invoiced at amounts that correspond with the value of the Group's performance completed to date based on the pre-determined rates as stated in the service contracts and the Group applies the practical expedient to simplify disclosure regarding remaining performance obligations.

When determining the transaction price, the Group considers whether there is any financing component. The Group considers whether the payment schedule commensurates with the Group's performance and whether the delayed payment is for finance purpose. The Group assessed that there was no arrangement with customers that has a significant financing component.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### Revenue recognition – *continued*

##### (a) *Revenue from provision of cleaning services – continued*

The likelihood of the Group suffering contractual penalties or liquidated damages for late completion are taken into account in making these estimates of transaction price, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The contractual penalties or liquidated damages are treated as variable consideration under IFRS 15 *Revenue from Contracts with Customers* and the amounts are included in transaction price to the extent that it is highly probable that contract revenue will not reverse.

There is no material cost of obtaining contracts of the Group.

There is no obligation for warranty, returns, or refunds for the sales contract.

##### (b) *Sales of goods*

The Group sells cleaning consumables (i.e. detergents). Revenue from the sale of these goods is recognised when control of the goods have transferred to its customers, being when the consumables is delivered to locations specified by its customer and the customer has accepted the goods (i.e. at a point in time). The Group issues billing as and when goods are delivered. No element of financing is deemed present as sales of goods are made with credit terms of 30 days.

##### (c) *Interest income*

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost, the effective interest rate is applied to the gross carrying amount of the asset.

##### (d) *Rental income*

Rental income is recognised in profit or loss on a straight-line basis over the terms of the leases.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

### **Lease**

#### ***Definition of a lease***

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or on arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

#### ***The Group as a lessee***

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

**Lease** – *continued*

**The Group as a lessee** – *continued*

*Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

*Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

**Lease** – *continued*

**The Group as a lessee** – *continued*

*Refundable rental deposits*

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

*Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments included in the measurement of the lease liability comprise:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

**Lease** – *continued*

**The Group as a lessee** – *continued*

*Lease liabilities* – *continued*

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The lease liabilities are presented as a separate line in the consolidated statement of financial position.

*Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

**Lease** – *continued*

**The Group as a lessee** – *continued*

*Lease modifications – continued*

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

**The Group as a lessor**

*Classification and measurement of leases*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

*Allocation of consideration to components of a contract*

The Group applies IFRS 15 *Revenue from Contracts with Customers* to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease components on the basis of their relative standalone selling prices.

*Refundable rental deposits*

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. S\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

#### **Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

#### **Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

### **Employee benefits**

#### ***Defined contribution plans***

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund (“**CPF**”) in Singapore, on a mandatory, contractual or voluntary basis, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group’s contributions to defined contribution plans are recognised in the financial year to which they relate.

#### ***Employee leave entitlements***

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

## 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before income tax” as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### ***Deferred tax***

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### **Taxation** – *continued*

#### **Deferred tax** – *continued*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

Freehold properties	50 years
Cleaning equipment	3 years
Motor vehicles	3 – 6 years
Office equipment and furniture and fittings	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains/losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "Other (losses)/gains, net" in the consolidated statement of profit or loss and other comprehensive income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### **Impairment on property, plant and equipment and right-of-use assets**

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

#### 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

##### **Impairment on property, plant and equipment and right-of-use assets – *continued***

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

##### **Cash and cash equivalents**

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted to use.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

### Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### **Financial instruments** – *continued*

##### **Financial assets**

###### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“**FVTOCI**”):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of IFRS 9 of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 4. SIGNIFICANT ACCOUNTING POLICIES — *continued*

### **Financial instruments** — *continued*

#### **Financial assets** — *continued*

#### *Classification and subsequent measurement of financial assets — continued*

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and trade receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

#### Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss exclude any interest earned on the financial asset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### **Financial instruments** – *continued*

#### **Financial assets** – *continued*

#### *Impairment of financial assets*

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including trade and other receivables, deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

#### (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

**Financial instruments** – *continued*

**Financial assets** – *continued*

*Impairment of financial assets* – *continued*

(i) Significant increase in credit risk – *continued*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

**Financial instruments** – *continued*

**Financial assets** – *continued*

*Impairment of financial assets* – *continued*

(i) Significant increase in credit risk – *continued*

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

**Financial instruments** – *continued*

**Financial assets** – *continued*

*Impairment of financial assets* – *continued*

#### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;  
or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

#### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts remain unsettled for more than 365 days since invoice date, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

## 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

### **Financial instruments** – *continued*

### **Financial assets** – *continued*

### *Impairment of financial assets* – *continued*

#### (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

**Financial instruments** – *continued*

**Financial assets** – *continued*

*Impairment of financial assets* – *continued*

(v) Measurement and recognition of ECL – *continued*

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**Financial liabilities and equity**

*Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

## 4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

### **Financial instruments** – *continued*

#### **Financial liabilities and equity** – *continued*

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### *Financial liabilities at amortised cost*

Financial liabilities including trade and other payables, borrowings and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

##### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

### **Related parties transactions**

A party is considered to be related to the Group if:

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES — *continued*

#### **Related parties transactions** — *continued*

A party is considered to be related to the Group if: — *continued*

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of the person or that person's spouse or domestic partner.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### ***Provision of ECL for trade receivables***

The Group uses practical expedient in estimating ECL on trade receivables using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Significant judgement and estimates is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, past collection history, subsequent settlement of each customer. Further details of the ECL assessment on trade receivables are disclosed in Note 33.

### 6. 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 *Operating Segments* and review the financial information accordingly for the purposes of allocating resources and assessing performance of the operating segment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 6. REVENUE AND SEGMENT INFORMATION – continued

#### (a) Disaggregation of revenue from contracts with customers

	2020 S\$'000	2019 S\$'000
Provision of cleaning services	72,593	76,348
Sale of goods	18	26
	<u>72,611</u>	<u>76,374</u>
Timing of revenue recognition:		
Over time	72,593	76,348
Point in time	18	26
	<u>72,611</u>	<u>76,374</u>

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

	2020 S\$'000	2019 S\$'000
Singapore	71,144	75,525
Thailand	1,467	849
	<u>72,611</u>	<u>76,374</u>

Revenue from customers of the years ended 31 December 2020 and 31 December 2019 contributing over 10% of the Group's revenue is as follows:

	2020 S\$'000	2019 S\$'000
Customer A	<u>16,293</u>	<u>15,186</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 6. REVENUE AND SEGMENT INFORMATION – *continued*

#### (b) Non-current assets by geographical location

	2020 S\$'000	2019 S\$'000
Singapore	4,325	4,442
Thailand	50	59
	<u>4,375</u>	<u>4,501</u>

### 7. OTHER INCOME

	2020 S\$'000	2019 S\$'000
Rental income from office space	–	17
Interest income	67	2
Others	2	*
	<u>69</u>	<u>19</u>

\* Represent amount less than S\$1,000.

### 8. OTHER (LOSSES)/GAINS, NET

	2020 S\$'000	2019 S\$'000
Net exchange loss	(180)	(10)
Gain on disposal of property, plant and equipment	*	35
	<u>(180)</u>	<u>25</u>

\* Represent amount less than S\$1,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2020 S\$'000	2019 S\$'000
Salaries and other allowances	37,473	45,252
Employer's contribution to defined contribution plan	3,605	3,437
Other employee benefits	819	439
	<u>41,897</u>	<u>49,128</u>

Included in employee benefit expenses are government grants on employment credit and the Job Support Scheme provided by Singapore government which has been netted off against the wages and salaries amounting to S\$4,788,000 for the year ended 31 December 2020 (2019: S\$2,132,000). The grant income related to Job Support Scheme is recognised on a systematic basis over the estimated period in which the Group recognises the related salary costs.

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

Employee benefits expenses have been included in consolidated statement of profit or loss and other comprehensive income as follows:

	2020 S\$'000	2019 S\$'000
Cost of sales	37,194	45,876
Administrative expenses	4,703	3,252
	<u>41,897</u>	<u>49,128</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 10. FINANCE COSTS

	2020 S\$'000	2019 S\$'000
Loan interest	332	558
Interest on lease liabilities	41	71
Interest on hire purchase arrangement	48	53
	<u>421</u>	<u>682</u>

### 11. INCOME TAX EXPENSE

	2020 S\$'000	2019 S\$'000
Current tax:		
– Singapore corporate income tax (“CIT”)	633	1,134
Over provision in prior years	(8)	–
Deferred tax (Note 26)	(274)	1
	<u>351</u>	<u>1,135</u>

Singapore CIT is calculated at 17% of the estimated assessable profit for the year ended 31 December 2020 (2019: 17%).

Thailand income tax is calculated at the 20% of the estimated assessable profit for the year ended 31 December 2020 (2019: 20%).

No provision for Thailand income tax has been made as no assessable profit arises in, nor is derived from Thailand for both years.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 11. INCOME TAX EXPENSE – *continued*

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

	2020 S\$'000	2019 S\$'000
Profit before income tax	<u>9,133</u>	<u>3,789</u>
Tax calculated at tax rate of 17%	1,553	644
Statutory stepped income exemption (Note (a))	(35)	(35)
Income not taxable for tax purposes	(1,519)	–
Expenses not deductible for tax purposes	619	669
Tax savings from government scheme (Note (b))	(92)	(143)
Estimated tax loss not recognised (Note (c))	10	–
Utilisation of deductible temporary differences previously not recognised	(193)	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	16	–
Over provision in prior years	(8)	–
	<u>351</u>	<u>1,135</u>

Notes:

- (a) Statutory stepped income exemption relates to 75% tax exemption on the first S\$10,000 of chargeable income and a further 50% tax exemption on the next S\$190,000 of chargeable income for the years ended 31 December 2020 and 2019.
- (b) Tax savings from government scheme relate to Productivity and Innovation Credit Scheme (PIC) which allows entities to claim 400% tax deduction on qualifying expenditures. Under the PIC, the Group is entitled to enjoy 300% additional tax deduction for the qualifying expenditures incurred per Year of Assessment (“YA”), including acquisition or leasing of IT and automation equipment and training of employee, up to YA 2018. The actual amounts claimed in each of the financial years were capped at a certain level pursuant to the PIC scheme, and the utilised amounts can be carried forward for offsetting against future taxable profits with no expiry date. The enhanced capital allowance in relation to acquisition of IT and automation equipment allowed under each YA amounted to approximately S\$541,000 for the financial year ended 31 December 2020 (2019: S\$841,000).
- (c) At the end of the reporting period, the Group has unused tax losses of approximately S\$53,000 (2019: Nil) available for offset against future profits which will expire in 2025. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 12. EXPENSES BY NATURE

	2020 S\$'000	2019 S\$'000
Auditor's remuneration	270	35
Employee benefit expenses	41,897	49,128
Purchase of supplies	2,106	2,604
Subcontractor charges	5,359	4,881
Foreign worker levies and fees	2,672	5,933
Allowances for ECL on trade receivables recognised	445	–
Depreciation of property, plant and equipment (Note 17)	1,166	1,276
Depreciation of right-of-use assets (Note 18)	1,664	1,653
Legal and professional fees	2,196	130
Listing expenses	1,550	3,473
Repair and maintenance	685	671
Rental of low-value equipment	46	26
Rental of workers' accommodation under short-term leases	438	294
Others	2,452	1,843
	<hr/>	<hr/>
Total cost of sales and administrative expenses	<b>62,946</b>	71,947

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Name	Position	Date of appointment as the director of the Company
Toh Eng Kui	Executive director and chairman of the Board	28 February 2019
Hong Rui Sheng (Note)	Executive director and chief executive officer	28 February 2019
Peh Poon Chew	Executive director	28 February 2019
Koh How Thim	Independent non-executive director	18 December 2019
Tan Wu Hao	Independent non-executive director	18 December 2019
Wong Yuk	Independent non-executive director	18 December 2019

Note:

Mr. Hong Rui Sheng has given notice of resignation from his position as an executive director and the chief executive officer of the Company on 1 April 2022 and his last day of service will be 30 June 2022.

Details of the emoluments paid or payable by the entities comprising the Group to the directors and chief executive during the year for their services rendered to the entities comprising the Group are as follows:

For the year ended 31 December 2020

	Fees S\$'000	Salaries, bonus and allowances S\$'000	Employer's contribution to defined contribution plan S\$'000	Total S\$'000
<b>Executive directors</b>				
Toh Eng Kui	240	170	9	419
Hong Rui Sheng	-	357	17	374
Peh Poon Chew	-	351	8	359
<b>Independent non-executive directors</b>				
Koh How Thim	21	-	-	21
Tan Wu Hao	21	-	-	21
Wong Yuk	21	-	-	21
	<b>303</b>	<b>878</b>	<b>34</b>	<b>1,215</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS – *continued*

For the year ended 31 December 2019

	Fees S\$'000	Salaries, bonus and allowances S\$'000	Employer's contribution to defined contribution plan S\$'000	Total S\$'000
<b>Executive directors</b>				
Toh Eng Kui	240	–	–	240
Hong Rui Sheng	–	83	13	96
Peh Poon Chew	–	196	7	203
<b>Independent non-executive directors</b>				
Koh How Thim	–	–	–	–
Tan Wu Hao	–	–	–	–
Wong Yuk	–	–	–	–
	240	279	20	539

The executive directors' and the chief executive officer's emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors.

The executive directors and the chief executive officer of the Company are entitled to bonus payments which are determined based on their performances.

There was no arrangement under which a director or the chief executive officer of the Company waived or agreed to waive any remuneration during the year ended 31 December 2020 (2019: Nil).

During the year ended 31 December 2020, no emoluments have been paid by the Group to any of the directors and the chief executive officer as an inducement to join or upon joining the Group as compensation for loss of office (2019: Nil).

Save as disclosed elsewhere in the consolidated financial statements, no transaction, arrangement and contract of significance in relation to the Group's business to which the Company or any subsidiaries of the Company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three directors (2019: two directors), details of whose remuneration are set out in Note 13 above. Details of the remaining two (2019: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2020 S\$'000	2019 S\$'000
Salaries, allowances and other benefits	636	770
Employer's contribution to defined contribution plan	21	46
	<u>657</u>	<u>816</u>

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Number of employees	
	2020	2019
HK\$1,000,001 to HK\$1,500,000	–	3
HK\$1,500,001 to HK\$2,000,000	2	–
	<u>2</u>	<u>3</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 15. EARNINGS PER SHARE

	2020	2019
Earnings for the purpose of basic and diluted earnings per share:		
Profit attributable to the owners of the Company (S\$'000)	8,798	2,638
Number of shares for the purpose of basic and diluted earnings per share:		
Weighted average number of ordinary shares in issue ('000)	1,748,634	1,500,000
		(Restated)
Basic and diluted earnings per share (Singapore cents)	<u>0.50</u>	<u>0.18</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been adjusted retrospectively for the effect of the capitalisation issue as detailed in Note 22 as if the capitalisation issue had been effective since 1 January 2019.

Diluted earnings per share for both years were the same as the basic earnings per share as there was no potential ordinary shares in issue for both 2020 and 2019.

### 16. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

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

	2020	2019
	S\$'000	S\$'000
<i>Ordinary dividends</i>		
Dividends declared and paid during the year	<u>4,500</u>	<u>5,500</u>

Subsequent to the end of the reporting period, a final dividend of S\$0.0015 per ordinary share for the year ended 31 December 2020 has been proposed by the Board and is subject to shareholders' approval at the forthcoming annual general meeting of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 17. PROPERTY, PLANT AND EQUIPMENT

	Freehold properties S\$'000	Cleaning equipment S\$'000	Motor vehicles S\$'000	Office equipment, furniture and fitting S\$'000	Total S\$'000
<b>Cost</b>					
At 1 January 2019	2,352	2,908	1,443	1,024	7,727
Additions	–	825	193	44	1,062
Disposals	–	–	(174)	–	(174)
Write off	–	(457)	–	(20)	(477)
At 31 December 2019 and 1 January 2020	2,352	3,276	1,462	1,048	8,138
Additions	–	579	7	47	633
Disposals	–	–	(71)	–	(71)
Exchange adjustments	–	1	2	2	5
At 31 December 2020	2,352	3,856	1,400	1,097	8,705
<b>Accumulated depreciation</b>					
At 1 January 2019	837	1,692	632	689	3,850
Depreciation (Note 12)	47	805	218	206	1,276
Disposals	–	–	(147)	–	(147)
Write off	–	(457)	–	(20)	(477)
At 31 December 2019 and 1 January 2020	884	2,040	703	875	4,502
Depreciation (Note 12)	47	765	242	112	1,166
Disposals	–	–	(71)	–	(71)
Exchange adjustments	–	1	1	–	2
At 31 December 2020	931	2,806	875	987	5,599
<b>Net carrying amount</b>					
<b>At 31 December 2020</b>	<b>1,421</b>	<b>1,050</b>	<b>525</b>	<b>110</b>	<b>3,106</b>
At 31 December 2019	1,468	1,236	759	173	3,636

Note:

During the year ended 31 December 2019, the Group wrote off the fully-depreciated property, plant and equipment with total cost was S\$477,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 17. PROPERTY, PLANT AND EQUIPMENT – *continued*

Depreciation expenses are charged to administrative expenses and cost of sales in consolidated profit or loss as follows:

	2020 S\$'000	2019 S\$'000
Cost of sales	1,007	1,025
Administrative expenses	159	251
	<u>1,166</u>	<u>1,276</u>

Included within additions of motor vehicles, cleaning equipment and office equipment that were financed by hire purchase arrangement are as follows:

	2020 S\$'000	2019 S\$'000
Cleaning equipment	–	300
Motor vehicles	–	40
	<u>–</u>	<u>340</u>

The carrying amounts of motor vehicles, cleaning equipment and office equipment under hire purchase arrangement are as follows:

	2020 S\$'000	2019 S\$'000
Cleaning equipment	247	680
Motor vehicles	501	677
Office equipment	–	19
	<u>–</u>	<u>19</u>

Included in property, plant and equipment are freehold properties with carrying amount of S\$1,421,000 at 31 December 2020 (2019: S\$1,468,000), that have been mortgaged to secure banking facilities granted to the Group, as disclosed in Note 24.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 18. RIGHT-OF-USE ASSETS

	<b>Workers' accommodation</b>	
	S\$'000	
<b>At 31 December 2020</b>		
Carrying amount		<u><u>1,269</u></u>
<b>At 31 December 2019</b>		
Carrying amount		<u><u>865</u></u>
<b>For the year ended 31 December 2020</b>		
Depreciation		<u><u>1,664</u></u>
<b>For the year ended 31 December 2019</b>		
Depreciation		<u><u>1,653</u></u>
	<b>2020</b>	2019
	<b>S\$'000</b>	S\$'000
Expense relating to short-term leases	<b>438</b>	294
Expense relating to leases of low-value assets	<b>46</b>	26
Total cash outflow for leases	<b>2,195</b>	2,050
Additions to right-of-use assets	<u><u>2,068</u></u>	<u><u>1,062</u></u>

For the year ended 31 December 2020, the Group leases workers' accommodation and equipment for its operations. Lease contracts are entered into for fixed term of few months to two years (2019: few months to three years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The lease agreements do not impose any covenants, but leased assets may not be used as a security for borrowing purpose.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 S\$'000	2019 S\$'000
Investments under discretionary investment management agreement (the "IMA")	2,542	–

On 6 July 2020, Eng Leng entered into the IMA with Leo Asset Management Limited ("Leo") pursuant to which Eng Leng provided HK\$16,500,000 (equivalent to approximately S\$2,970,000) to Leo as the assets under management. The investments that could be made by Leo would be restricted by the terms and conditions of the IMA (the "IMA Investments").

During the year ended 31 December 2020, Leo acted on behalf of Eng Leng to acquire unlisted equity securities of HK\$8,407,800 (equivalent to approximately S\$1,434,000) and unlisted debt instruments of HK\$6,500,000 (equivalent to approximately S\$1,108,000) which is interest bearing at 1.5% per annum and an extra 2% interest upon maturity of 12-month.

Subsequent to the end of the reporting period, Eng Leng decided to early terminate the IMA with effect from 7 June 2021, and an amount of approximately HK\$16,513,000 (equivalent to approximately S\$2,972,000) was returned to Eng Leng.

The IMA Investments are stated at fair value at the end of the reporting period. The fair values of the IMA Investments at 31 December 2020 was determined by net asset value as reported by Leo.

Further details of fair value measurement of financial assets at FVTPL are set out in Note 33.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 20. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 S\$'000	2019 S\$'000
Trade receivables	13,292	12,520
Unbilled revenue	6,819	3,745
	<u>20,111</u>	<u>16,265</u>
Allowances for ECL	(445)	–
	<u>19,666</u>	<u>16,265</u>
Deposits	1,652	1,810
Prepayments	572	179
Government grant receivables	1,061	–
Other receivables	200	77
Prepayments for listing expenses	–	924
	<u>3,485</u>	<u>2,990</u>
Total	<u><u>23,151</u></u>	<u><u>19,255</u></u>

#### (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 (net of allowances for ECL) is as follows:

	2020 S\$'000	2019 S\$'000
0 to 30 days	5,071	7,101
31 to 60 days	2,961	3,198
61 to 90 days	1,780	1,574
91 to 120 days	1,155	511
Over 120 days	1,880	136
	<u>12,847</u>	<u>12,520</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 20. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS – *continued*

#### (a) Trade receivables – *continued*

The Group's customers comprise mainly (i) commercial, medical centres, residential premises in the private sector, and (ii) Singapore government agencies, schools and residential premises in the public sector. For the year ended 31 December 2020, the Group recognised allowances for ECL of S\$445,000 (2019: Nil).

Details of ECL assessment on trade receivables are disclosed in Note 33.

Certain of the Group's trade receivables as at 31 December 2020 and 31 December 2019 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 24). These financial assets were carried at amortised cost in the Group's consolidated statements of financial position.

#### (b) Deposits and other receivables

Included in deposits is an amount of S\$1,321,000 (2019: S\$1,321,000) related to security deposit placed with insurance companies to support the issuance of performance bonds to satisfy any liquidated or other damages as may become due to customers of the Group. Other deposits mainly represent rental deposits for workers' accommodation, utilities and tendering.

Government grant receivables related to Job Support Scheme provided by the Singapore government announced in the Unity Budget and Resilience Budget on 18 February 2020 and 26 March 2020 respectively, which is expected to be received within the next financial year.

Details of ECL assessment on deposits and other receivables are disclosed in Note 33.

#### (c) Prepayments

Prepayments mainly represent upfront payments of procurement costs for supplies and other consumables for operations, insurance premium paid for cleaning contracts and prepaid asset management fee.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 21. CASH AND CASH EQUIVALENTS

	2020 S\$'000	2019 S\$'000
Cash on hand	188	248
Cash at bank	19,903	12,301
	<u>20,091</u>	<u>12,549</u>

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

	2020 S\$'000	2019 S\$'000
S\$	19,552	12,271
Hong Kong Dollar ("HK\$")	383	165
Thai baht	155	112
United States Dollar	1	1
	<u>20,091</u>	<u>12,549</u>

### 22. SHARE CAPITAL

	Notes	Number of ordinary shares	Amount HK\$'000	Amount S\$'000
Ordinary share of HK\$0.01 each				
<b>Authorised:</b>				
At 28 February 2019				
	(a)	38,000,000	380	76
	(b)	9,962,000,000	99,620	19,924
		<u>10,000,000,000</u>	<u>100,000</u>	<u>20,000</u>
At 31 December 2020 and 2019				
		<u>10,000,000,000</u>	<u>100,000</u>	<u>20,000</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 22. SHARE CAPITAL – continued

	Notes	Number of ordinary shares	Amount HK\$'000	Amount S\$'000
Ordinary share of HK\$0.01 each				
<b>Issued and fully paid:</b>				
Issue of shares on 28 February 2019 (date of incorporation)	(a)	1	*	**
At 31 December 2019 and 1 January 2020		1	*	**
Capitalisation issue	(c)	1,499,999,999	15,000	2,694
Issue of shares by way of share offer	(d)	500,000,000	5,000	898
<b>At 31 December 2020</b>		<b>2,000,000,000</b>	<b>20,000</b>	<b>3,592</b>

\* Represent amount less than HK\$1,000.

\*\* Represent amount less than S\$1,000.

Notes:

- (a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands on 28 February 2019 with authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares at a par value of HK\$0.01 each and 1 share of HK\$0.01 was allotted.
- (b) Pursuant to written resolutions of the Company's shareholders passed on 24 December 2019, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each by the creation of 9,962,000,000 shares of HK\$0.01 each, which shall rank *pari passu* in all respects with the shares in issue as at the date of the resolution.
- (c) Pursuant to written resolutions of the Company's shareholders passed on 8 June 2020, the Company allotted and issued a total of 1,499,999,999 shares credited as fully paid at par to the shareholders whose names were on the register of members of the Company immediately prior to the share offer by way of capitalisation of the sum of HK\$14,999,999.99 (equivalent to approximately S\$2,694,000). The shares allotted and issued under the capitalisation issue ranked *pari passu* in all respects with the existed issued shares.
- (d) On 2 July 2020, 450,000,000 ordinary shares of HK\$0.01 each of the Company were issued at a price of HK\$0.25 by way of placing and 50,000,000 ordinary shares of HK\$0.01 each of the Company were issued at a price of HK\$0.25 by way of public offer. On 3 July 2020, the Company's shares were listed on the Stock Exchange. The proceeds of HK\$5,000,000 (equivalent to approximately S\$898,000) representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of HK\$120,000,000 (equivalent to approximately S\$21,551,000), before transaction costs attributable to issue of new shares, were credited to share premium.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 23. TRADE AND OTHER PAYABLES

	2020 S\$'000	2019 S\$'000
Trade payables	1,429	1,836
Other payables	1,246	1,424
Deferred government grant income (Note 9)	1,361	–
Amount due to a shareholder	83	79
Accrued expenses	465	127
Accrued subcontractor charges	25	44
Accrued employee benefit expenses	4,627	4,049
Accrued listing expenses	–	1,513
	<u>9,236</u>	<u>9,072</u>

The ageing analysis of the Group's trade payables based on invoice dates as at 31 December 2020 and 31 December 2019 were as follows:

	2020 S\$'000	2019 S\$'000
0 to 30 days	575	852
31 to 60 days	392	555
61 to 90 days	306	257
Over 90 days	156	172
	<u>1,429</u>	<u>1,836</u>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 24. BORROWINGS

	2020 S\$'000	2019 S\$'000
<b>Current</b>		
Trade receivables financing (Note (a))	273	11,842
Term loans (Note (a))	1,012	372
Hire purchase loans (Note (b))	330	354
	<u>1,615</u>	<u>12,568</u>
<b>Non-current</b>		
Term loans (Note (a))	4,000	195
Hire purchase loans (Note (b))	553	711
	<u>4,553</u>	<u>906</u>
Total borrowings	<u><u>6,168</u></u>	<u><u>13,474</u></u>

#### (a) Trade receivables financing and term loans

The table below analyses the maturity profile of the Group's trade receivables financing and term loans based on their scheduled repayment terms:

	2020 S\$'000	2019 S\$'000
<b>Carrying amounts repayable:</b>		
– Within one year	1,285	12,214
– Between one to two years	1,000	167
– Between two to five years	3,000	28
	<u>5,285</u>	<u>12,409</u>

Trade receivables financing relates to factoring of approved debts owing by certain customers and is interest-bearing at 3% (2019: 3%) per annum over the bank's prevailing cost of funds ("COF") as determined by the bank.

At 31 December 2020, trade receivables financing amounting to S\$273,000 (2019: S\$11,842,000) were secured by the Group's pledged trade receivables.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 24. BORROWINGS – *continued*

#### (a) Trade receivables financing and term loans – *continued*

Term loans are interest-bearing ranging between 2.0% and 3.5% per annum over the bank's prevailing COF for interest periods of 1, 3 or 6 months as determined by the bank or with monthly rests at 2.0% per annum as appropriate.

The above banking facilities are secured by the following:

- (i) First legal mortgage over the freehold properties of the Group;
- (ii) Assignment over debtors allowed under trade receivables financing;
- (iii) Debenture incorporating a fixed and floating charge over all assets; and
- (iv) Guarantee and indemnity for all monies from Mr. Toh in his personal capacity, which is subsequently released and replaced by corporate guarantee by the Company upon listing.

The bank has imposed a requirement of maintaining total outstanding of the term loans not exceeding 75% of the market value of the properties owned by the Group, otherwise, additional collateral may be required and/or outstanding/facility limit may be reduced determined in absolute discretion by the bank.

For outstanding term loan at 31 December 2020 and 2019, Eng Leng covenanted with the bank to maintain:

- a minimum adjusted tangible net worth which is defined as book net worth less intangibles and related party loans and adjusted for fair value of security pledged to the bank of S\$5,000,000 at all time
- a minimum ratio of earnings before interest, taxes, depreciation, and amortisation to the sum of interest expense and current portion of its borrowings of 1.5:1

Eng Leng has complied with these covenants throughout the reporting period.

The undrawn banking facilities for trade receivables financing of the Group at the end of each reporting period are as follows:

	2020 S\$'000	2019 S\$'000
Floating rate:		
– Expiring beyond one year	<u>5,427</u>	<u>3,558</u>

The banking facilities may be drawn at any time in S\$ for trade financing purpose.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 24. BORROWINGS – *continued*

#### (b) Hire purchase loans

	2020 S\$'000	2019 S\$'000
<b>Hire purchase payments due:</b>		
– Within one year	376	398
– More than one year	646	832
	<hr/>	<hr/>
Total hire purchase payments	1,022	1,230
Less: future finance charges	(139)	(165)
	<hr/>	<hr/>
	883	1,065
Less: non-current portion	(553)	(711)
	<hr/>	<hr/>
Current portion	330	354
	<hr/> <hr/>	<hr/> <hr/>

The Group's certain cleaning equipment, motor vehicles and office equipment are under hire purchase arrangements with financial institutions. During the year ended 31 December 2020, the weighted average effective interest rate of the hire purchase loan is approximately 4.42% (2019: 4.73%). The legal titles of these assets are transferred to the Group after payment of all installments by the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 25. LEASE LIABILITIES

	2020 S\$'000	2019 S\$'000
<b>Lease payments due:</b>		
– Within 1 year	1,133	873
– More than one year	170	23
Total lease payments	1,303	896
Less: future finance charges	(26)	(17)
	1,277	879
Less: non-current portion	(168)	(23)
Current	1,109	856
<b>Presented as:</b>		
Current	1,109	856
Non-current	168	23
	1,277	879

The discount rate applied on lease liabilities for the year ended 31 December 2020 is 3.75% (2019: 3.75%).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 26. DEFERRED TAX

For the purpose of presentation in the consolidation statement of financial position, certain deferred tax assets and liabilities have been offset the following is the analysis of deferred tax balances for financial reporting purpose:

	2020 S\$'000	2019 S\$'000
<b>Deferred tax liabilities</b>		
To be recovered after more than 12 months	-	(274)

The following table is the deferred tax liabilities recognised and the movements thereon during the current and prior year:

	<b>Accelerated tax depreciation</b> S\$'000
At 1 January 2019	273
Charges to profit or loss (Note 11)	1
At 31 December 2019 and 1 January 2020	274
Credit to profit or loss (Note 11)	(274)
<b>At 31 December 2020</b>	<b>-</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 27. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	2020 S\$'000	2019 S\$'000
<b>ASSETS</b>			
<b>Non-current asset</b>			
Investments in subsidiaries		55,821	55,821
<b>Current assets</b>			
Prepayments		*	924
Amount due from a subsidiary		9,659	–
Cash and cash equivalents		18	*
		9,677	924
<b>Total assets</b>		<b>65,498</b>	<b>56,745</b>
<b>EQUITY</b>			
Share capital	22	3,592	*
Reserves		61,691	52,183
<b>Total equity</b>		<b>65,283</b>	<b>52,183</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accrual and other payables		215	4,562

\* Represent amount less than S\$1,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 27. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – *continued*

(a) Statement of financial position of the Company – *continued*

	2020 S\$'000	2019 S\$'000
Total equity and liabilities	<u>65,498</u>	<u>56,745</u>
Net current assets/(liabilities)	<u>9,462</u>	<u>(3,638)</u>
Total assets less current liabilities	<u>65,283</u>	<u>52,183</u>

The financial statements were approved and authorised for issue by the Board on 29 April 2022 and signed on its behalf by:

**Toh Eng Kui**  
*Director*

**Peh Poon Chew**  
*Director*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 27. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – *continued*

#### (b) Reserves of the Company

	Note	Share premium S\$'000	Accumulated losses S\$'000	Total S\$'000
At 28 February 2019 (date of incorporation)		–	–	–
Loss and total comprehensive loss for the year		–	(3,638)	(3,638)
Contributed surplus pursuant to the Reorganisations (Note)		55,821	–	55,821
		<u>55,821</u>	<u>–</u>	<u>55,821</u>
At 31 December 2019 and 1 January 2020		55,821	(3,638)	52,183
Loss and total comprehensive loss for the year		–	(3,665)	(3,665)
Issue of shares by way of share offer	22	21,551	–	21,551
Capitalisation issue	22	(2,694)	–	(2,694)
Transaction cost attributable to issue of shares by way of share offer		(5,684)	–	(5,684)
		<u>(5,684)</u>	<u>–</u>	<u>(5,684)</u>
<b>At 31 December 2020</b>		<b><u>68,994</u></b>	<b><u>(7,303)</u></b>	<b><u>61,691</u></b>

Note:

As part of the Reorganisation, the Company acquired interest in subsidiaries from Mr. Toh. The balance represented the difference between the fair value on the date of acquisition of the subsidiaries acquired by the Company over the nominal value of the share capital of the Company issued in exchange.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 28. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2020 and 2019 are as follows:

Name	Principal activities	Country of business/ incorporation	Date of incorporation	Issued and paid up capital	Effective interest held by the Group	
					2020 %	2019 %
<b>Directly held by the Company</b>						
Eng Leng BVI	Investment holding	BVI	27 February 2019	Nil	100	100
Titan BVI	Investment holding	BVI	27 February 2019	Nil	100	100
<b>Indirectly held by the Company</b>						
Eng Leng	Cleaning services	Singapore	27 June 1991	S\$3,000,000	100	100
Titan	Cleaning services	Singapore	23 January 2006	S\$1,500,000	100	100
EL Holding (Note (i), (ii))	Investment holding	Thailand	7 March 2019	THB1,000,000	49	49
Eng Leng Thailand (Note (ii))	Cleaning services	Thailand	25 October 2016	THB5,000,000	72	72

Note:

- (i) The Company indirectly held 4,899 ordinary shares in EL Holding which corresponds to 82.75% of voting rights as every ordinary share in EL Holding shall entitle its shareholder to one vote at a general meeting while every five preference shares held in EL Holding shall entitle its shareholder to one vote at a general meeting. In addition, ordinary shareholders and preference shareholders are also entitled to approximately 80.4% and 19.6% of EL Holding's dividend payout, respectively. Accordingly, the Group had effective control over EL Holding throughout the reporting period.
- (ii) The directors consider that EL Holding and Eng Leng Thailand, the non-wholly owned subsidiaries that have non-controlling interests, are not material to the Group. Accordingly, the financial information of EL Holding and Eng Leng Thailand is not separately presented in the consolidated financial statements.

### 29. TRANSACTION WITH NON-CONTROLLING INTERESTS

#### (a) Capital contribution from non-controlling interests

On 7 March 2019, EL Holding was incorporated with a capital contribution THB1,000,000 (equivalent to approximately S\$42,610) from Eng Leng and its non-controlling shareholders. Capital injection by non-controlling shareholders amounted to S\$22,000 was recorded in the consolidated statements of changes in equity for the year ended 31 December 2019.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 29. TRANSACTION WITH NON-CONTROLLING INTERESTS – *continued*

#### (b) Acquisition of additional interest in a subsidiary

On 25 April 2019, Ms. Kanya Moosophon and Mr. Palawut Phuawade, the non-controlling shareholders of Eng Leng Thailand, has transferred their interests of 41% and 10% respectively to EL Holding, for a consideration of THB2,550,000 (approximately S\$113,000). The Group now has 72% of the equity interest of Eng Leng Thailand Co. Limited. The carrying amount of the non-controlling interests in Eng Leng Thailand on the date of acquisition was approximately S\$15,000. The Group derecognised non-controlling interests of S\$15,000 and recorded a decrease in equity attributable to owner of the parent of S\$98,000. The effect of changes in ownership interest of Eng Leng Thailand on the equity attributable to owner of the Company during the year is summarised as follows:

	2019 S\$'000
Carrying amount of non-controlling interest acquired	15
Consideration paid to non-controlling interest	<u>(113)</u>
Excess of consideration paid recognised in owner's equity	<u><u>(98)</u></u>

### 30. 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:

	2020 S\$'000	2019 S\$'000
Purchase of subcontracting services from an entity owned by a close family member of a director of an operating entity	<u>387</u>	<u>680</u>

### 30. RELATED PARTY TRANSACTIONS – *continued*

#### (b) Amount due to a shareholder

The amount due to a shareholder as disclosed in Note 23 is interest-free, unsecured and repayable on demand.

#### (c) Key management compensation

The executive directors of the Group are regarded as key management. Details of the key management compensation are disclosed in Note 13.

### 31. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted a share option scheme pursuant to the Board's resolution passed on 8 June 2020 (the "**Share Option Scheme**"). The Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption.

The purpose of the Share Option Scheme is to give the eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons.

The eligible persons include directors of any member of the Group; full time or part time employees of any member of the Group; direct or indirect shareholder of any member of the Group; customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; supplier of goods or services, person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; any person involved in the business affairs of the Company whom the Board determines to be appropriate; and associate of any of the persons abovementioned.

The maximum number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the shares in issue as at the listing date (such 10% limit representing 200,000,000 shares) excluding shares which may fall to be issued upon the exercise of the over-allotment option granted by the Company (the "**Scheme Mandate Limit**"). The Company may seek approval by the shareholders of the Company in general meeting for granting share options beyond the Scheme Mandate Limit. The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Group shall not exceed 30% of the Company's issued share capital from time to time.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 31. SHARE-BASED PAYMENT TRANSACTIONS – *continued*

The exercise price is determined by the Board, and is not less than the highest of (i) the nominal value of the Company's share on the date of grant; (ii) the closing price of the Company's shares as stated in the Stock Exchange on the date of grant; and (iii) the average closing price of the Company's shares as stated in the Stock Exchange for the five business days immediately preceding the date of grant.

During the year ended 31 December 2020, no share option under the Share Option Scheme was granted, exercised, lapsed or cancelled. At 31 December 2020, there was no outstanding share options under the Share Option Scheme.

### 32. CAPITAL RISK MANAGEMENT

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt.

Gearing has a significant influence on the Group's capital structure and the Group monitors capital using a gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as bank borrowings less cash and cash equivalents. The Group manages its gearing ratio by regularly monitoring its current and expected liquidity requirement and adjusting its the capital structure to reflect the change in economic conditions affecting the Group.

The gearing ratios at 31 December 2020 and 2019 were as follows:

	2020 S\$'000	2019 S\$'000
Bank borrowings	6,168	13,474
Less: cash and cash equivalents	(20,091)	(12,549)
Net (cash)/debt	(13,923)	925
Total equity	32,584	11,530
Gearing ratio	N/A	8%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 33. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

	2020 S\$'000	2019 S\$'000
<b>Financial assets</b>		
Financial assets at amortised cost		
– Trade and other receivables and deposits	22,579	18,152
– Cash and cash equivalents	20,091	12,549
	<u>42,670</u>	<u>30,701</u>
Financial assets at FVTPL	2,542	–
	<u>45,212</u>	<u>30,701</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost		
– Borrowings	6,168	13,474
– Trade and other payables	3,248	5,023
– Lease liabilities	1,277	879
	<u>10,693</u>	<u>19,376</u>

#### (b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables and deposits, financial assets at FVTPL, cash and cash equivalents, borrowings, trade and other payables and lease liabilities.

The Group's activities expose it to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The directors are responsible for setting the objectives and underlying principles of financial risk management for the Group. The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by finance personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the directors. The information presented below is based on information received by the management team.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 33. FINANCIAL INSTRUMENTS – continued

#### (b) Financial risk management objectives and policies – continued

##### Market risk

##### Foreign currency risk

The Group operates in Singapore and transactions are denominated in S\$ and HK\$. Foreign currency risk arises from future commercial transactions, which are denominated in a currency that is not the functional currency of the Group.

At the end of each reporting period, the carrying amounts of the monetary assets and liabilities of the Group, which are denominated in HK\$, that is not the functional currency are as follows:

	Assets		Liabilities	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
HK\$	<u>383</u>	<u>165</u>	<u>215</u>	<u>1,267</u>

The Group currently does not have a foreign currency hedging policy in respect of assets and liabilities denominated in foreign currency. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The following table details the Group's sensitivity to a 5% increase and decrease in S\$ against HK\$. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where S\$ weakens 5% against HK\$. For a 5% strengthening of S\$ against HK\$, there would be an equal and opposite impact on the post-tax profit and the number below would be negative.

	2020 S\$'000	2019 S\$'000
If S\$ strengthens against HK\$ by 5%	(7)	46
If S\$ weaken against HK\$ by 5%	<u>7</u>	<u>(46)</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 33. FINANCIAL INSTRUMENTS – *continued*

#### (b) Financial risk management objectives and policies – *continued*

##### **Market risk** – *continued*

###### *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to its borrowings and bank balances respectively with variable rates.

The Group currently does not have an interest rate hedging policy to hedge against the exposure. The Group will monitor its interest exposure closely and will consider hedging significant interest exposure should the need arise.

For the year ended 31 December 2020, if the interest rates had increased/decreased by 1%, with all other variables including tax rate being held constant, the Group's profit for the year ended 31 December 2020 would have been lower/higher by S\$2,000 (2019: S\$158,000) as a result of higher/lower interest expense on the borrowings.

##### **Credit risk and impairment assessment**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's is exposed to credit risk in relation to its cash and bank balances, trade and other receivables and deposits.

For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Group adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 33. FINANCIAL INSTRUMENTS – *continued*

#### (b) Financial risk management objectives and policies – *continued*

##### *Credit risk and impairment assessment – continued*

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Credit exposure to an individual debtor is restricted by credit limits that are approved by the directors based on on-going credit evaluation. The debtor's payment profile and credit exposure are continuously monitored by the directors of the Group.

The Group is exposed to concentration of credit risk as at 31 December 2020 and 2019 on trade receivables from the Group's top three customers accounted for 45% and 35% of the total trade receivables balance, respectively. The major customers of the Group are reputable organisations. Management considers that the credit risk is limited in this regard.

##### *Trade receivables*

For trade receivables, the debtors are mainly large corporations and government related agencies. The Group applies the IFRS 9 simplified approach to measure lifetime ECL for all trade receivables.

Management assesses ECL on trade receivables according to trade receivable's ageing, management's prior experience and customers' conditions as well as applying management's judgments and estimates when determining ECL to be recognised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 33. FINANCIAL INSTRUMENTS – continued

#### (b) Financial risk management objectives and policies – continued

##### *Credit risk and impairment assessment – continued*

##### *Trade receivables – continued*

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical loss rates experienced and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The following table provides information about the Group's exposure to credit risk and allowances for ECL on trade receivables at 31 December 2020:

Past due status	ECL rate %	Gross carrying amount S\$'000	Allowances for ECL recognised S\$'000	Net carrying amount S\$'000
Not yet past due	0.03	9,815	(3)	9,812
1-30 days past due	3.99	1,203	(48)	1,155
Over 30 days past due	17.33	2,274	(394)	1,880
		<u>13,292</u>	<u>(445)</u>	<u>12,847</u>

At 31 December 2019, the Group has assessed that the expected loss rate for trade receivables was immaterial.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL S\$'000
At 1 January 2019, 31 December 2019 and 1 January 2020	–
Allowances for ECL recognised	<u>445</u>
<b>At 31 December 2020</b>	<b><u>445</u></b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 33. FINANCIAL INSTRUMENTS – *continued*

#### (b) Financial risk management objectives and policies – *continued*

##### ***Credit risk and impairment assessment – continued***

###### *Trade receivables – continued*

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group writes off trade receivables that remain unsettled for more than 365 days since invoice date.

###### *Bank balances*

Majority of bank balances are deposited with reputable banks. Management considers the Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk.

###### *Other receivables and deposits*

The Group adopted general approach for ECL on other receivables and deposits. The Group consider these financial assets have not significantly increased in credit risk from initial recognition. Thus, 12m ECL on these financial assets are considered. Considering the history of default and forward-looking factor, the 12m ECL is immaterial.

##### ***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group manages its liquidity risk by ensuring the availability of funding through its ability to operate profitably, maintaining sufficient cash to enable it to meet its normal operating commitments, having adequate amount of committed credit facilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other financial liabilities are based on the agreed repayment dates. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 33. FINANCIAL INSTRUMENTS – *continued*

#### (b) Financial risk management objectives and policies – *continued*

##### *Liquidity risk – continued*

At 31 December 2020

	Weighted average interest rate %	On demand or less than 1 year S\$'000	1-2 years S\$'000	2-5 years S\$'000	Total undiscounted cash flows S\$'000	Carrying amount S\$'000
<b>Non-derivative financial liabilities</b>						
Trade and other payables	-	3,248	-	-	3,248	3,248
Lease liabilities	3.75	1,133	170	-	1,303	1,277
Borrowings	2.52	1,661	1,300	3,346	6,307	6,168
		<u>6,042</u>	<u>1,470</u>	<u>3,346</u>	<u>10,858</u>	<u>10,693</u>

At 31 December 2019

	Weighted average interest rate %	On demand or less than 1 year S\$'000	1-2 years S\$'000	2-5 years S\$'000	Total undiscounted cash flows S\$'000	Carrying amount S\$'000
<b>Non-derivative financial liabilities</b>						
Trade and other payables	-	5,023	-	-	5,023	5,023
Lease liabilities	3.75	873	23	-	896	879
Borrowings	3.08	12,615	999	35	13,649	13,474
		<u>18,511</u>	<u>1,022</u>	<u>35</u>	<u>19,568</u>	<u>19,376</u>

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 33. FINANCIAL INSTRUMENTS – continued

#### (c) Fair value measurements of financial instruments

##### (i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The Group's financial asset at FVTPL is measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial assets	Fair value as at 31 December 2020 S\$'000	2019 S\$'000	Fair value hierarchy	Valuation techniques and key inputs
Financial assets at FVTPL – the IMA Investments	2,542	–	Level 3	Net asset value

The net asset value is positively correlated to the fair value measurement of the IMA Investments.

During the year ended 31 December 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

During the year ended 31 December 2020, no gain or loss arising on fair value change of financial assets at FVTPL under Level 3 hierarchy was recognised.

##### (ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying amounts of financial assets and financial liabilities carried at amortised cost were not materially different from their fair value at 31 December 2020 and 2019.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Amount due to a shareholder S\$'000	Borrowing S\$'000	Lease liabilities S\$'000	Total S\$'000
At 1 January 2019	247	13,242	1,476	14,965
<b>Non-cash changes</b>				
Finance costs	–	611	71	682
New hire purchase arrangement entered	–	340	–	340
New leases entered	–	–	1,062	1,062
<b>Cashflows</b>				
Inflow from financing activities	–	30,949	–	30,949
Outflow from financing activities	(168)	(31,668)	(1,730)	(33,566)
At 31 December 2019 and 1 January 2020	79	13,474	879	14,432
<b>Non-cash changes</b>				
Finance costs	–	380	41	421
New leases entered	–	–	2,068	2,068
<b>Cashflows</b>				
Inflow from financing activities	4	24,161	–	24,165
Outflow from financing activities	–	(31,847)	(1,711)	(33,558)
<b>At 31 December 2020</b>	<b>83</b>	<b>6,168</b>	<b>1,277</b>	<b>7,528</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 35. MAJOR NON-CASH TRANSACTIONS

#### For the year ended 31 December 2020

- (i) The Group entered into a new lease agreement for the worker' accommodation. On the lease commencement, the Group recognised right-of-use assets of S\$2,068,000 and lease liabilities of S\$2,068,000 respectively.

#### For the year ended 31 December 2019

- (i) The Group had acquired property, plant and equipment of S\$340,000 under hire purchase arrangements.
- (ii) The Group entered into a new lease agreement for the worker' accommodation. On the lease commencement, the Group recognised right-of-use assets of S\$1,062,000 and lease liabilities of S\$1,062,000 respectively.

### 36. CONTINGENT LIABILITIES

At 31 December 2020 and 2019, the Group did not have any significant contingent liabilities.

### 37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 29 April 2022.

In this annual report, the following expressions shall have the following meanings unless the context requires otherwise:

“affiliate(s)”	with respect to any specific person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AGM” or “Annual General Meeting”	the annual general meeting of the Company
“Articles of Association” or “Articles”	the articles of association of our Company adopted on 8 June 2020
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“Business Day” or “business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“CG Code”	corporate governance code contained in Appendix 14 to the Listing Rules
“Circuit Breaker Period”	the period during which the Circuit Breaker Measures (as defined in the Prospectus), through the Control Order Regulations, were in force from 7 April 2020 and extended to 1 June 2020 (inclusive)
“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
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time

## DEFINITIONS

“Company”	Hygieia Group Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholders”	has the meaning ascribed thereto in the Listing Rules and unless the context otherwise requires, refers to the controlling shareholders of our Company, namely TEK Assets Management Limited and Mr. Toh Eng Kui
“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(s)”	the director(s) 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
“Essential Services”	providing essential services and in selected economic sectors which are critical for the Group’s local and global supply chains as prescribed by the Ministry of Trade and Industry
“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”, “our Group”, “we” or “us”	the Company and its subsidiaries from time to time
“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards (which include all International Financial Reporting Standards, International Accounting Standards and interpretations) issued by the International Accounting Standards Board

“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
“Latest Practicable Date”	31 August 2022, being the latest practicable date for the purpose of ascertaining certain information in this report prior to its publication
“Listing Date”	3 July 2020, since which the Shares of the Company have been listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Listing”	listing of the Shares on the Main Board of the Stock Exchange on 3 July 2020
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company adopted on 24 December 2019 and as amended from time to time
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 of 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
“Nomination Committee”	the nomination committee of the Company
“Prospectus”	the prospectus of the Company dated 12 June 2020
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the year ended 31 December 2020
“S\$” or “SGD”	Singapore dollars, the lawful currency of Singapore
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time



## DEFINITIONS

“Share Offer”	the Public Offer (as defined in the Prospectus) and the Placing (as defined in the Prospectus)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	the shareholder(s) of the Company
“Singapore Government”	the government of Singapore
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Thailand”	the Kingdom of Thailand
“%”	per cent